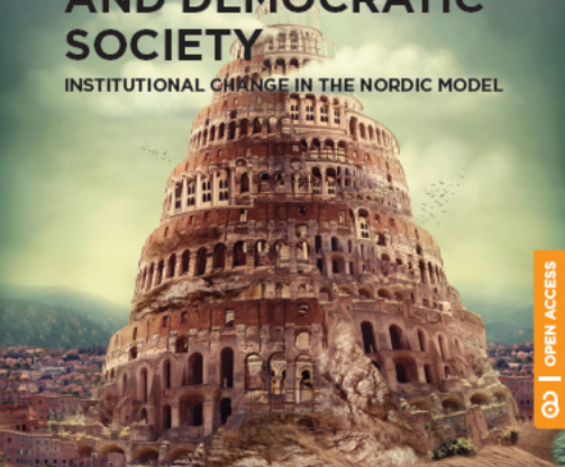


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*Fredrik Engelstad, Cathrine Holst, Gunnar C. Aakvaag (Eds.)*

# DEMOCRATIC STATE AND DEMOCRATIC SOCIETY

INSTITUTIONAL CHANGE IN THE NORDIC MODEL



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Fredrik Engelstad, Cathrine Holst, Gunnar C. Aakvaag (Eds.)

**Democratic State and Democratic Society. Institutional Change in the Nordic Model**



Fredrik Engelstad, Cathrine Holst,  
Gunnar C. Aakvaag (Eds.)

# Democratic State and Democratic Society

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Institutional Change in the Nordic Model

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## Preface

This book is the third in a three-volume series on institutional change in Nordic societies. Among the Nordics, the main emphasis is on Norway, in many ways the best example of neo-corporatism. Where the present volume focuses on the interplay of democracy and social institutions, the previous volumes, also published by De Gruyter Open, were devoted to working life and the welfare state and to aspects of the public sphere.

Taken together, the three volumes reflect in new ways the old sociological questions of how society is possible and how does it change? But modern societies are too complex to be conceived within the framework of one theory of structure and change. One answer to this challenge is to concentrate on social institutions as the most generic – albeit not the only important – units of society, and focus on how they change.

The last two decades have seen considerable progress in the understanding of institutional change. The three volume series takes as its departure these theoretical innovations and applies them to one form of society – the Scandinavian, or Nordic, societies. These societies are interesting because they are different expressions of a neo-corporatist model, with a strong interplay of state and society, a state which at the same time is strong and liberal, an extensive social welfare sector and a highly organized and politically mobilized civil society.

Within a democratic frame of reference, the main specificity in the first volume, *Cooperation and Conflict the Nordic Way* is that of bargaining and compromise between social partners in the labour market as well as in civil society. There is a close link between this and the second book, *Institutional Change in the Public Sphere*, in the reciprocal relationship between the welfare regime and the public sphere. Compromises are dependent upon a well-functioning public sphere, while on the other hand the strength of the public sphere is dependent upon a strong and simultaneously liberal state, which by intervention guarantees its autonomy. In the present volume, these strands are more explicitly linked together in analyses of the relationship between a broad set of institutional features and the political institutions as such.

The books are the outgrowth of a network project on sociological theory funded by the Norwegian Research Council. Three partners have taken on practical responsibilities for the project: the Department of Sociology and Human Geography at the University of Oslo, the Institute for Social Research and the Fafo Institute for Labour and Social Research. We are thankful to the Norwegian Research Council and to the collaborating institutes for their support of the project and for the many productive conversations with our colleagues. We also express our gratitude to the participants at the conference on democracy and institutional change in Athens, June 2015, from whose contributions and comments we benefited in producing this book.

Oslo, September 2017

Fredrik Engelstad, Cathrine Holst, Gunnar C. Aakvaag



Fredrik Engelstad, Cathrine Holst, Gunnar C. Aakvaag

## **1 Introduction: Democracy, Institutional Compatibility and Change**

Can democracy ever be perfect, Robert Dahl (1971) famously asked, and his answer was negative. He suggested replacing the concept of democracy with that of polyarchy and thereby admitted that the most salient issue is not attaining a perfect social order but rather measuring and evaluating popular participation in social and political decision-making. Assuming that Dahl is right, at least for the foreseeable future, a pressing task is the improvement of democracy. Increasing the quality of democracy is of course a challenge that presents itself very differently according to traditions of governance and social development in various parts of the world. The present book tackles this question at a point where it in one sense is the most challenging, namely in the north-western corner of the European continent. The aim is analytic insight, not to posit the Nordic countries as ideal. Despite their high rankings on various measures of successful democracy, democratic governance in these societies is far from perfect.

There may be signs that the quality of democracy in the present-day world is more tilted towards future deterioration than towards increased citizen participation and social inclusion. Illiberal winds are gaining strength in Europe and its vicinities; voter turnout is generally in decline (IDEA, 2016). The slightly intriguing question that arises in this context, then, sets the focus on what kinds of improvements could be feasible and relevant. Two possible answers have appeared in the last decades. One side calls for more direct democracy by replacing or supplementing existing forms of representative democracy. This may include participatory forms of local democracy at the municipal level or, alternatively, increased workplace democracy. In order to work, such reforms presuppose some sort of reconfiguration of existing political institutions. However, in well-established polities it is a demanding task to change political institutions that already enjoy a high degree of legitimacy. An alternative is to broaden the articulation of policy preferences by accepting and inviting popular voices, not only via traditional one-issue movements or interest organizations but by channels for closer contact between voters and politicians: regular meeting-places for politics and interest organizations, state support for the public sphere and local referenda around specific issues – on the internet or otherwise. All of these suggestions are interesting and relevant, but when tried out their effects have been somewhat limited up to now.

Challenges to democracy may also be confronted from a different angle. The quality of democracy is not only dependent on the structures of the political institutions but also on the significance of democracy in the everyday life of citizens. This means that the quality of democracy is not only measured by voting, or by degrees of political participation, but also by links between democracy in the political sphere and other social institutions, such as workplaces, schools or health care institutions. By implication the perspective is broadened from ‘What is a democratic government?’ to



‘What is a democratic society?’, where a democratic society is a more encompassing notion than civil society organizations. Freedom is a core value of democracy, but the basic experiences of freedom for most citizens are located in these institutions and not only in political institutions. The leitmotif of the present book is how democracy shapes and is shaped by these other institutions and how they in turn are related to each other. The quality of democracy changes when these institutions are changing.

## 1.1 What Can a Democratic Society Be Like?

It has commonly been assumed that democracy was rapidly expanding after the end of the Cold War and the fall of the Berlin Wall, while deterioration has taken place over the last two decades. Recent developments in Hungary, Poland, Turkey and Russia serve as illustrations, at least in the short run, of more illiberal forms of governance, varying in their distance to bogus democracy. Not that regular elections have been abolished, but they do not live up to the requirement of being free and fair: oppositional politicians and groups are brought to silence, the power holders keep control over flows of information, electoral campaigns are biased or undermined by false information or elections are rigged. These challenges to the quality of democracy certainly call for great attention. At the same time, another question deserves to be raised: Given that free and fair elections are necessary conditions for democracy, are they also sufficient conditions?

One point for reflection is the case of India, the world’s largest democracy, with more than 800 million prospective voters. Despite considerable logistical and organizational challenges, the formal aspects of elections are working admirably well. Serious irregularities or attempts at undermining elections are virtually non-existent; political institutions operate in accordance with general standards. Nevertheless, as a democratic society, India has serious deficiencies, leading the highly respected historian Ramachandra Guha (2008) to characterize it as a 50 per cent democracy. Why? The problem is not that of suppression of opposition; it is the inadequate basis for the majority of citizens to take part in democratic processes in a serious way. Education is very well organized for a minority but a catastrophe for the majority of poor people; the same is true for health services. While an elaborate set of employment regulations apply to less than ten percent of the workforce, the overwhelming majority of workers are deprived of virtually any rights at work. Likewise, the public sphere is a meeting place for the happy few who have the capacity to procure and process information necessary to participate in democratic processes (Thörnquist & Harriss, 2016).

The example illuminates the salience of institutions – for education, work, health, information – for the quality of democracy. In addition to the obvious requirement of standards of efficiency, this concerns their internal functioning: are they shaped in ways that recognize citizens as autonomous individuals? – as well as their relationship to politics: do they empower citizens and enable them to participate in society at large?

## 1.2 Alternative Views

A broad institutional conception of democracy stands in contrast to a recent, strong trend in political science, not least inspired by political developments over the last decade. Common to these is a focus on an assumed low competency among voters. The topic of ‘civic literacy’ (Milner, 2002) among voters is not new (see Hesstvedt, this volume, for an overview); several recent contributions, however, are characterized by the more drastic underlying assumption that voters to a large degree are non-rational.

Based on a wide-ranging set of data and empirical studies, Christopher Achen and Larry Bartels conclude in *Democracy for Realists* (2016) that voters basically do not vote for parties that represent the best policies according to their own interests. On the average, the electorate is ill-informed about party programmes as well as the outcomes of their politics when in power. Voters choose their party for other reasons. Even if the distance between voters’ interests and the policies of their preferred parties is glaring, they continue supporting their ‘own’ party. Hence, Achen and Bartels argue for the salience of party loyalty and identity politics; there is a strong tendency for people to vote for the party that people like themselves vote for. Thus, institutions and citizens’ relationship to institutions are really of minor importance in this analysis. Group membership and group recognition is what counts in electoral processes.

Another, more philosophical, version of the ignorant voter approach is Jason Brennan’s *Against Democracy* (2016). Brennan’s main concern is the alleged unfairness that uninformed voters are accorded the power to impose unfortunate, ‘wrong’ decisions on other people, such as by voting for an incompetent person as president. In one sense Brennan is opposed to politics in general; it generates strife, and for most people life is better without it. More moderate tenets are those of selecting out potential voters who are deemed unsuited for participation in political decisions, leaving politics to those who understand what it is about, and his idea of letting experts rule, while sidestepping the question of how expertise must be institutionalized and held accountable to minimize expert biases and mistakes (Holst & Molander, 2017; Gora, Holst, & Warat, 2017). Brennan thus exemplifies a broader tendency in much normative political theory to overlook institutional prerequisites and how institutions work (see also Waldron, 2016).

A third contribution leaning to the dystopian side is Jan Werner Müller’s study *What is Populism?* (2016). He depicts the rise of populist leaders that are strategically undermining democracy by making credible their own omnipotence to ignorant voters. Not that leaders appear as dictators; on the contrary, they are running for election. In principle they are siding with the people against elites; they represent the true interests and desires of the people. This goes together with anti-pluralism, regarding ‘elites’, experts and quarrelsome oppositional politicians as the roots of a present mess that needs to be tidied up. Only the selected leader is able to do that.

Even though these three contributions have voters' ignorance as a common theme, they differ in their diagnoses and conclusions. Brennan is exceptionally outspoken; his ambition is to replace democracy with what he assumes a better form of government, namely what he refers to as epistocracy, governance by the best-informed. Achen and Bartels and Müller lament the present situation of democracy but see ways to improvement; Müller stresses the role of a pluralist civil society. Achen and Bartels assume that diminishing social inequality is a means to increase the level of information among voters and thereby the quality of democracy.

Yet, they all fail to fully recognize the importance of social institutions, albeit for different reasons. In Müller's perspective, political institutions are generally too weak to counter attempts at neutralization by charismatic leaders, whereas social institutions are obstructed. In Achen and Bartels' model, institutions are basically replaced by group identity. Brennan has no clear view on institutions (see also Christiano, 2017), something that becomes problematic in regard to his idea of excluding large groups from political influence while keeping intact a well-functioning society.

Not so recent, but still holding a vital position in the literature, are works which indicate the salience of institutions to democracy in ways more directly relevant to the present book. A highly influential contribution is Robert Putnam's *Making Democracy Work* (1993) on the conditions for democracy in the former city-states of Northern Italy. The point of departure is the building of reciprocal trust among citizens. This takes place by their participation in several organizations, which in their main orientation are non-political – anything from associations for bird-watching to chambers of commerce. Crucial is the high prevalence of such associations and their overlapping character. By participating in several associations, each citizen gets to know a wide variety of people, while at the same time many take part in organizations composed of several kinds of people. Out of these networks emerges trust across groups; in the next round it opens up for a generalized trust, which is a precondition for setting up democratic institutions by channelling conflict into frameworks that are possible to handle.

Putnam's bottom-up conception has been challenged by Bo Rothstein (2004), taking Sweden as his point of departure, and later by Francis Fukuyama (2014), recommending the 'road to Denmark'. Both underscore the importance of a stable and well-functioning bureaucracy for the maintenance of social trust and thus for the quality of democracy. Fukuyama directs attention to the political process. If civil service becomes too malleable for politicians, as in the US' replacement of top bureaucrats by incoming presidents, the frameworks for politics become unstable, and the long term result is political decay. Rothstein's model is more comprehensive. It includes the interplay between citizens and bureaucratic, public organizations, whether civil service, health care or fire brigades. Trust among citizens is dependent on citizens' trust in the state and in public agencies. Only if there is a common expectation that rules will be enforced for everyone does each individual expect others to live up to common norms (Rothstein, 2004). Recently this proposal has

been linked to discussions on so-called epistemic democracy: Democracy should be institutionalized in ways that ensure citizens' inclusion and mutual respect but also include 'truth-sensitive' decisions (Christiano, 2012; Landemore, 2012) – good democratic governance scores high on participatory and ethical but also epistemic dimensions (Mansbridge et al., 2012; Holst & Molander, 2017; Chambers, 2017), or what Rothstein (2011) has termed 'quality of government'.

John Higley and Michael Burton (2006) take as their point of departure the uneasy relationship between elites and democracy. Based on a broad historical survey they argue that a necessary condition for the emergence of democracy is a compromise between elite groups, channelling conflict between powerful groups into a situation where they 'agree to disagree'. The institutionalization of conflict and conflict resolution is further developed by differentiation processes leading up to modern societies characterized by a broad set of large organizations in various social spheres. The top leaders in the variety of large organizations form more or less integrated elite groups.

There is a certain overlap between Putnam's democracy model and that of Higley and Burton. In both cases, the development of democracy rests on a common understanding between groups that are sufficiently powerful to develop a sort of constitution. The main difference lies in the nature of the initial situation – in the former case common interests realized by criss-crossing memberships and in the latter by mitigation of conflict. In both cases, institutions are implicitly accorded a central role, but the shape of political arrangements emerging from such types of citizen interaction is quite unspecified. They may take a democratic form, but in no way need to do so, to which the long term aristocratic republicanism of the Northern Italian city-states bears witness. The fragility of the social capital model is also demonstrated in Putnam's later works on civil society and democracy in the United States. Similarly, efficient bureaucracies and quality of government do not in themselves ensure democracy. A main point in Rothstein and Fukuyama is also that democratic governance emerges through long-term historical processes. For an illustration from the Nordic area, see Frisk Jensen (2014).

### 1.3 Broadening Focus on Democracy

If institutional aspects are present in the works cited above, the aim of the present book is to broaden the field to social institutions in a general sense. Before going into a more wide-ranging discussion of social institutions, the modes of interaction located in between those and political institutions are surveyed. This concerns who democracy is for, the kinds of citizen resources and rights and frameworks for interaction between them.

The *demos*, the *who* of democracy, obviously does not automatically consist of the total population in a society. Michael Walzer underscores that it is constituted via

inclusion by those who already are posited as citizens, by ‘the decisions they make in the present about their present and future populations’ (1983, p. 31). A decisive thread in the history of democracy is the story of the integration of subjects into citizenship (Aakvaag, 2017; Engelstad, this volume, Ch. 17): property-less men, slaves and former slaves, peasants, workers, women and cultural minorities. As long as voters have to prove that they are qualified to vote, as has happened to many of them, contestations will go on. Further debates are turning around the question of minimum age for the franchise – during the last century diminished in many countries from 25 years in some cases even down to 16 years. The inclusion of immigrants is another controversial field (Olsen, this volume). The processes of inclusion may take the form of socialization, formally for immigrants (*ibid.*) or informally through others parts of the institutional landscape (Rogstad & Reegård, this volume). Children and adolescents, as crucial parts of the population, will in time acquire full membership in the demos, whereas others remain in a hybrid position as ‘denizens’, who nevertheless may hold rather wide democratic rights, such as voting in local elections or various types of social rights. At any rate, the demos as a primordial democratic institution is upheld in a dynamic balance between too sloppy and too rigid boundaries.

Democracy may also be extended by the broadening of *social and political rights*. During the decades following T.H. Marshall’s (1965 [1950]) classical distinction between civic, political and social rights, human rights have been strongly consolidated. This has partly led to increased recognition of the elements in Marshall’s taxonomy, partly also to their reinforcement. A significant example of the latter from Norwegian society is the strengthening of the freedom of expression, both by constitutional reform laying a special obligation on the state to secure optimal conditions for public deliberation (Engelstad, Larsen, & Rogstad, 2017) and by transfer to other institutional spheres, such as working life (Trygstad, 2017). A relatively recent development is linked to the emergence of a full-scale welfare state in large parts of the Western world; the rights of patients, and socially needy citizens. At the same time, important rights are not included in Marshall’s typology. A much debated topic is that of cultural rights; one salient question being who is the bearer of such rights, groups or individuals? In parallel, what are the rights of parents to bring up their children within the cultural frames of their special preferences? Other topics not touched upon by Marshall are consumer rights and employee rights in employment relations. In part, employee rights are related to the general citizen rights that are not to be annulled within the confines of employment; here there are demanding balances between loyalty to the employer and the civic rights of employees.

Political rights are, however, of limited value if citizens are lacking sufficient *political knowledge and competence*. Modern societies are complex and specialized and depend on a cognitive division of labour. This results inevitably in a reliance on expertise and the need to integrate different groups of experts in political processes to ensure rational decision-making. Yet, a competent citizenry is essential to hold experts to account, and a central empirical result is that inequalities in political competence

among citizens are closely correlated with other forms of social inequality (Hesstvedt, this volume). Hence, the quality of democracy not only hinges on institutional factors in politics, such as voting systems, but in addition on the general distribution of social resources for the involvement of citizens in other social fields, such as culture, working life or voluntary organizations. Outside the Western world, new initiatives for increasing political involvement, particularly among less privileged social groups, have been undertaken by developing reforms for popular involvement close to where important needs are felt. A much-discussed example is the introduction of participative budgeting at the municipal level in Brazil. Such initiatives have been transferred to the most developed parts of the world, even to Scandinavia. At present, experience indicates that the effects of such initiatives become relatively modest when they are introduced into political systems with a different mode of functioning (Legard, this volume).

A different bundle of factors broadening democracy concerns the channels between civil society and political institutions. In addition to voting rights, these concern the possibility to *influence politics between elections*. Allowing citizens to impact policies is desirable on normative grounds; open channels from voters to their representatives enable them to take better care of their own interests, whether of a personal nature, by lobbying on behalf of organizations, or more broadly by social movements (Mjøset, this volume). But it can also be important for social efficiency and decision quality. Open channels to power positions ensure the flow of ideas important for improving productivity and policy. Close contacts both with experts and interest groups are essential for the functioning of a modern government. This may be established by flows of information through a wide range of media or by temporary or permanent committees appointed to expound complex social and political problems (Krick & Holst, this volume; see also Christensen & Holst, 2017).

These considerations point to the significance of the *public sphere* in a more general sense. The public sphere may be seen as a constellation of five institutional fields: media, arts and culture, research, voluntary organizations and religion (Engelstad et al., 2017). What they have in common is freedom of expression as a crucial precondition for their optimal functioning. Prominent discussions of the public sphere (Habermas, 1989; Alexander, 2006) tend to view it as basically anchored in initiatives among citizens. However, all of the fields sketched here are to some degree dependent on public policies, whether regulating or securing their economic viability, guaranteeing some kind of infrastructure, or even state subventions (Benson, 2009; Larsen, 2017; Furseth, 2017). The interplay between the state and the public sphere opens a wide range of compromises, and even state control, be it by means of formal regulations or conditions for economic support. An ideal would be a combination of a strong state issuing efficient guarantees for a well-functioning public sphere; but in the real world, this combination is rather uncommon. Effective freedom of expression is also dependent on the deliberative qualities of public discourse – reciprocal tolerance for a broad span of opinions. Counteracting bullying in the public sphere is basically the responsibility of the participants in it.

Taken together, rights and the competencies to make use of those rights are crucial elements in the *freedom* of citizens in a democratic society. Freedom must be taken in the double sense of negative and positive freedom – on one hand the absence of impediments to free action and on the other the accessibility to resources necessary to perform given actions (Aakvaag, this volume). Neither negative nor positive freedom can be realized without considerable social restrictions. This means that freedom in this double sense is constantly at play as it depends upon a negotiable balance between negative and positive liberties related to the restrictions and opportunities created by institutions.

## 1.4 Institutions in Modern Societies

The idea of basic social institutions originated in the sociology of the late 19<sup>th</sup> century. Emile Durkheim (1978) distinguished six main types of institutions, or better, institutional spheres common to all societies: religious, political, moral, juridical, economic and aesthetic. Since the advent of modern society and the subsequent processes of social differentiation, these broad categories have necessarily been further specified. What can count as a basic set of institutions in modern societies like the Nordic ones is not given but rather depends on the level of analysis; institutions have some similarity with Chinese boxes, inside one there are other, more specialized ones. But delimiting a fairly limited group of major institutions with particular characteristics is still possible on the basis of specificities of activities, role patterns and power structures.

The theory of social differentiation assumes that social fields are differentiated out, mostly by processes of fission, and acquire specific modes of functioning (Alexander & Colomy, 1990). This implies specific activities, internal norms, criteria of success and modes of recruitment into the institution. Among social institutions, politics is in a special position because it has its focus on citizenry as a whole, by legislation, the distribution of rights, taxation and welfare services and infrastructure. At the same time, politics is the field for handling large-scale social reform, renewal and change. Yet the other social institutions cannot be reduced to politics because they produce goods that cannot be acquired by political means. Accordingly, politics does not exert full control over society. In this sense, the idea of society without a centre, understood as an institutional structure constituting a ‘unity expressed by the forms of system differentiation’ (Luhmann, 1990, p. 423), becomes meaningful. A further inference, elaborated by Michael Mann (1986), is that social fields vary greatly in their physical and social extension. As an example, legitimate political power is limited to the territoriality of a state, such as Norway; whereas the Norwegian economy reaches out to much of the world, and Norwegian culture is shaped by impulses from other parts of the world. By implication, societies are not ‘systems’ in any strong sense, and certainly not closed systems, but are better understood as constellations kept together by the interaction of governance and institutional interdependence.

To the degree that societies are delimited by politics and political legitimacy, it also makes sense to describe them in terms of configurations of institutions. Despite differences in extension, social institutions have common elements in their varying relationships to and dependence on the state. In the following, what may be regarded as the basic institutions in modern society are sketched in Table 1.1. The list emerged by combining three works elaborated independently of each other: (i) A recent conceptualization of a ‘canon of function systems’ (Roth & Schütz, 2015) inspired by Luhmann. The authors makes a critical survey of a large number of attempts to single out core function systems in modern society and end up with a list of ten specific social subsystems. (ii) A study of power elites in Norwegian society at the beginning of the 2000s (Gulbrandsen et al., 2002) intended to reveal similarities and differences between sector elites and thus the mode of integration of social power. (iii) A general discussion of theory of modern society with the specific aim of setting up an inventory of basic institutions in a modern society like those in Norway (Aakvaag, 2013, 2015). This contribution is also informed by Niklas Luhmann and especially by his final work ([1997] 2013, Ch. 4) – however, not with the aim to develop further the concept of function systems but to reconceptualize it as a stepping stone for delimiting a set of basic institutions. A striking aspect of the institutions listed in Table 1.1 is the high degree of overlap between the three works despite their different approaches. Only the work by Gulbrandsen et al. focuses on the salience of power, pointed out by Mahoney and Thelen (2010) as a crucial aspect of institutions. And despite common inspiration from Luhmann, the function system aimed by Roth and Schütz speaks to a theoretical strand quite different from that of Aakvaag. The aim here is not an *ex ante* theory of communication, as in Luhmann, but an empirically based conception of production and power. A crucial point which is absent in Luhmanian theory is that institutions have normative components.

The institutions in Table 1.1 differ from each other in terms of the main ‘goods’ they produce. Therefore they differ in their criteria of quality in production as well as their internal norms guiding the production along with their arrangements for internal normative regulation. Even though institutions have their specific tasks and aims, they are interconnected in several ways. This is conceptualized by Hall and Soskice (2001) in their discussion of institutional complementarities, contributing to the stability of their constellation. As conceived by Hall and Soskice, it was used to distinguish institutional constellations across societies. However, it also makes sense to distinguish bundles of complementary institutions within a given society, such as between institutions in the economic, political, cultural and community/socialization spheres, much along the same lines as the AGIL scheme drawn up by Parsons (1967a) and the classification of four power networks by Mann (1986). These bundles are specified in Table 1.1. At the same time, the dynamic character that Parsons (1967b) ascribed to his general typology should be noted: continuous interaction is going on between them. This is true as well for the basic institutions in Table 1.1; interaction is taking place within each bundle as well as across the borders between them.



**Table 1.1.** Basic institutional spheres in modern societies

	Roth & Schütz	Gulbrandsen et al.	Aakvaag
Politics	X	X	X
Civil service		X	
Judiciary	X	X	X
Military		X	X
Economy, working life	X	X	X
Economic associations, trade unions		X	
Mass media/news media	X	X	X
Art and culture	X	X	X
Religion	X	X	X
Science	X	X	X
Voluntary organizations, social movements		X	X
Sports	X		X
Family and kinship			X
Education	X		X
Welfare, health, social security	X		X

Given that specific institutions are built around specific ‘goods’, recruitment processes and success criteria, what is it that prevents them from falling apart, creating social chaos? Given that institutions are constantly, if mostly slowly and unevenly, in change, tensions between them are unavoidable. If they nevertheless are kept together, it is because single institutional fields are interdependent. Moreover, they are manned by large numbers of individuals, who necessarily act within several institutions at the same time: as employees, mothers, patients, and activists in voluntary organizations, to name a few. Minimal compatibility between these roles is necessary for individuals to be able to cope with them. In addition is the relationship of institutions to the state, which also necessitates compatibility with state government, directly or indirectly.

Accordingly, institutions in the state sector, also outside purely political bodies, contain salient democratic elements both as concerns individual autonomy and collective decision-making. Among these elements are the defining characteristics of the institutions by the state; citizens’ rights are issued by democratic bodies, which directly or indirectly cover all other social fields. This is equally true for bureaucratic regulation and control. Moreover, the monopoly of state institutions on physical violence is a precondition for political equality.

In the economic sphere democratic elements are located in the citizen's right to enter into contracts, and thereby bargaining relations, whether over goods, services or labour power, and in this context the right to association as well. Salient democratic features in the economy are also the protection of employees in labour relations along with their potential for the development of skills and competencies at work and accordingly their influence on decisions in the enterprise.

Common to the group of integrative institutions, from science to sports, is their close links to the freedom of expression. This leads to access to information necessary to make rational judgements, to form opinions on socio-political problems and aesthetic- and value-based questions as well as transcendental beliefs. As part of the public domain, sports function as a learning arena for a combination of competition and common rules, representing – like democratic politics – an agreement to disagree.

The fourth category, socialization, is no less linked to democracy: families constitute the foundations for the formation of autonomous individuals in the primary upbringing; these are carried on and generalized by educational institutions. Health care institutions maintain and if possible reconstitute the capacity of citizens to act as responsible individuals.

Even though there is considerable variation between societies in the extension and mode of the regulation of institutions, in no modern democratic societies are links to politics absent. Some institutions are related to political processes, such as the media, while the organization of the welfare state and basic education are subservient to politics. The economy and the markets are objects of political regulations, but this is often true also for sports or religion, as is the case of the Nordic model. Nevertheless, all these institutions enjoy considerable autonomy vis-à-vis politics. Without a certain degree of autonomy, institutions would stall and become subordinate to politics or to other institutions. In large parts of the world, voluntary organizations are closely controlled by the state or by political parties. In the Nordic societies, in contrast, even though voluntary organizations to a large extent are subsidized by the state, it is not to make them conform to given policies but to secure civil society commitment and open public debate (Engelstad et al., 2017). This degree of autonomy also presupposes the existence of formal or informal codes of conduct, regulated and handled within the institution itself. In this regard institutions may function as fields for professional intervention.

## 1.5 Institutions in Change

Despite their relative inertia, institutions are dynamic, in continuous change. One set of driving forces is found in the changes in the mode of functioning internal to a given institution. Three main types of change have been explored in the literature. (i) the theory of path dependency (Pierson, 2004) focuses on sudden ruptures of given developmental patterns serving as turning points for the development of new policies.

The timing and sequences of opportunities determine further changes. (ii) Theories of aggregate effects (Mahoney & Thelen, 2010) emphasize the long-term results of many separate actions, to a large extent emerging as unintended consequences. This does not preclude the salience of power relations for outcomes. (iii) Finally, political ideology decisively influences the shaping and changing of institutions due to long-term power games over the form of institutions (Schmidt, 2009). These theories are not incompatible but rather complementary (Thelen, 1999); to a large extent they respectively refer to situations of crises and ruptures, long-term more or less unintended changes and political reform processes. More elaborate summaries are given in the earlier volumes of the book series (Engelstad & Hagelund, 2015; Martin, 2015; Engelstad, Larsen, Rogstad, & Steen-Johnsen, 2017).

In addition to changes going on in one institution at a time, institutions are changed indirectly by their interaction with other institutions. In the sociological literature we find many different theories of such inter-institutional processes of institutional change (Alexander & Colomy, 1990). One cluster of decentred models assumes that institutions may change without overall coordination. For instance, Niklas Luhmann (2013) points out that due to the complexity and heterogeneity of institutions in functionally differentiated modern societies, no institution – not even politics – can monitor and regulate the others. However, according to Luhmann, institutions act as environments for each other and subsequently change as they mutually adapt to each other. Another version of decentred models is market-based models, which emphasize how the ‘invisible hand’ of the unintended aggregate consequences of economic and social transactions instigate changes across institutions as organizations and individuals in one institutional field (such as the economy or media) adapt to changes in other fields (such as politics or religion) (North, 1990).

Their obvious relevance for understanding change in any institutionally differentiated and complex capitalist modern society notwithstanding, decentred models fail to capture the significant amount of centralized coordination taking place in modern and, in particular, the ‘coordinated’ Nordic societies (Hagen, 2000). In part this follows from a disregard of social action. Other types of models emphasize how institutional change follows from different forms of centred coordination across institutions, such as the democratic power circuit (Aakvaag, this volume), elite compromises (Gulbrandsen, this volume; Engelstad, this volume, Ch. 17) and interactions between elites and social movements (Mjøset, this volume).

What decentred and centred models have in common is that change in one institution has potentially great significance for other institutions. The precise mechanisms through which such inter-institutional change takes place, such as institutional spill-over or the adaptation of given elements in one institution to changes in external institutional environments, are laid out in more detail in the Afterword to this volume, with a special emphasis on processes of democratization and the central role of the state.

## 1.6 Aspects of the Nordic Model

Updated overviews of Nordic politics and society are easily accessible. Readers can choose between several first-class outlines: related to political institutions (Knutsen, Ed., 2016), the relationship of the Nordic countries to Europeanization (Wivel & Nedregaard, Eds., 2017), the significance of social democracy (Brandal, Bratberg, & Thorsen, 2013), tripartite relations in the interplay of politics and the economy (Dølvik, Fløtten, Hippe, & Jordfald, 2015) or a more general survey of Nordic societies (Aakvaag, Hviid Jacobsen, & Johansson, 2012).

The present book takes a different route as its main topic is to explore the relationship of political institutions to the broader set of social institutions. In large parts of the book, Norway is used as a representative example of the Nordic model, based on the assumption that this country most visibly embodies the neo-corporatist elements of the model. Even so, several of the contributions make references to the other Nordic societies to indicate parallels or dissimilarities. Moreover, the Nordic area is sometimes treated as a whole (Hesstvedt; Skorge) or, on the contrary, discussed via specific intra-Nordic comparisons (Mjøset; Trætteberg). Comparisons with non-Nordic countries are performed to exploit similarities (Krick & Holst on Germany) or differences (Engelstad on the US).

A general discussion of the Nordic model is found in the second volume of this series (Engelstad et al., 2017). Here the Nordic model is conceived as an ideal type in the Weberian sense, consisting of a set of core attributes. In real life, no country will perfectly represent all of these attributes. Political history differs, and, accordingly, specific processes of change will take place in each country. Nevertheless, as long as institutional bundles show a high degree of similarity, and significantly differ from other societies, the concept of a Nordic model makes good sense. As conceived by Engelstad et al. (2017) the model rests on four pillars: (i) a strong and at the same time liberal state, (ii) strong trade unions and a high degree of cooperation in wage formation between labour market parties and the state, (iii) a generous welfare state and (iv) a high degree of state intervention to guarantee the quality of the public sphere (*ibid.*, p. 48). To this may be added specificities of the political system, such as parliamentary governance and close relationships between the state and social movements and civil society organizations. As a whole, this model may be characterized as a neo-corporatist model even though it to a certain extent has been in decline (Christiansen et al., 2011; Öberg et al., 2011).

The core question, which is also the most pertinent to democracy, is whether it is possible for a strong state to be truly liberal. Liberalism, of course, denies this possibility, on the ground that a strong state unavoidably will abuse its power at the cost of citizens. How, then, is the Nordic model compatible with democracy? The answer lies in the strong position of the public sphere. In socio-political versions of the Nordic model, which are the most common, the public sphere is not included (e.g. Dølvik et al., 2015), only wage formation and the welfare state. However, without a

well-functioning public sphere, these would never have taken the form they actually do. Historically, the liberal Nordic state is based in the durable position of freedom of expression, constitutionally established in Sweden by 1766, in Norway by 1814 and in Denmark by 1848. Further reinforcement by freedom of assembly was closely linked to the growth of religious lay movements in the middle of the 19<sup>th</sup> century. Paternalist and autocratic currents, both on the right and the left – the social democratic hegemony in the mid-20<sup>th</sup> century was polemically characterized by historian Jens Arup Seip (1963) as a one-party state – were countered by the liberal heritage in the public sphere, guaranteeing the presence of oppositional voices. In Denmark and Norway, furthermore, the need for cooperation with non-socialist parties, despite conflicts, influenced the political climate around the middle period of the 20<sup>th</sup> century.

## 1.7 A Brief Note on Methods

A strong trend in contemporary political science is a growing emphasis on large-scale datasets and advanced statistical analysis. The present book takes a different stand, but this is not due to a general scepticism in regard to quantitative analysis. These methods have made invaluable contributions to the social sciences, and several of the contributions to the book are based on quantitative analyses of large datasets. Rather, it reflects the persuasion that to understand social variation and change, a historical and institutional approach is required. Even though the case for the ‘gold standard’ of controlled experiments can also be made in the social sciences, most social phenomena are of a complexity that makes it highly improbable that large-scale theories based on such methods will emerge. Simplifications are a necessary condition for social science modelling. But the interpretation and, if possible, synthetization of complex social processes presuppose that institutions and historical context are taken into account. The implication is not that the crucial importance of social action is denied. On the contrary, institutions constitute the necessary framework for social action. The analytical strategy of the present book is that of combining micro and macro analysis and restricting analyses to limited aspects of a limited set of cases. Even with this modest proposal, interesting syntheses are still possible.

## 1.8 Challenges to Democracy in the Nordic Model

The sustainability of the Nordic model has been a preoccupation for many. Given its anchorage in central institutions the model will certainly continue to exist into the foreseeable future, but the long-term prospects are necessarily unpredictable. Certain, however, is that the model as a going concern will encounter challenges and is bound to make adjustments. In the following some of the central challenges are examined. The exposition is concentrated on Norwegian society; as the sturdiest

case of neo-corporatism in the Nordic area, it is also here where the challenges are most visible.

Emphasizing democracy as a characteristic of society also brings forth the idea that the *governing capacity* of the state is necessarily limited. This has earlier been pointed out as a consequence of globalization (Østerud et al., 2003) as the political governance of an increasingly internationalized economy has become problematic. However, internally as well, the growing significance of social institutions makes political governance more challenging. Fifty years after the introduction of the first elements of the full-fledged welfare state, the notion of ‘society without a centre’ to some extent is ringing true. Albeit of overwhelming importance, the state is not the summit of society. Even if the complexities of modern societies due to interdependence between institutions do not allow the types of governance once envisaged by socialists, political and social reforms still are possible, albeit mostly on a limited scale, at least in the short run.

A case illustrating the prospects for reform is the legislated gender quota of boards of listed firms (Teigen, 2015), introduced in Norway in 2003. On one hand it demonstrates that openings exist for new types of political initiatives; on the other hand it also shows the institutional limitations in regard to the extension of such reforms to other parts of the business world. This is not only a question of political aims but also of respect for the differences between norms specific to politics and norms pertaining to the economy (Teigen, this volume). More generally, this example demonstrates the possibility of reform through specification of property rights without abolishing their central character (Engelstad, 2015, this volume, Ch. 2). A somewhat different illustration of the crucial relationship between reform and institutions is the comparison of welfare state reforms in Sweden, Denmark and Norway (Trætteberg, this volume), which demonstrates that the presence or absence of viable civil society institutions is a precondition for the prevalence of market solutions.

In the *electorate*, there are moderate signs of all-embracing protest movements. One of the most encouraging findings about the Nordic model is its ability to strengthen the freedom of citizens, in both its negative and positive aspects (Aakvaag, this volume). Policies systematically emphasizing social inclusion result in better life prospects for the large majority of ‘ordinary people’, maybe even the 99 percent. At the same time the quality of knowledge and competence in the electorate, albeit higher in Scandinavia than in most of the world (Hesstvedt, this volume), has hardly increased at the same pace. If it is correct, as indicated by the analysis here, that the level of inequality is inversely related to the level of political competence, improvements will to a large extent be an uphill struggle. Nevertheless, a more serious challenge may be the question of immigration and citizenship (Olsen, this volume). On this question the Scandinavian countries are deeply divided: Sweden has a very liberal policy of immigration; Denmark, at the opposite end, is highly restrictive; and Norway is somewhere in between, albeit closer to Denmark. In all three countries, there is significant support for political parties with a populist bent based on resistance to

immigration (Mjøset, this volume), but there are few signs that these parties want to break away from the Nordic model – they are leaning towards reserving welfare state provisions for the indigenous population rather than abolishing the welfare state.

A significant possibility for the viability and further development of democracy lies in the possibilities of increased participation and characteristics of the channels of *communication between the population and its political representatives*. What prospects exist for the extension of democratic participation to make the voices of ordinary people heard? Social movements are the main source of popular articulation, and they have long traditions in the Nordic countries. Here there are distinct differences between the ‘old’ movements originating at the end of the 19<sup>th</sup> century and the ‘new’ movements emerging within the last decades (Mjøset, this volume; Engelstad, this volume, Ch. 17). The old movements were related to policy formation in a way that strengthened national democracy. The new movements, however – around the issues of globalization, environmental issues and immigration – are directed to matters outside national borders. Even if they are successful at the national level, the problem does not disappear; prospective solutions will necessarily be international, negotiated at a far distance from national political processes.

Another type of channel between politics and civil society can be found in institutions connected to Nordic ‘input democracy’ (Goodin, 2004) – that is, the mobilization of civil society organizations and experts into an elaborate set of hearings and of permanent or temporary commissions. In many cases, the main aim is not that of voicing popular preferences but to draw as much as possible on professional expertise in finding solutions to demanding political problems (Krick & Holst, this volume). Allegedly, this may be seen as furthering epistocracy rather than democracy; even at best, such committees must handle difficult balances between political representation and expertise. However, these processes are also a way of coping with social complexity and ensure knowledge-based policies, while at the same time mobilizing significant civil society organizations and interests (Christensen & Holst, 2017).

A source of increased participation creating enthusiasm on the left is reforms initiated in Brazil aimed at direct participation in budgeting at the municipal level. These experiments have to some extent been exported to large cities in the Western world, albeit in a diluted version. A few attempts at introducing them in Scandinavia have met with moderate success, the main reason being that such forms of popular participation collide with the institutional requirements of political processes (Legard, this volume).

Traditionally, *workplace democracy* has been regarded as the main way of increasing popular participation beyond elections. One of its roots in Scandinavia is the long-term establishment of national wage agreements between summit organizations in given industries; another is the broad engagement on the part of the state in regulating work-related conflict by legislating institutions for conflict resolution (Seip, this volume). In the long term, this has resulted in elaborate

institutions for workplace democracy (Falkum, 2015; Hagen, 2015). The question remains, though, how efficient are these institutions after all? Data from Norway, where the unionization rate is high, about 50 per cent, indicate that even in enterprises where trade union officers are in place, the success may be moderate (Trygstad & Alsos, this volume). Health and security issues are well taken care of, whereas institutions for participation in decision-making, either on company boards or in committees for cooperation, are clearly underutilized. However, the assumed effects of workplace democracy are not only direct participation but also the development of more general political interest and social integration. On this point, there are indications in other parts of working life that the institutionalized workplace relations have some positive effects (Rogstad & Reegård, this volume).

Even if the *welfare state* is basically a public responsibility, the mix of public and private services and provisions is a much debated topic in the Nordic area, as in the rest of the modern world. At this point, also, the Scandinavian countries differ significantly. In Sweden, the high prevalence of market-based reforms of the welfare state seems to have reached a point of no return, and the further marketization of welfare provision will continue (Trætteberg, this volume). One reason for this difference lies in the variation of civil society institutions in the three countries; in Denmark and Norway decentralization of welfare provisions was captured by civil society actors, whereas in Sweden such actors were absent or unable to use the opportunity. This difference may widen in the future; however, this does not mean that the welfare state is being dismantled in Sweden; it is still a state responsibility – what is delegated to private actors is the delivery of the services, not the funding of them. The trajectories of welfare state development depend not only on the structure of civil society but also on gender relations and family patterns. Welfare arrangements develop according to demands from voters. But their demands clearly differ, both across societies and across social groups within a given society. This can particularly be seen in the demands for child care and parental leave across a large number of Western societies (Skorge, this volume). Consistently, women with higher education show the strongest demands for these provisions, which may mean that the development of the welfare state to some extent is driven by aims at gender equality in the upper middle classes. However, class bias in the distribution of child care facilities is assumed to be mitigated in countries with a relatively low level of income inequality and high level of female labour market participation, being more in line with the democratic ideals of universalism.

Ideally, the delivery of welfare state provisions should be equal to all citizens and thus fully predictable. But given that the core of welfare provisions is the alleviation of social needs, the use of discretion becomes unavoidable, not least at the street level (Lipsky, 1980). In Norway, this is strengthened by significant changes in the role of recipients from clients to ‘users’, or customers, of welfare provisions aimed at integrating them into the labour market. To a large extent this reform is anchored in democratic considerations. Thereby allocation not only takes place according to given



rules but becomes dependent on developing motivation in the recipients (Hagelund, this volume).

Relationships between *the elites* and the population at large have already been alluded to above. One question is whether there is a marked contradiction between elites and democracy, or, on the contrary, whether elite compromises are a precondition for the development of democracy (Higley & Burton, 2006). If the abolition of the elites is impossible, the democratic challenge is that of obtaining an acceptable balance between the power of elites and that of the general population. The Nordic model in no way dispenses with elites, but their power is typically restricted by the broad set of social institutions in working life, the welfare state and the public sphere (Engelstad, this volume, Ch. 17). It might be assumed that restrictions on their power would call forth resistance in elite groups, but the opposite seems to be the case. In Norway, the elite's support for the Nordic model has been shown to be generally very strong (Gulbrandsen et al., 2002). The most critical among elite groups would normally be the business elite. However, in Norway, business leaders have shown a high degree of trust in government, and this trust has even been increasing over the last decade (Gulbrandsen, this volume). One hypothesis might be that this is an expression of increased social integration. Alternative reasons may be that a conservative government has come to power and the tremendous success of the Norwegian economy during the 2000s. At any rate, the advent of neo-liberalism during the last decades has not diminished the support for the Nordic model.

Adherents of the Nordic model may dream of exporting the model to other parts of the world. Taken as a general political project, this hardly makes sense. The Nordic system has emerged over two centuries, and other countries have their own historical preconditions. Thus, the main purpose of the present book is to use the Nordic experience as material for reflection on possible conceptions of democracy and the quality of democracy – in other words, what a democratic society, and not only a democratic state, can be.

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## 2 Social Institutions and the Quality of Democracy

Democracy as a form of government comes in many forms. Even though supported by most citizens in democratic states, what they cherish are widely different systems. This plurality is crucial when the quality of democratic governance is to be evaluated; it is not a given what the ambitions of a specific system are to be measured against, and accordingly what the relevant variables to be assessed are. However, variation not only concerns strictly political systems as such but also the relationship between political institutions and the social institutions that are not directly part of political processes. Specifying how social institutions constitute a part of democracy is the aim of this chapter.

Despite the plurality of democratic forms the present discussion does not take a systematic comparative approach but rather concentrates on the model of democracy common to the Nordic countries, with most empirical specifications taken from the Norwegian context. This does not imply that these societies are exemplary but rather that they represent a special case of well-established democratic governance with a long history of continuous political reformism. The analysis is based on the presumption that in the absence of a comparative study, a strategic study of one case may throw light on other, different cases as well.

The chapter concentrates on two properties of Nordic democracy, its institutional and normative aspects. Nordic democracy is discussed by Aakvaag (this volume) with mostly non-normative perspectives on the institutional preconditions for individual freedom, whereas the present chapter sets its focus on democratic norms and the space for democratic deliberation within social institutions. Three basic institutions are surveyed: economy/working life, the welfare state and the media; together they constitute the main components of the general version of the Nordic model (Engelstad, Larsen, & Rogstad, 2017).

By contrast, two prominent contributions within what may be termed the mainstream model of the quality of democracy serve as a starting point. The first is the set of criteria listed by Robert Dahl in *Democracy and Its Critics* (1989, pp. 108ff.): effective participation, voting equality, enlightened understanding and control of agenda constitute the ideal elements of citizens' equal political opportunities. Despite their obvious value, these criteria are limited in two respects: they concern only political institutions and only implicitly take into account the functioning of these institutions. Recently, Larry Diamond made a salient contribution to the assessment of democracy with *In Search of Democracy* (2016), with broader and more precise measurements. By synthesizing three well-established measurements of democracy under the headings of political and electoral rights, civil liberties, rule of law and the functioning of government, Diamond and co-workers distil 19 sub-criteria (Diamond, Green, & Galley, 2016, p. 65). Here, a clear focus is set on the functioning of political

institutions, something that represents a step forward compared to Dahl's broad criteria of participation. At the same time, the sphere of political institutions is not transcended, a limitation that follows from the broad comparative perspectives that are Diamond's hallmark. But it comes at some cost. One is that crucial variations within the well-established democracies in the Western hemisphere are overlooked. Another is that the interplay of democracy and 'non-political' social institutions remains unnoticed.

The present chapter follows a different track in order to explore additional elements in what constitutes a good democracy. The quality as well as the stability of democratic governance is integrated in the large set of social institutions indirectly related to politics. That political institutions in a narrow sense are complemented by voluntary organizations and social movements is commonplace and also described by Diamond (2016, pp. 118ff.). But other social fields, permanently present in the life of citizens, such as education, health care and others, may be equally important to the quality of democracy. Even if shaped by democratic processes, they in turn give input to and shape the functioning of democracy. Hence, the quality of democracy refers both to the functioning of political institutions and to the extension of democratic ideals to other social institutions. This broader view on democracy raises two questions: (i) Does it make sense to introduce democratic concepts to institutions outside of politics? And, if so, (ii) how does this affect the quality of democracy in general? In other words, the question is not only what constitutes a democratic *state* but also what a democratic *society* can be.

These issues may be seen as a reformulation of discussions of participatory democracy from the late 1960s on. A prominent contribution was Carole Pateman's *Participation and Democratic Theory* (1970). Drawing a parallel to James Stuart Mill's point that participation in local democracy should be seen as a preparation for national politics, Pateman argued that participation in decision-making in working life serves to widen the democratic process. The gap in Pateman's argumentation, however, was the absence of reflection on institutional specificities and requirements and thereby on the relationship between politics and working life – that is, what kinds of complementarities and incompatibilities exist between the two social spheres.

Jeffrey Alexander's *The Civil Sphere* (2006) is a more recent effort to broaden the conception of democracy by 'bringing democracy back in' (p. 37). Alexander singles out the civil sphere as a particular institution consisting of mass media, opinion polls and some but not all voluntary organizations (2006, Ch. 5). The civil sphere (overlapping with but not identical to the public sphere as conceived by Habermas 1989) is the arena for solidarity and inclusion, operating via language and social meaning. The specific norm linking to democracy is universality, as a potential force albeit never fully realized in practice (2006, pp. 48ff.). However, Alexander's broadened conception of democracy is limited to the civil sphere; other institutional fields are analyzed as its boundary conditions but not as potentially democratic in their own right.

## 2.1 The Salience of Normative Theory

To grasp the continuity of democracy and social institutions it is necessary to focus on normative aspects, the norms embodied in democratic processes as well as in social institutions. Even though institutions are practical regulations, they cannot be reduced to purely pragmatic concerns, as assumed by the theory of rational action (North, 1990; Hall & Taylor, 1996). Without normative justification institutions would hardly be viable. Simultaneously, norms remain abstract if they are not connected to practical arrangements and adapted to the empirical features of institutions. Yet, the significance of democratic norms and processes within social institutions has received insufficient attention. However, two prolific political philosophers, John Rawls and Michael Walzer, are noteworthy exceptions. Despite their different approaches, both emphasize the salience of social institutions to a just society – in other words, to democratic society at its best.

In *Theory of Justice* (1971) John Rawls elaborated his conception of justice within constitutional, liberal democracy (1971, p. 222). These ideas were further developed in *Political Liberalism* (1993) and *The Idea of Public Reason Revisited* (1997), with greater emphasis on legitimacy. In addition to the democratic mechanisms of decision-making used by politicians and voters, Rawls emphasized the norms that induce citizens to social cooperation and reciprocity as an essential part of democracy (1993, pp. 15ff). His main focus is not on individual welfare, but on the political conception of the person as citizen (1993, p. 29, 1997, p. 800) and the abilities of individuals within society's institutions. The autonomous individual enjoys rights that guarantee participation in society, and thus is able to take responsibility for his or her own choices. Here, autonomy may be taken in its Kantian meaning: freedom to formulate one's own law on the condition that it is generalizable to society as a whole (Rawls 1971, p. 251). However, autonomy is later specified as a political, not an ethical value (1993, pp. 77, 99).

Given that no society can realize full substantive equality, social inequalities are balanced by two principles. (i) The *principle of liberty* prescribes that citizens have an equal right to a fully adequate scheme of equal basic liberties. (ii) The *difference principle* states that social and economic inequalities are acceptable given that (a) offices and positions are open to all and that (b) the unequal distribution of resources takes a form that is to the greatest benefit of the least advantaged members of society (1993, p. 291).

Institutions are understood by Rawls within the frame of the basic structure of society, consisting of 'the main political, social, and economic institutions, and how they fit together into one unified system of social cooperation from one generation to the next' (1993, p. 11). At the same time, institutions have a multiplicity of specific tasks, which cannot be directly assessed by general principles (1993, p. 261, 1997, p. 789). Thus, the liberty principle and the difference principle constitute a background for the assessment of institutions and their relationship. The social institution most

commonly mentioned by Rawls is the economy (1971, p. 265ff; 2002, § 41-42), mainly in connection with alternative economic systems, property rights and prospects for economic democracy. The family as a basic institution is also taken up, not least with reference to gender inequalities (1997, p. 787ff, 2002, § 50). Even so, Rawls' description of institutions remains at a general level, situated as parts of the basic structure.

In the years after *A Theory of Justice* (1971) Rawls developed and changed his conception of the basic structure, from an idea of a fully integrated society to what he later termed a reasonable pluralist society (1993, p. 36), resting on the assumption that conflicts between religious and ideological strands are inevitable. '[T]he idea of a well-ordered society of justice as fairness is unrealistic ... because it is inconsistent with realizing its own principles under the best foreseeable conditions' (1993, p. xvii). Two conclusions follow from this acknowledgement: first, that the basic structure of society is dependent on an overlapping consensus to secure the acceptance and accommodation of these conflicts (1993, pp. 144ff.), in the light of public reason (1993, 1997). This means that the heuristic device of 'the original position' from which Rawls derived his conception of justice as fairness, espoused in *A Theory of Justice*, loses its central role in Rawls' later political philosophy (Langvatn, 2016). Second, by implication, consensus on the basic social structure is mixed with dissent and power struggles, which are unavoidable in a reasonable society (1997, p. 805).

Michael Walzer takes the opposite point of departure when investigating principles of distributive justice. His main concern is to find a general way of analyzing problems of the distribution of social goods, without the assumption that society may be grasped within a general frame of reference. In *Spheres of Justice* (1983) Walzer attempts to solve this problem by drawing up a broad set of social fields, each with a distinct mode of distribution (ibid., pp. 6ff.). Ten social spheres are sketched, among them politics, education, working life, social welfare and religion, but Walzer makes no claim to have covered the total number of social spheres. In contrast to Rawls, he does not posit an overarching set of norms for these fields; on the contrary, his point is to reveal their different ways of working and thus their different modes of distributing goods. Since people differ in their talents, inequalities in distributive outcomes within each of the spheres are inevitable. This is countered by a distinction between what Walzer terms simple and complex equality. Simple equality is illustrated by Rawls' difference principle, which according to Walzer, 'would require continual state intervention to break up or constrain incipient monopolies and to repress new forms of dominance' (1983, p. 15). To get around this problem Walzer presents his alternative concept of complex equality: if citizens excel in different spheres, inequalities within each sphere should be accepted on the condition that their gains are limited to the given sphere. In other words, complex equality rests on the avoidance of spillover effects between spheres; to give a crude example, money is not allowed to buy political power or positions.



Walzer's main concern is distributive justice, not a theory of social institutions. He accentuates distributive problems as combinations of normative regulations, specific functioning and distributive outcomes. However, even though varying in their nature and scope, many of the social spheres he discusses in depth may be regarded as institutions. Despite their dissimilarities, spheres such as leisure, money and kinship, all of them among the ten taken up in *Spheres of Justice*, constitute institutions.

In the Introduction (Engelstad et al., this volume) basic modes of institutional functioning are sketched: various forms of institutional differentiation and change, the significance of interaction between institutions, their normative character and the unavoidable presence of conflict and internal power struggles. Even if Rawls and Walzer differ on all these issues, they have in common a meta-normative standpoint. Norms are applied not only to social action within institutional frameworks; they also concern the more general structure of institutions. The frame of reference in Rawls is the basic social structure, the macro level where society is conceived as a nation-state. In his vision, institutions are generally integrated, very different from a fragmented set of social fields. Rawls situates democracy within his conception of a basic social structure; although not unitary, it is kept together by an overlapping consensus. His meta-norm is the combination of the principles of liberty and difference. At the same time, his conception of rights, of citizen morality and of common principles, remain abstract if not anchored in specific institutions. Walzer, in contrast, does not raise the question of institutional compatibility; his discussion is generally context-free, focused solely on the internal functioning of separate institutional fields. His meta-norm is that of isolating institutions from each other, avoiding spill-over effects to make complex equality possible. However, in Walzer there is no discussion of what binds all these spheres together; except that 'the political community is probably the closest we can come to a world of common meanings' (1983, p. 28).

Institutional functioning is taken up by Rawls on general terms, whereas Walzer is very specific in his descriptions. However, the specificity in Walzer is of a particular nature as he describes it mainly in terms of social transactions, without contextual specification. This makes his descriptions abstract in a different way, having more similarities with ideal-types or models, than with empirical accounts. When it comes to conflict, neither of the two denies the salience of social conflict, but conceive it differently. Even though Rawls underscores the absence of full integration in modern societies, he emphasizes the general compatibility of institutions. The type of conflict he envisages is not situated in the working of institutions; it is mainly of a general, religious or philosophical nature to be encountered by public reason (1997). Walzer, on the other hand, due to his focus on social transactions, implicitly draws up a framework for understanding how competition within institutions results in tensions between them. A crucial problem for Walzer, then, is whether it is conceivable to keep institutions sufficiently separate without mobilizing the same forces of the state that he criticizes with regard to simple equality.

## 2.2 From Political Philosophy to Sociological Analysis

Given that the differences between Rawls and Walzer could be interpreted in terms of complementarity, it may be tempting to construct a theory combining these two strands of thought. But their basic assumptions are too different to combine them into one unitary theory. Yet, while resisting eclecticism, it still is possible to make a transition from ideal political philosophy to non-ideal sociological analysis (Valentini, 2012) by drawing out from the two approaches theoretical points of reference, in a conception with empirical emphasis on mechanisms and constellations of mechanisms, rather than holistic theory. When related to empirical reality, broad normative theories like those of Rawls and Walzer must be operationalized; and when applied to institutions, norms must be compatible with institutional specificities.

Institutions, as they are understood in the present context, constitute common frameworks regulating social behavior of individuals and organizations, as well as basic social conflict (Dahrendorf, 1959). As such they reflect viable social compromises, in some cases even consensus. Yet, even if conflicts are mitigated, they do not disappear. They take several forms, not only as conflicts over divergent interests but as normative dilemmas, as goal conflicts, and as competing interpretations of how institutions are supposed to work. Thus, institutions become arenas for the exertion of power (Mahoney & Thelen, 2009; Introduction, this volume). Given that institutions emerge and change by processes of differentiation and innovation, they are widely divergent in their modes of functioning. Thus, the relationship between them reflects complementarity and tensions at the same time.

The prevalence of dilemmas, tensions and conflicts within institutions points to the salience of democratic deliberation and conflict resolution. But even if institutions are vastly dissimilar, the present exposition aims to specify common democratic norms that are compatible with the functioning of several different institutions in a way not drawn up by Rawls and Walzer. Rawls points out that institutions have their own life, but does not specify how democracy may be made relevant. He uses as an illustration a church and holds that “liberal principles of political justice do not require ecclesiastical governance to be democratic.” Nevertheless, “the principles of justice [...] protect the rights and liberties of their members by the constraints to which all churches and associations are subject.” (1997, p. 789). Under a different perspective, Walzer, on the other hand, resigns from normative concessions as long as diffusion does not take place between institutions.

The present chapter aims at transcending these general and somewhat vague conceptions by specifying and operationalizing central norms in both approaches, in a way that makes them applicable across a variety of institutions. This is done by reinterpreting normative principles as gradual dimensions, which may then be balanced against other, necessary institutional claims. Three concepts central in the works of Rawls and Walzer are singled out for the following investigation of institutional fields: social membership, political equality, and individual

autonomy. These concepts are central to the authors' theories, they are robust to varieties of institutional functioning, and they closely reflect the two main aspects of democracy outlined above: the influence of citizens on decision-making shaping their own life, and their abilities for cooperation as members of society. Alternative operationalizations are of course possible; one worthy candidate would be the specification of equal opportunities by Dahl cited above; with a strong emphasis on personal autonomy (Dahl, 1989, p. 97ff.), it overlaps with the conception presented here. However, as already mentioned, it is primarily linked to the political processes in a narrow sense, and not so easily generalized to other, social institutions. The same is true of Alexander's (2006) extended conception of democracy, which, outside the political institutions, is limited to the civil sphere.

The notion of *social membership* is placed first among the ten spheres treated by Walzer. His perspective concretizes the basic question of who qualifies as a citizen of a given specific social formation. In an institutional context, this may be reinterpreted as the conditions of access for citizens to given social fields, and thus who is counted as a relevant participant in a given social institution. In contrast, in Rawls the question of who is a participant is not relevant. In his original conception of justice as fairness, anyone was called to take his or her position behind the veil of ignorance, and assess a desirable structure for a possible society. The absence of a problem of inclusion is true for the later theory of public reason as well.

*Political equality* is a main concern in Rawls but is less elaborated by Walzer, who mostly connects it to equality of opportunity. In contrast to standard discussions anchored in political institutions, here it concerns the balance of individual rights and competing legitimate concerns in the organized patterns of power and bargaining in a given social institution. If hierarchies are inevitable, as is the case in many institutions, the institutional norm of political equality invokes the legitimacy of hierarchical relations and points to the possibility of minimizing them.

*Autonomy* is a core element of democracy in Rawls – citizens assuming responsibility for social cooperation. Preconditions for this are common liberties and rights, without which citizens cannot act as responsible individuals. However, when applied to particular institutions, citizens encounter specific limitations and rules, with which they have to comply. In working life, to give a simple example, employees have to find a balance between their own notions of how a job should be performed and the fairness of employer prerogatives in structuring the tasks. In Walzer autonomy does not have this normative meaning; it is implied in the freedom of action within each of the social spheres.

In the following, tensions between institutional requirements and democratic norms are examined with these three criteria. They are applied to the institutional fields that constitute the main elements of the Nordic model (Engelstad et al., 2017): the economy with emphasis on working life, the welfare state with focus on health care and social security, and the media. In each case, the discussion of the democratic norms is preceded by a brief presentation of the structural preconditions for the democratic quality of institutions. These preconditions are specifications related to,

albeit not identical with, the two principles in Rawls: (i) the universality of rights and access to social goods, connected to the principle of equality, and (ii) the conditions of participation and influence, direct or indirect, associated to the difference principle.

### 2.3 An Old Story: Democratizing the Economy

The economy is dominated by an overarching ambivalence between autonomy and hierarchy – at the most general level, between the roles of producers and consumers and the roles of managers and workers. In the role of consumers citizens are basically in an autonomous position; in the role of producers, they are placed into drastic hierarchical systems. The relationship between management and employees is less clear-cut: employees are subordinate to management prerogatives while at the same time enjoying political autonomy as citizens.

When prospective democratic elements in the economy are discussed, old notions of ‘economic democracy’ inevitably come up. This is not so much a concept as a generic term to cover the expansion of political democracy into the economy (see also Teigen, this volume). It has been given several meanings, most prominently (i) state ownership of the means of production, (ii) political agency represented in decision-making bodies of enterprises and (iii) employees electing management/CEOs. All these have been tried out in practice, and none has survived in its original form. *State ownership* was the dominant form of ownership in Communist societies, and still is so in, for example, China, but is not a necessary condition for democracy. Some democratic countries have a large amount of public ownership in central parts of the economy, of which Norway is the most prominent example (St. Meld. 27 [2013–2014]), something that does not preclude private ownership as prevailing, given that many state-owned enterprises are run on a commercial basis. *Political representation* within decision-making bodies has been tried out in many versions. Two examples are the ‘socialization’ of commercial banks in Norway in the late 1970s and the Swedish Wage Earner Funds of the 1980s, transferring parts of the profits to public investment funds. Both were given up after a relatively short time (Engelstad, 2015). In part this had to do with problems related to the transgression of property rights and in part to goal conflicts between economic and political considerations. The *election of management/CEO* by workers was prominent in the 1970s and 1980s in the former Yugoslavia and Israeli *kibbutzim*, but at present it hardly plays a significant role. Exceptions are found in fully worker-owned enterprises, which constitute a small minority in some Western countries (e.g. in Emilia Romagna in Italy, with 6% of the labour force [Rinehart, 2009]).

These mainly unsuccessful attempts at introducing democratic elements into the economy should not overshadow other aspects of democracy relevant to the economic sphere in any modern economy and their direct or indirect relationship to democratic governance – to citizen rights and autonomy within basically hierarchical work organizations.

## 2.4 Normative Preconditions of the Modern Economy

Modern economies have at least four basic normative traits with a clear connection to democracy. These are ideal preconditions, never found in pure form, but nevertheless constitute necessary elements for the functioning of the economy: (i) property rights; (ii) freedom of contract; (iii) well-functioning markets for goods and services, including labour markets; and (iv) economic regulations and macro policies.

*Property rights* entail the right to freely dispose objects in the possession of the individual, whether acquired via work, gifts or inheritance (Carruthers & Ariovic, 2003). For individual citizens in a society with a widely developed division of labour, property rights are a precondition for a basic feeling of security and stability in everyday life and constitute a precondition for the development of people's life careers. Property rights are essential to the functioning of any economy based on exchange and the division of labour. Marxist assumptions that property rights wither away if enterprises become collective property have shown themselves to be unrealistic. Any enterprise, whether privately or publicly owned, must sort out which objects are under its own legitimate control and which are under the responsibility of other actors (Fligstein, 2002). However, property rights are not unconditional; they are defined, limited and guaranteed by political decisions. Hence, their extension varies between societies and over time (Engelstad, 2015).

*Freedom of contract* denotes the individual right to enter into binding transactions with other parties, including the ability to annul agreements. As a general feature, freedom of contract is limited to modern, capitalist economies and is even a relatively recent element within capitalism. In parallel to property rights, the freedom of contract is not unlimited but rather politically regulated (Trebilcock, 1993). As a precondition for personal autonomy and liberty, the individual is accorded the right to assess risks and take responsibility for his or her own dispositions. Furthermore, s/he is free to enter into cooperation with any other actor, be it as a partner in some sort of joint venture or as an employee subordinate to the plans and disposition of other actors; freedom is retained by the possibility to annul the relationship upon a set of given conditions.

Without *well-functioning markets*, any modern economy will get into serious difficulties even if the idea of perfect markets, cherished by economists, is an illusion (Fligstein, 2002). Well-functioning markets allow the choice between alternative goods, and more generally between alternative structures of opportunities, constitute the prime arenas of development in economies depending on the division of labour. As actors in a market, consumers have the opportunity to make rational choices between goods as well as types of goods, which opens up for choices of life styles and – at least partly – identities (Aakvaag, this volume). The most significant element of markets in pure form, however, is that they do not discriminate between buyers and sellers; what counts is solely the supply and demand they represent. In this respect, the ideal of a perfect market acquires a normative character.

In labour markets the goods traded have a double character; labour power is simultaneously a commodity and a part of the human person. Thus the market process implies an agreed renouncement of the freedom citizens otherwise would exercise. How is it possible to uphold human freedom under such conditions, was the question raised by the young Marx ([1844] 1986). One reply might be the ‘decommodification’ of labour power (cf. Esping-Andersen, 1990) by counteracting market functioning, as was common in 19<sup>th</sup>-century paternalistic capitalism. This, however, corroborates the subordinate status of the worker. An alternative is strengthening the bargaining position of workers in the labour market by developing individual resources or building collective action. Thereby the prospective equality of market relations is utilized.

*Economic regulation and macro policies* reflect the fact that the economy consists of enterprises that are necessarily particularistic. Firms have specific targets and criteria of success, in contrast to politics, which has the regulation of society as a whole as its main goal. Thus, markets must be regulated to be functional, while at the same time fiscal policies create the basis for the public sector. Policies of taxation and redistribution compensate for gross inequalities created in the labour market. Freedom of contract, property rights and market functioning are also dependent on political governance. Legislation regulates the conditions of work contracts, for example, in the Scandinavian countries by the regulation of work environments. The extension of property rights must be specified and are likewise regulated by the state as concerns, for example, taxation, the legislation of inheritance and the structuring of joint-stock enterprises.

These elements are not in themselves democratic, but their ideally universalist character constitutes a precondition for democracy in modern societies. Economic differentiation entails varieties of jobs and increased freedom of choice in combination with reciprocal dependency and thus the potential feeling of solidarity, as pointed out early on by Émile Durkheim ([1893] 1997; Aakvaag, this volume). These are potential supports for democracy. Democracy, however, cannot rely solely on structural traits in the economy. It is dependent on a well-functioning state able to formulate and guarantee these elements as rights while at the same time instituting corrections to the tendency to undermine their universalist functioning.

On the other hand, enterprises are organizations and, by implication, are constituted as hierarchical systems of power. The economic division of labour is simultaneously a division of power between a minority of owners, shareholders and managers and the broad majority of employees. Power inequalities are unavoidable if organizations are to function in accordance with their goals; at the same time they are obvious sources of power abuse. A noticeable example of power abuse justified by property rights is the denial of employers to accept collective wage bargaining, found in large parts of the world, prominent also in highly developed economies.

## 2.5 Democratic Norms in the Economy

In working life the concept of *social membership* relates above all to the right and possibility to work. The right to work may be interpreted literally as the right to specific forms of paid work, such as in the large programmes of employment in India. In modern societies, the notion has a more general meaning (Engelstad, 2016) primarily connected to various labour market policies. A primary aspect of the right to work is the requirement of equal access according to the qualifications for a job, emphasized by both Rawls and Walzer – in other words the absence of discrimination. It is a cherished assumption among economists that well-functioning markets make employers allergic to discrimination (Becker, 1971), but in actual practice this is far from the case. On the part of the state, membership is buttressed by ample labour market policies. A motor for job creation is Keynesian macro policies, whereas systems for vocational training and retraining make job seekers more able to find work (Nyen & Tønder, 2015; Hagelund, this volume). At the other end of the labour market are measures for mitigating unemployment in periods of market contraction by various forms of unemployment compensation (Olberg, 2015; Svalund, 2015).

The ability to reinforce *political equality* rests on the institutionalized resources to counter employer prerogatives based on property rights. A core question in this connection is the definition and interpretation of property rights. The matter here is not that of abolishing property rights but acknowledging that they necessarily are politically defined. To what extent are property rights open to respecification without losing the core character of ownership rights to dispose objects? (Engelstad, 2015). If property rights are assumed to be absolute, owners and managers would have the right to deny any interference in the setting of work contracts and work conditions. This, however, is in conflict with basic civil rights, such as freedom of association and of expression (Trygstad, 2017). Hence, a balance between property rights and employee power resources is a dimension of democracy.

There is a great variety in the position of trade unions, for example in Europe: with a strong position in Scandinavia, somewhat less so in Germany and weaker in Southern Europe. Whereas trade unions are voluntary associations, they are supplemented by legislation on employee representation in bodies of deliberation and decision-making, including employee participation on the boards of directors, works councils and other fora for consultation and health and safety committees. The power of these bodies follows roughly the same pattern as that of trade unions: weak in Southern Europe, stronger in Germany and Austria and most powerful in the Nordic countries. These arrangements constitute limitations of property rights as they impede the sole right of decision-making for owners/managers (Engelstad, 2015). Even so, they mainly secure subordinate voices the right to be heard, whereas employees do not have sufficient power to overturn long-term decisions. (In addition, the power of workers hinges on the bodies of employer-worker cooperation actually being utilized [Trygstad & Alsos, this volume].) A more recent case is legislation securing gender quotas on the boards

of directors of listed or otherwise very large companies, introduced in Norway and about to be implemented in several other countries (Teigen, 2012; Engelstad & Teigen, 2012). This, too, is a form of the delimitation of property rights, which does not break with the decision-making rights of owners/board members.

Various forms of wage bargaining at the national level are found in Scandinavia and foremost in Norway, where political authorities have a core role at several stages in the process. A crucial aim of state intervention is to preserve the competitive ability of the national economy on the world market. Interventions comprise consultations between the government and the employer and employee federations; professionally neutral assessments of various economic scenarios, with parts of the bargaining taking place between industry federations at the national level; and public agencies for mediation. This ‘politicization’ also lifts wage bargaining into the public sphere and thereby makes it a subject of democratic deliberation.

Politics protecting *autonomy* concerns the ability of employees to function as responsible citizens on the basis of traits specifically connected to their jobs. Most important are risks connected to health and security and accordingly the political measures of protection against accidents and work routines detrimental to health. Such measures were introduced in 19<sup>th</sup>-century capitalism by legislation regulating children’s work and dangerous work. To varying degrees it has been further developed in modern societies, including legislation on psychological and socially stressful work. Work environment legislation in Scandinavian countries is very advanced in this respect. To counteract the abuse of power, some sort of countervailing power, which represents the interests of employees, is necessary within enterprises.

The points above open up for a general assessment of autonomy in working life. In the ideal version, citizens in a liberal society choose their education and thereby to a large extent choose between prospective employers. A well-functioning labour market allows the opportunity to choose between jobs and, by implication, also between organizational regimes. Given that a citizen freely chooses a job, the next question is the degree of arbitrariness in management. As long as the arbitrariness is negligible, the element of power is legitimate; if so the worker has no reason to wish it otherwise or possibly has the opportunity to suggest alternative ways of organizing the work process. To the degree that these conditions are met, the worker is autonomous in a Kantian sense; s/he follows a law that s/he freely has given her/himself (Svalund, 2003; Engelstad et al., 2003).

## 2.6 Welfare State Institutions in Democracy

The basic task of the welfare state is the inclusion of citizens in regular participation in society. The welfare state is composed of several basic institutions; here the discussion is mostly limited to institutions for health care and social security. Welfare state measures in these fields aim at maintaining or restoring – as far as practically



possible – the ability of citizens to act as free and productive individuals. This is obtained by public agencies distributing rights-based provisions. An underlying norm of the welfare state is that of social solidarity, which takes two forms. In addition to meeting immediate needs in the population, it serves as an insurance system for those who are not needy at present but may be so in the future. For welfare states to meet the differing needs in the population, provisions generally take a redistributive character: less affluent citizens receive more and the well to do less than what they have paid as an ‘insurance premium’.

A contrasting case to the welfare state is that of charity, which rests on inequality. Even if the recipient is ‘worthy’ of assistance, when the benefactor allocates help to the recipient, a basic subordination is confirmed as long as the recipient has no rights in the relation. The aim is short-term relief, not the maintenance or restoration of individual responsibility for his or her life. An intermediate case between charity and mature welfare state arrangements is the set of large programmes for the allocation of food and work found in India. In that case, the benefactor is the state, so in this sense political equality is untouched. Simultaneously the programmes have traits of charity as they function as poverty alleviation with little potential to bring recipients out of poverty (Engelstad, 2016).

Even though modern democracies have one form of welfare state or another (Esping-Andersen, 1990), it is in no way given that the existence of broad sets of welfare provisions is a sign of democracy. The legitimacy effects of welfare allowances are not restricted to democracies. The Bismarckian welfare system of the late 19<sup>th</sup> century, which was very advanced for its time, reflected exactly that. Citizens were accorded a broad welfare system in exchange for the acceptance of a pseudo-democratic political system. Many of today’s authoritarian regimes offer similar pictures. Hence, the link between the welfare state and democracy hinges on the political character of the organization of welfare provisions.

Their institutional character does not preclude conflicts underlying democratic welfare state arrangements. One salient conflict is that between social solidarity on one hand and citizens’ responsibility for their own lives on the other. If a crucial element in democracy is the propensity of citizens to cooperate, as Rawls assumed, citizens’ common consideration for the welfare of others follows as a logical consequence. Alternatively, autonomy as a democratic ideal also rests on the ability and readiness of citizens to take responsibility for their own lives. At the micro level, this is concretized in the relationship between professionalized help and care and the active participation of clients and ‘users’.

This is reflected in the power relations between the roles of professionals and clients. In democratic societies their relationship is supposed not to be a between patron and client but between a principal and agent, such that the recipient is in the superior position as principal (Petersen, 1993). Nevertheless the agent (doctor, nurse, social worker) remains powerful due to her/his competence. Tensions in this ambiguous relationship may be denied by both parties; by the agent taking over and

acting as a patron or by the user acting as a subordinate client repudiating his/her own autonomy and responsibility.

A welfare state is democratic to the extent that it is inclusive and transparent. If so, at least four institutional preconditions are important: (i) The welfare state is universal in the sense that all citizens have access to welfare provisions according to needs and other qualifications that are open to all. (ii) The welfare state is funded by the taxation of citizens. Thereby citizens have a common ownership of the welfare state system. They have a right to welfare provisions because they are funded by them and not procured by a benevolent donator. (iii) The public welfare system is the object of public policy formation. As voters, citizens have a say in how it is to be run. This also means openness to redistributive measures, which at the same time are open to public debate. (iv) The welfare state agencies are manned by professional staff; thereby the quality of provisions, along with equality among users, is maximized. At the same time the necessary use of discretion is covered by codes of professional ethics.

The significance of these points obviously varies between democratic societies. As outlined in Esping-Andersen's (1990) taxonomy of welfare state regimes, one crucial dimension is the mix of private and public elements, varying from a minimal version of public commitment in the liberal type to the maximal type found in the Nordic countries. Yet, combination is the rule; a welfare regime solely based on public provisions is not found anywhere and would probably be tyrannical rather than democratic. Within the framework of these structural preconditions, the underlying normative elements of the democratic welfare state – social membership, political equality and autonomy – are played out.

*Social membership* implies the possibility of all citizens to fill an acceptable position in a complex society. There is a clear parallel here to T.H. Marshall's ([1950] 1964) classical conception of social rights and social provisions. To the degree that these provisions are universal and accessible to everyone, they also function as a source of social integration. These are related not only to individual welfare but have also a separate democratic dimension. A first precondition is elementary education, yielding the ability to understand and interpret the social and political structures and processes necessary for democratic participation. Participation, moreover, presupposes that citizens are not enmeshed in surviving from one day to the next but rather have a guarantee of a minimal income. Welfare state provisions are also shading into measures connected to working life. Health and security measures within enterprises have already been mentioned. Other aspects of the interplay between working life and the welfare state are unemployment benefits and retraining and support to find jobs in cases of unemployment, sickness pay and arrangements of parental leave.

In addition to citizens as recipients of welfare state provisions, *political equality* relates to individuals as bearers of social rights as a part of their citizenship. Modern welfare systems are large organizational and bureaucratic complexes. Political

equality implies an equal ability to understand and handle and make use of these organizations. One precondition is the willingness of welfare bureaucracies to make information about their services accessible to citizens, both those who are needy and those who may become so in the future. Of similar importance is the design of the organizations themselves, the degree to which they are accessible to ordinary citizens and their ability to handle grievances. In this respect, the rationalization of bureaucratic routines is a crucial contribution to democracy.

This has two additional implications. One is that all citizens have access to the agencies of the welfare state, including hospitals, nursing homes, schools and kindergartens. Within this framework they are supposed to receive treatment of the same quality, such as without serious difference of quality in medical treatment in public and private hospitals. This does not preclude the existence of private agencies offering specialized services to those who are able to pay for them. The core is equality related to what Rawls (1971, 1993) termed primary goods in contrast to non-essential or 'luxury' goods, even if the dividing line between these two is always open to negotiation and power struggles.

*Autonomy* relates to an individual's responsibility for her or his own life as well as their ability to see how one's own choices affect the welfare freedom of others. This is dependent on the individual's understanding of and willingness to assume this responsibility. But it also relates to the functioning of the welfare system and the degree to which it is constructed to incite the participation of recipients in shaping and forming the services. Dilemmas connected to principal-agent relationships have already been mentioned. One important specification is the amount and types of information given and the way that professionals invite recipients to take part in decisions with wide consequences for their welfare while at the same time not abdicating from their responsibility as professionals.

An additional aspect of autonomy concerns the relationship between the individual recipient and the allocation of additional responsibility to the family or to the state. Variation in conceptions of individual autonomy, and the relationship of individuals to the state, is another crucial element in Esping-Andersen's typology of modern welfare states. In liberal welfare states, the state has a restricted role to play; the production of welfare services is basically located in the private, market-based sectors, and funding takes place via the private insurance sector. The state takes on the responsibility for only the most needy. In the conservative welfare states of Continental Europe, the state has a somewhat more active role, and funding is not privatized in the same way. In line with the dominant 'subsidiarity principle', families, occupational groups and local communities have a prime responsibility for mitigating social needs. In the Scandinavian welfare state, on the contrary, the goal is rather that of minimizing individuals' dependency on support from the family; in some respects it has the character of a state-supported individualism (Berggren & Trägårdh, 2009). Moreover, the form of the welfare state has repercussions in regard to democratic participation. Comparative studies indicate that 'due to the integrative

nature of the welfare policies', citizens are more likely to participate in elections 'in countries where the focus on working-age adults and families is greater' (Shore, 2014, p. 56; see also Busemeyer & Goerres, 2014).

In parallel, in mature welfare states a precarious balance is coming to the surface, stemming from possible hyper-development. Presently in the Scandinavian countries welfare state benefits are changing from general allowances to comprehensive plans for reintegration, specifically targeted to each individual (Hagelund, this volume). Here a possible conflict between social integration and individual autonomy is coming to the fore. The amount of room left for personal responsibility may then be an open question. In this sense, the welfare state may materialize as a benign but authoritarian shepherd state, as previously feared by Tocqueville (after Dahl, 2001, p. 133) and, more recently, by Michel Foucault (1982–1983).

## 2.7 Democracy in the Media Institution

Systems of information, shaped by ruling groups, have always been a precondition for keeping together societies larger than local communities (Mann, 1986). In contrast, modern societies are, as famously formulated by Benedict Anderson (1983), 'imagined communities'. In modern, complex societies the media are institutionalized as a main source of the communal imagination by their diffusion to the general public. Their institutional character and practical separation from ruling groups are not sufficient conditions for the media being democratic. In large parts of the world political censorship, directly or indirectly, plays a key role in the production and diffusion of information. To be democratic, the media must have freedom of information and of expression as their normative bases (NOU 1999:27). If not, citizens are unable to make informed decisions about central social concerns and thus participate in democratic decision-making.

In democratic societies the media are exposed to two basic dilemmas. First, they are supposed to take an idealistic, liberal stance by bringing forth information for discussion among citizens about all kinds of social prospects and problems. Inclusive social deliberation presupposes that media reach out to a large number of readers or listeners. The other side of the coin is that most media are private enterprises with a commercial component, and they are expected to bring profit to their shareholders (Habermas, 1989). When reaching out to a large audience is not only a democratic but also a commercial requirement, it also unduly invites selection from and trivialization of the news panorama based on public appeal (Schudson, 2003).

The public sphere is a field of competition between social groups representing diverse interests. Within the confines of consensual 'rules of the game' (Habermas, 2009), political conflict is the rule. This leads up to the second dilemma – that of the partisan aspects in the presentation of information and news – explicitly linked to political groups or implicitly by ideological leaning. That there is no single correct way of presenting information does not deny the salience of factual statements in

any informative message; facts are a necessary but insufficient condition for credible descriptions of a given issue (Kohring & Matthes, 2007). A fact is a true statement about an object in the world; it may be 'objective' in a strong sense, but, if so, it is disconnected from significant contexts. To be socially meaningful, facts are selected and situated within a recognizable narrative or a chain of argumentation.

If there is no frame of reference which is the only relevant one to the description of a given issue, the public must balance different facts and interpretations against each other. In this process, truth becomes the object of political debate and ideological struggle. A challenge to democracy, then, is to procure the best possible framework and material for truthful deliberation while at the same time accepting the existence of a plurality of descriptions of the world.

At the structural level, four points are particularly relevant for the media institution to be democratic. In various ways they are connected to the basic norms of freedom of information and expression. (i) *Autonomy and independence*: the media shall be free to give the public access to 'all the news that's fit to print'. To live up to this expectation, the media have to defend their autonomy on two fronts. On one hand, in relationship to owners and shareholders, the right of shareholders to claim profits on their investments does not justify their possible influence on the content side of the media. On the other hand, in relationship to the state, the media have to defend their autonomy against possible state censorship. To counter these pressures, in Norway the autonomy of editors is laid down in legislation (Engelstad et al., 2017). (ii) *Media pluralism*, in contrast to media monopoly: ideological variation among the media serves as a bulwark against political co-optation and control of information flow (Habermas, 2009). Only if the public can choose between channels of information, reflecting the distribution of communicative power, can the media as a whole reflect the existing diversity of social and ideological voices (Karppinen, 2013). (iii) *Independence of the media* gives special significance to the institutionalization of professional ethics. Internal justice is directed both at guarding the credibility of information as well as considerations for privacy. If so, by implication the media create bodies that initiate debate about their social role along with treating grievances from the public on breaches of privacy or other concerns. The form of such bodies varies, but they are present in all the Nordic countries (Engelstad et al., 2017, p. 57). At the same time, professional norms are the object of conflict, both within and between professions (Engelstad, 2017). (iv) *Media policy*: even in highly liberal societies, such as the United States (Benson, 2009), media policy is a precondition for democracy. Basic media policies are about definitions of freedom of expression and its limits and securing media pluralism. Moreover, they involve infrastructure such as facilities for distribution as well as the regulation of competition among the media. In the Nordic region media policies are more wide-ranging; they include great investments in public service broadcasting, both concerning public ownership and the licensing of privately owned media. In parallel, a broad system of media subvention aims primarily at diversity in the production of news and opinion formation (Syvertsen, Enli, Mjøs, & Moe, 2014; Engelstad et al., 2017).

Varieties of media policies have been analyzed in depth by Hallin and Mancini (2004), who distinguished different media regimes on the basis of four criteria: the early development and broad diffusion of mass media; independence from political groups; professionalization and self-regulation; and state intervention aiming to protect freedom of the press. Scoring high on all four variables, the Nordic societies come out as typical examples of a democratic corporatist regime. Referring to Hallin and Mancini and Esping-Andersen (1990), Syvertsen et al. (2014, p. 20) even point out a homology between the Nordic media structure and the welfare state. In contrast, due to stronger market orientation and less comprehensive media policies, the United States, the UK, Ireland and Canada are characterized as liberal media regimes, notwithstanding strong traditions in regard to public service broadcasting in Great Britain (Hallin & Mancini, 2004).

Within the short span of two decades, the media landscape has been drastically changed by the explosive growth of the internet and the advent of social media. The transformation of the medium of the press from newspaper to Internet, or more precisely, the combined media of paper and net, has implications for the mode of argumentation and presentation of news as reading on the net presupposes shorter and more pointed articles. Journalists are following social media and picking up news to be used in the net versions or on paper. Thereby the content landscape, the pool from which published news is drawn, is in flux; if so, the semi-private sphere of the internet increasingly defines what is relevant news; as the saying goes, in this collaboration everyone is their own editor (Bruns, 2005). If this process is mostly played out on the local level, the globalization of the internet has opened up for powerful international news distributors tailoring and thereby individualizing news consumption with the result that common arenas for deliberation are fragmented. In this process of transformation the general authority of the editorial function is shrinking, and traditional business models collapse. In parallel, digitalization and globalization in the media field affect the extension of media policies as they limit the possibilities of the state to secure pluralism, quality and identity by active media policies (NOU 2017:7). The repercussions on political democracy are ambiguous. Some of these changes entail extensions of democracy due to increased opportunities for citizens to set the agenda by influencing definitions of what is relevant news. Others point to deterioration – not because elaborate political argumentation is necessarily squeezed out but because fragmentation makes it reach a smaller portion of citizens.

As the media institution as an arena of conflict has taken new forms, the criteria for democratic participation – social membership, political equality and autonomy – change in content and become even more relevant. The media foster *social membership* by being accessible, such that prospective users are not hindered by social, economic or physical barriers to relevant information from the media. Democratically relevant information of a type that citizens actually need to orient themselves in society must be delivered by the media and formulated in ways that are understandable to the public. The accessibility of democratically relevant information hinges not only on

the media but also on their sources, both private and public. Counteracting closed circuits of communication is a precondition for the contribution of the media to transparency in society. Organizations of all kinds, and not least public entities, have an inherent tendency to withhold information about their dispositions to the public. To counter this tendency, general access to public documents is legislated in virtually all modern societies ([www.Right2INFO.org](http://www.Right2INFO.org)), albeit with varying force. From 2004, the Norwegian constitution even has a clause prescribing the state to arrange for information necessary for an enlightened debate (NOU 2011:12).

*Political equality* concerns the ability of citizens to participate in public discourse on an equal footing. The basic precondition is freedom of expression in two aspects: on one hand the freedom of the media to bring forth information and on the other the liberty of citizens to express their opinions and desires. Freedom of expression goes hand in hand with the right of the individual to search for information in her or his own right (NOU 1999:27) in order to formulate statements directed to the public. Politically, the freedom of expression is not unlimited (Kierulf & Rønning, 2012) and can hardly be so. Institutionally, the media have an editorial authority to select, process and present their information. If not, the flow of information would take on a chaotic nature. This delegation, however, raises strong requirements in regard to the professional ethic of editors and journalists, who nevertheless are met with low trust in the public (Moe, Thorbjørnsrud, & Fladmoe, 2017).

The advent of social media has led to a new situation concerning political equality. The opening up of the flow of information has contributed to a significant growth of political equality. Seggaard (2017) points out the mobilizing effect of social media on the interaction between the traditional communication of politicians and voters. Moreover, social media promote political mobilization among citizens and potentially their influence on political decisions (Steen-Johnsen & Enjolras, 2017). At the same time, the social media indirectly bring challenges to the freedom of expression, not in a legal but in a social sense. While the internet has opened up for a plurality of voices, it has also opened up for the distribution of fake news and unfounded rumours along with hateful interventions, with the consequence of scaring away prospective participants from internet debates (Nadim & Fladmoe, 2017). The implication is a decline in the freedom of expression.

The basis for *individual autonomy* concerns the possibility of citizens to make well-informed judgements about important social issues. In addition to media pluralism – that is, citizens' actual freedom to choose between media of different orientation (Karppinen, 2013) – autonomy depends on the quality and reliability of the information retrieved. In the absence of definite interpretations of political issues, the credibility of basic documentation becomes essential for well-informed judgements. At an overarching level, to take part in deliberation in a serious sense, citizens of a democracy must be able to grasp the reasons why different opinions are formed, thereby making ambiguities visible and interpretive dilemmas understandable.

## 2.8 Generalizing Institutional Norms and Conflicts

The main social institutions are heterogeneous; they comprise, and are even built around, deep social dilemmas or conflicts that cannot be solved once and for all but rather necessitate compromises. Thus, if social struggles over compromises and reformulations of compromises are unavoidable, they are by nature changeable. For this reason democratic deliberation becomes crucial. The main institutional conflicts discussed in this chapter are summarized in Table 2.1. If these conflicts are of a diverse nature, given that they are played out in institutional spheres with different structural characteristics, they also show common traits and institutional complementarities.

**Table 2.1.** Basic institutional conflicts in the economy, welfare state and media

	<b>Macro structure</b>	<b>Micro behaviour</b>
Economy	Coordination/market functioning	Hierarchy/autonomy
Welfare state	Solidarity/individual insurance	Professionalism/personal responsibility
Media	Public enlightenment/commercial viability	Credible descriptions/ideological selection of facts

At the macro level, a common theme across institutional fields is the variety of *tensions between social regulations and individual action*. In modern democracies, both tendencies are necessarily present. They reflect the salience of stable environments for citizens to make reasonable choices, while at the same time the stability of these structures is jeopardized both by intentional attempts to change the rules and the aggregate, more or less unintended, effects of a myriad of individual choices. This pattern is most commonly pointed out in regard to the economy; today perhaps the most pressing case is that of the media in the present period of transformation. At the micro level, the common element is the presence of *power relations*, concretized as hierarchical prerogatives, as professional competency and dependence, or as cultural hegemony and power of definition. It is no bold assumption that similar kinds of conflicts can be found in other institutional fields as well.

Democratic norms across institutional fields may equally be subsumed under a set of common terms. In a general sense, the criterion of social membership concerns various forms of exclusion from basic social institutions. In working life this refers to the citizens' general access to decent positions in the labour market. In the welfare state, social membership is expressed by the degree of access to health care and social services. In the media sector, social membership is a function of



access to socially relevant information via the media or otherwise. All of these cases represent different types and degrees of *dualization* (Thelen, 2014). The degree to which dualization is a consequence of institutional preconditions may serve as a measure of the quality of democracy.

The basic meaning of political equality refers to the quality of social hierarchies in which citizens are involved. If social hierarchies are unavoidable, a democratic requirement is that the ordinary citizens involved in them are not oppressed by the powers of their superiors. In this sense democracy implies a minimization of power differentials (Shapiro, 1999). In working life this may mean the presence of trade unions or legislated arrangements of participation in decision-making in the enterprise. In the welfare state this is based in the roles, rights and amount of information on patients, clients or users vis-à-vis their professional counterparts in deciding on the treatment they receive. In the media field the main matter is the possibility of the citizen to be heard, either directly or indirectly, through spokespersons. Thus, pluralism in the diffusion of factual information and evaluative interpretation contributes to the mitigation of information hierarchies. All three examples may be subsumed under the concept of *countervailing powers*. Countervailing powers do not abolish hierarchies but rather modify them, and in this sense they become measurements of the quality of democracy.

Autonomy refers to the ability to act responsibly within the framework of legitimate regulations necessary for the operation of a given institution. Whereas both membership and political equality are the results of how institutions are designed, autonomy also includes active choice on the part of the individual citizen in addition to institutional structure. In working life this relates to the choices of education, occupation and jobs made by the individual in combination with the degree to which the individual actually has the possibility to make a choice, such as on which job to take. In the realm of the welfare state the question concerns the balance between dependence on helping professions and the responsibility of the individual for his or her own welfare. In addition to individual motivation this is also dependent upon the transparency of the welfare system, the possibility for its users to understand how it works. In the media field, the participation of the individual in deliberative processes is dependent on his/her readiness to obtain relevant information, but equally important is the quality of the information accessible to the public and its openness to dilemmas and differing interpretations. Common to these examples is the notion of *freedom*, understood as the freedom of individuals shaped by the requirement of equal freedom for others. In the present cases, the freedom of the individual is balanced by the working rules of institutions operated by the professions of managers, health personnel and editors. Accordingly, these actors bear decisive responsibility for the citizens' conditions of freedom.

## 2.9 A Brief Conclusion

At the beginning of this chapter a reformulation of Carole Pateman's (1970) concept of participatory democracy was indicated. Whereas Pateman's main argument is directed to employee participation in working life, the present discussion reaches beyond that to a broader set of social institutions. It may be argued that her insistence on working life has lost its force since Pateman wrote about it; in the meantime different kinds of institutions for worker influence have been introduced in most European countries and particularly in the Nordic countries (p. 32f. above). The main problem does not lie here, however, but in Pateman's lack of attention to the distinctive features of institutions. In the case of working life neither the salient position of property rights nor the complexities of decision-making in politics and the economy is discussed. Without dismissing Pateman's emphasis on democratic participation, this chapter specifies it on a more realistic basis. The democratic potential in several different institutions has been investigated as concerns both the general structure of each institution and the realization of their democratic potential without destroying the basic mode of operation.

Substantively, the point of departure of this chapter is the quality of democracy and its measurement – whether it makes sense to draw up a conceptual continuity between democratic norms and their specification within given restrictions in institutional frameworks. The discussion opens up for several conclusions. (i) It makes sense, indeed, to develop democratic criteria for the design of institutions. They have specific forms in each institution but may be summarized under some general headings. (a) Power relations function as conditions for micro relations in institutions. Democratic aspects are related to the desirability of justifying and minimizing power differentials. (b) Tensions between social regulations and individual initiatives and action must constantly be handled in institutions. This opens up for constant negotiations over individuals' responsibility for their own prospects and their own life and the legitimate claims on social solidarity and support. (ii) These democratic preconditions in turn serve as frameworks for the application of norms of membership, political equality and autonomy outside the political realm. Total realization of these ideals is implausible because they must be modified in the encounter with institutional rules. However, the same is true for the political institutions; they never avoid serious imperfections within their design. Despite their only partial realization, the criteria of democratic quality may be operationalized as gradient scales for the evaluation of the design and structure of institutions – that is, to what degree a society contributes to minimizing dualization, strengthening countervailing powers and maximizing citizens' freedom.

Next, how useful are these concepts for measurements of democratic quality? Important here is operationalization, whether norms are translatable into the practical dimension. But elaborating indicators that are immediately applicable is not the ambition of the present discussion. Nevertheless, it illustrates a great potential for improvement in democratic functioning. Moreover, the brief descriptions of

each institutional field have demonstrated that more detailed operationalization is possible in the three fields investigated and that it is no daring assumption that they are appropriate for other institutions as well.

What constitutes a *democratic society*, beyond a *democratic state*, was signalled as the main topic of this chapter. Yet, what makes up a democratic state varies greatly between countries; the political science literature is filled to the brim with comparisons of electoral systems and other relevant features of political institutions. It is not the aim of the chapter to judge the advantages or disadvantages of the various political arrangements. At the same time, what constitutes a democratic society is dependent on the design and functioning of its political institutions. The empirical references in the present discussion relate to the functioning of democracy in the Nordic countries; hence, the specifications of democratic norms are related to the Nordic model. Even so, they have a certain transfer value. This may be illustrated by a simple example. In the Nordic countries trade unions enjoy a very strong position and influence a broad set of political issues. This is a democratic advantage. As such, this structure is hardly transferable to other societies, but the norms of membership, political equality and autonomy are still applicable, even if the institutional structure is different. Even more so, the notion of countervailing power remains relevant as a sensitizing concept, even when it is differently operationalized.

The further question of the empirical effects of democratic norms lies outside the present discussion. Suffice it to say that systematically adding the conceptions of democracy to the non-political parts of society brings forth considerations, norms and expectations that, if realized, are liable to increase the quality of citizens' lives. In itself this represents a considerable gain in democracy. If and why the quality of political democracy in the more limited sense is also affected must be a topic for further research. Some indications, however, may be found in the contributions to this volume.

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### 3 A Democratic Way of Life: Institutionalizing Individual Freedom in Norway

In this chapter, I outline a broad institutional explanation of the Norwegian democratization of freedom based on three pillars.<sup>1</sup> The first is *horizontal differentiation*: Norwegian society is split into many relatively autonomous basic institutions that by way of collectively produced public goods provide many opportunities and choices for its members. The second is *vertical integration*: A strong state coordinates these institutions to secure all members of society access to these public goods. The third is *liberal containment*: To protect individuals against the potential illiberal consequences of big institutions coordinated by a strong and ambitious state, a set of negative institutional constraints have been set up, in particular civil rights, rule of law and democratic accountability. Together, and this is the main argument of the chapter, these three complementary institutional pillars provide most members of Norwegian society with a combination of rights, resources and lifestyle options sufficient to be in control of and responsible for their lives.

The chapter proceeds as follows. I begin by addressing the relation between democracy and freedom and also briefly discuss how to define and measure freedom. Next, I present empirical support for the claim that Norway has democratized freedom. To explain this fact, I go on to depict the ‘proximate’ institutional matrix that enables the mass-production of individual freedom in Norway. Just as there are ‘varieties of capitalism’, I argue that there are ‘varieties of freedom’. Hence, to develop theoretical tools for depicting the different ways liberal democracies institutionalize freedom, I first present what I call the zero-sum Robinson Crusoe Model, according to which the essence of social freedom is to build down and/or tame institutions. As this model does not fit the Norwegian case very well, I next construct an alternative positive-sum model, which I call the Lilliput Model, according to which the essence of social freedom is to build a dense network of enabling institutions and apply it to the Norwegian case. In this part, my main argument is that Norway exhibits an institutional combination of horizontal differentiation and vertical coordination highly conducive to freedom. However, as the problem with strong institutions is their potentially ‘dark’ and illiberal consequences, the ultimate key to the Norwegian success, I propose in the final part, is a longstanding and productive tension – institutionally and socio-politically – between the positive ‘social-democratic’ freedoms created by big institutions and the negative ‘liberal’ freedoms that constrain and tame institutions (the state in particular). I end by summing up and raising some questions.

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The chapter confines itself to the Norwegian context. Due to its success, the country provides important insights into what it takes to institutionalize individual freedom. The Norwegian case also has important implications for several debates in the social sciences, as I will demonstrate below. Moreover, as the Nordic countries have much in common (Dølvik, Fløtten, Hippe, & Jordfald, 2015, pp. 17–23; Engelstad, Larsen, & Rogstad, 2017), much of what I have to say is valid for all the Nordic countries – and also as a counterpoint for comparative analyses of other types of societies.

### 3.1 Democracy and Freedom

According to political philosophers such as Locke (1988), Kant (1991), Mill (1989), Rawls (1999, 2005), Dahl (1989), Habermas (1996), Held (2006), Sen (1999, 2009), Nussbaum (2011) and Honneth (2011), individual freedom is the core value of modern liberal democracies. All their differences regarding the conceptualization of freedom and its place in society notwithstanding (and not all would subscribe to the somewhat substantial idea of a ‘democratic way of life’ discussed in this chapter), these thinkers agree that liberal democracies should strive to maximize some thick-or-thin version of individual freedom subject only to the constraint of universalism: that all members of society enjoy the same basic freedoms. Moreover, empirical research corroborates that one of the most important reasons why lay people value democracy is because it provides individual freedom (in particular a combination of freedom of choice and equality of opportunity) and not only, for instance, conflict resolution and efficient resource allocation (Welzel, 2013). Broadly speaking, social scientists who want to assess the extent to which this normative ideal is embedded in the empirical facticity of modern societies may take a restricted or a broad approach. The *restricted* approach implies looking only at formal political institutions such as parliament, government, public administration and elections and political actors such as political parties and interest groups. A very comprehensive research tradition in political science and political sociology exists that does so. However, and as several of the political philosophers above also emphasize (cf. Rawls’s idea of the ‘basic structure’ of society), the extent to which a society realizes individual freedom depends not only upon the quality of formal political institutions but also upon the quality of a broader set of institutions – such as family, work life, educational system, religion, art, science and media – and how these work in concert with political institutions (Engelstad, this volume, Ch. 18). Thus, the *broad* approach addresses the way in which society as a whole affects individual freedom. Using a term coined by Dewey (1991), and further elaborated upon by Hook (1938) and Honneth (2015, Ch. 4), it assesses the degree to which a ‘democratic way of life’ has been realized: the extent to which a society’s basic institutions allow its members to mutually treat each other as equally free. Of course, the problem with such an approach is the increased complexity it entails. Nevertheless, it makes it possible to assess the overall degree to which individual



freedom – the core democratic value – is institutionalized in society. The current chapter applies the broad approach and asks how and to what degree a democratic way of life is institutionalized in Norway.

To do so, we need a definition of freedom. Freedom is very much an ‘essentially contested concept’ (Gallie, 1956), so much so that a historical survey documented over 200 different ways of using the term (Berlin, 2002, p. 168). This is not the place to go into the wide-ranging and often highly technical conceptual debate over freedom (I have done so elsewhere, e.g. Aakvaag, 2013a, Ch. 1). Suffice it to say, I start out not from the philosophical debate over ‘free will’ (Kane, 2005) but from action-theoretical premises in the Weberian tradition. According to this view, to act is deliberately to change – or deliberately abstain from changing – the world according to an intention (Weber, 1978, pp. 4–26). I define freedom as *successfully* changing the world according to an intention. Why? Because when we succeed in deliberately changing the world according to an intention, we are *in control of* and *responsible for* what we do, which are the two main ingredients of freedom (Svendsen, 2014, Pt. 1). Moreover, following Berlin’s (2002, pp. 169–181) distinction between negative and positive freedom, success in action depends upon two types of conditions: the absence of constraints (negative freedom) and the presence of enabling resources (positive freedom).

Empirically, we can measure individual freedom in different ways. One important approach, used for example by organizations such as *Freedom House*, looks at the prevalence and status of individual civil and political rights. Rights are important for freedom. But assessed from the action-theoretical perspective this approach overlooks that people need economic, cultural, social, political and other resources to translate ‘formal’ into ‘substantial’ freedoms. Consequently, a second approach measures resources. Nevertheless, the problem with resource-based metrics of freedom is that they do not consider the degree to which resources due to personal, social or other circumstances translate into actual potential for action (Sen, 1999, Ch. 3). A third somewhat different approach measures the degree to which individual freedoms – ‘emancipatory values’ – are culturally valued in a society (Inglehart, Foa, Peterson, & Welzel, 2008; Welzel, 2013). However, although research indicates that the cultural valuation of freedom to some extent mirrors actual levels of freedom in a society (Welzel, 2013), people might value freedom because they have it or because they do not.

Due to the shortcomings considered from an action-theoretical point of view of these three approaches, I will apply a fourth approach: the capability approach, developed in particular by Sen (1999, 2009) and Nussbaum (2011). Instead of rights, resources and cultural valuations, it accentuates what individuals can *actually* do and be and therefore fits nicely with my action-theoretical conception of freedom. Briefly summarized, the capability approach looks at a person’s ‘transformative capacity’ (Giddens, 1984, p. 15) – that is, the ability to intervene in the world and causally influence social and physical processes and outcomes to successfully implement one’s action plans. In other words, it emphasizes one’s actual ability to do the things

one wants and live the life one has reason to value. Schematically, the capability approach can be summarized thus: resources (assets one disposes) → personal and social conditions (ability to convert assets into transformative capacity, dependent upon personal, social and other circumstances) → capability set (a person's menu of actual doings and beings) → functionings achieved (the set of doings and beings one chooses to realize) → utility: personal well-being (quality of life). Now, which concrete capabilities does a person depend upon in order to be free? On this point, Sen has been deliberately vague. Nussbaum (2011, pp. 33–34), however, has developed a (revisable) list of ten capabilities: bodily health; bodily integrity; senses, imagination and thought; emotions; affiliation; other species; play; and control over one's environment.

### 3.2 The Norwegian Democratization of Freedom

If we now turn to the empirical findings that result from applying the capability approach, the picture is quite clear: Norway has successfully institutionalized individual freedom. Indeed, Norway is currently one of the freest societies in the world. This is a strong claim, but it receives empirical support from several sources.

The United Nation's Human Development Index (HDI) is the most influential capability metric currently used, developed for the UN in 1990 by Sen and fellow economist Mahbub ul Haq. It is an index composed of three dimensions assigned equal weight: health, education and economic living standards. Each country is allocated a number between 0 (worst) and 1 (best). In 1990 Norway ranked fourth, whereas every year since 2000 Norway has been number one. In 2015, based on the latest available report from 2016, Norway again topped the list of 188 nations, scoring 0,949 (UNDP, 2016, pp. 198–201, Table 1). Importantly, Norway retains its top position on the Inequality-Adjusted HDI (IHDI), which weighs in the social distribution of health, education and economic living standards. In fact, the numbers for 2015 reveal that replacing the HDI with the IHDI even increases the distance between Norway and all other top ten countries (UNDP, 2016, pp. 206–209, Table 3). This is not the case for many other developed countries, such as the United States, which drops 10 places (from 10 to 20) when we include the social distribution of capabilities. In short, the HDI provides evidence for the mass-production of freedom in Norway, whereas the IHDI provides evidence for its egalitarian distribution.

HDI's strength is that it produces a simple and transparent single-digit index based on the capability approach, which makes it relatively simple to measure, compare and rank countries empirically. However, with simplicity comes a weakness: the HDI leaves out many dimensions on Nussbaum's list of capabilities. Thus the OECD has recently developed a more complex and wide-ranging measure: the *Your Better Life Index*, based on 11 measures of welfare all related to Nussbaum's list of capabilities: income, jobs, housing, health, work-life balance, education, community,

civic engagement, environment, safety and subjective life satisfaction. On this index, assigning each of the 11 measures the same weight, out of 34 OECD countries Norway again tops the list based on data from 2015 (OECD, 2017).

Other measures of objective welfare and subjective well-being are highly consistent with the findings presented above. Thus, a recent broad survey concluded that ‘irrespective of whether we look at objective welfare, subjective well-being, or attempts at combining the two (...), and almost irrespective of which measures we use, Norway scores very high. It is not always on top, as on the HDI, but usually not far away’ (Barstad, 2014, p. 355).

To summarize the findings, there is strong empirical evidence that Norway has *democratized freedom*. The opportunity to live ‘one’s own life’ is no longer a privilege reserved for a small group of aristocrats, wealthy farmers, industrial capitalists and bureaucratic elites. On the contrary, most Norwegians have the freedom – capabilities – necessary to be in control of and responsible for their actions and lives, which of course does not mean that freedom is perfectly equally distributed. In short, a democratic way of life organized around individual freedom for all (or most) exists.

The hard part, to which I now turn, is to explain this.

### 3.3 An Institutional Approach

What will an explanation of the Norwegian democratization of freedom look like? To begin with, by explanation I limit myself to a search for the ‘proximate’ social causes that currently mass-produce individual freedom. Moreover, I will not provide an explanation in the sense of subsuming the Norwegian case under a general law or mechanism (Hedström, 2005), even though my institutional explanation relies on social mechanisms (Aakvaag, 2013b; Pierson, 2004 pp. 6–7). Rather, as institutions are the place to start when one wants to study the macro-properties of society and their consequences for a phenomenon such as freedom (Engelstad & Hagelund, 2015, p. 2), I will provide an institutional explanation.

So what is a social institution? This concept is almost as ‘essentially contested’ as freedom. To cut a long story short, I define social institutions as the *rules* and the *regularities* they yield that stretch across substantial slices of time-space and give societies their constitutive characteristics (Berger & Luckmann, 1991; Giddens, 1984; Scott, 2008). Moreover, institutions are the main components of social structure because they create order – predictability and cooperation (Elster, 1989, Ch. 1) – in society. This concept of institutions is wide-ranging and includes many types of rules (moral, cognitive and legal; formal and informal; conditional and unconditional; prohibitions and entitlements), motivations for adhering to them (instrumental rationality, habit, moral reflection, emotions) and corresponding types of social regularities. Consequently, my explanatory strategy is to look at how the dominant rules and regularities of a society affect freedom. More specifically, I

search for the rules and regularities that create and distribute a wide-ranging set of capabilities to most Norwegians. Methodologically, my approach is a theoretically mediated empirical reconstruction with synthesizing ambitions. That is to say, I use pre-existing empirical research ('empirical reconstruction') in combination with a theoretical framework ('theoretical mediation') to come up with a totalizing model of the overall institutional set-up of Norwegian society and how it affects individual freedom ('synthesizing ambitions').

### 3.4 Empirical, Theoretical, Comparative and Macro-Sociological Challenges

In doing so, we encounter several challenges. First, sociologists studying Norway have had much to say about equality and solidarity but surprisingly little about freedom, given its cultural and institutional importance (Aakvaag, 2017). Hence, an extensive empirical body of literature addresses the production and reproduction of social inequalities related to class, sex and ethnicity (e.g. Dahlgren & Ljunggren, 2010; Korsnes, Hansen, & Hjelbrekke, 2014). In addition, there exists an extensive corpus of literature addressing solidarity (social integration and inclusion) in the Norwegian model (for overviews, see Dølvik et al., 2015; Hippe & Berge, 2013). With the rare exception of Rogoff Ramsøy (1986), and with the exception of research on democracy (some of which I will draw upon below and which, moreover, is mostly conducted by political scientists), explicit research on freedom in the Norwegian model is more or less absent. Of course, research on inequality and solidarity is highly relevant for a Norwegian sociology of freedom, but it does not explicitly address the question of how individual freedom – which overlaps with but is different from both equality and solidarity – is institutionalized in Norway. I call this the *empirical gap*.

If we want to 'bring freedom back', we encounter a second theoretical problem. Much of the existing literature in political philosophy (more soon) and social theory (see Aakvaag, 2016) is based on a zero-sum theoretical model of social freedom: creating freedom by dismantling or taming institutional constraints. As I argue below, this model cannot adequately account for the Norwegian democratization of freedom for the simple reason that it is also the product of creating enabling institutions. I call this the *theoretical gap*.

If we go to yet another research field, institutional studies of modernization, we run into a third problem. Central to this research is a distinction between free 'thriving' societies (the West) and unfree 'suffering' societies (sub-Saharan Africa and much of the Arab world), with a set of 'struggling' societies (several east-Asian and Latin-American societies) in between (Welzel, 2013, pp. 18–25). To explain these differences, researchers have coined a theoretical distinction between 'inclusive' (Acemoglu & Robinson, 2013), 'open access' (North, Wallis, & Weingast, 2009) and 'modern' (Fukuyama, 2011, 2014) institutions conducive to freedom and 'extractive',

‘limited access’ and ‘patrimonial’ institutions that are not. A cluster of interconnected properties are said to characterize inclusive, open and modern institutions: all groups in society are granted political representation through open multiparty elections. Political elites are held accountable for the way they use power through multiparty elections. The rule of law constrains the use of political and social power. Professional, impartial, predictable and efficient bureaucrats conduct public administration. The judicial system is independent, rule-bound, predictable and impartial. Private property and contractual law enable markets with economic competition. A plurality of organizations flourish in a spontaneously organized civil sphere outside the state and markets. Intellectual and religious toleration is widespread. Society guarantees all members extensive civil and political rights. In short, inclusive, open access and modern institutions make economic, political and social institutions work for the benefit of *all* members of society. In contrast, extractive, limited access and patrimonial institutions are social instruments a small elite use to extract resources from the rest of the population. The distinction between inclusive/extractive, open/limited access and modern/patrimonial institutions is clearly an important first step that throws light on important properties of the Western societies that to a hitherto historically unprecedented degree have democratized freedom. Nonetheless, from the perspective of explaining the Norwegian democratization of freedom, this research exhibits two weaknesses. First, it ignores important institutional differences within the set of ‘thriving’ Western societies, such as those between, for example, the ‘liberal’ US, ‘corporate’ Germany and ‘social-democratic’ Norway. Thus Welzel (2013), Acemoglu and Robinson (2012), North, Wallis and Weingast (2009) and Fukuyama (2011, 2014) do not distinguish between different subtypes within the set of ‘thriving’ societies. Second, the picture they paint is clearly reminiscent of Anglo-American societies. Indeed, they typically take England as their central case. Hence, they cannot fully account for what is distinct about Norway. I call this the *comparative gap*.

Finally, to capture this distinctness, which, I will argue, relies on a particular combination of horizontal differentiation and vertical coordination, we need to bridge a fourth *macro-sociological gap* in the field of ‘grand’ theories of modernity: that between ‘horizontal’ and ‘vertical’ approaches (Hagen, 2006).

### 3.5 Varieties of Freedom

To start bridging these four gaps and come up with an explanation of the Norwegian democratization of freedom, I seek inspiration from comparative research on institutions. The important point to take from this literature is that contrary to what we might expect in an increasingly global world-economy, there is no overall convergence in types of welfare-regimes, labour-markets and capitalist economies. Rather, empirical research reveals that because they are embedded in different institutional matrixes, societies display different outcomes in welfare-regimes

(Esping-Andersen, 1990, 1999), labour markets (Bosch, Lehndorff, & Rubery, 2009) and capitalist economies (Hall & Soskice, 2001). In this chapter, I argue that institutions similarly shape individual freedom. Hence, just as there are varieties of welfare-regimes, labour markets and capitalism, there are Varieties of Freedom (VoF) – different ways to institutionalize individual freedom. If so, then we need to develop theoretical models that capture this variety and then use them to look at empirical cases.

To do so, I construct two models of social freedom (by which I mean how social structure affects freedom). They are ideal-types in Weber's (1949) sense: models ('mental constructs') that enormously simplify social reality. Hence, no society has institutionalized freedom precisely in the way depicted by the two models. Nevertheless, models are indispensable heuristic tools for detecting, conceptualizing and analyzing particular aspects of complex empirical social reality – 'harbors' in the 'vast sea of empirical facts' (Weber, 1949, p. 90). Moreover, by constructing *two* models of social freedom, it is possible to go beyond the simple free/unfree continuum and distinguish within the broad class of thriving societies between different ways of institutionalizing individual freedom. The two models start out from my definition of freedom as successfully changing the world according to an intention. As emphasized above, success in action essentially depends upon two categories of conditions: the absence of external constraints and the presence of enabling resources. Consequently, although we need both to succeed in action, we can for sociological purposes analytically delineate two broad categories of social freedom: the *absence of social constraints* (negative social freedom) and the *presence of enabling social resources* (positive social freedom).

### 3.6 The Robinson Crusoe Model: Zero-Sum Social Freedom

The Robinson Crusoe Model (hereafter RCM) starts out from the negative conception of individual freedom. Accordingly, to be free is to be unconstrained by others; it is to be able to do what one wants – whatever that may be (Berlin, 2002). To this corresponds a *zero-sum model* of social freedom: the more social structure, the less individual freedom (and vice versa). Why? Because institutions (structure) are understood as creating social order by taming the disruptive powers of individual freedom (Bauman, 1988, p. 5). Vice versa, individual freedom can thrive only where it is not constrained by the inner and outer constraints of social structure. I call this the RCM because his previous socialization notwithstanding, Robinson Crusoe, alone on his island (until he saves Friday from cannibals), epitomizes negative social freedom: no one around him imposes barriers on his actions; he is free to do as he pleases.

Although the negative zero-sum RCM of social freedom can be institutionalized in many ways, two principles are essential. I call them the principles of minimal and negative institutions. They correspond to a distinction between first-order and

second-order institutions, where first-order institutions regulate social life and second-order institutions regulate the way first-order institutions regulate social life. The principle of *minimal institutions* says that to maximize individual freedom, societies need to minimize institutions. This implies that institutions should be *deregulated* (the fewer rules that constrain action, the better), *flexible* (the more open and ambiguous the rules are, the more discretionary powers for individuals), *small* (the fewer people that adhere to an institution, the lesser impact it has on social life) and *decentralized* (to avoid asymmetries in power and subsequent social domination). The Market is the prime example of a minimal institution because markets (voluntary exchange of economic assets) are decentralized, deregulated, symmetrical and voluntary. The (nuclear) family and civil society are other examples. The principle of *negative institutions* acknowledges that people need constraining (first-order) institutional rules to coordinate their actions and make social life feasible. However, to shield individuals from the perils of ‘humanly made constraints’ (North, 1990, p. 3), societies also need second-order institutions to protect individuals from ‘greedy institutions’ (Coser, 1974). Hence, second-order institutions create obstacles not primarily to individual action (although they also have to do so to fulfil their task) but to first-order institutions. Three second-order institutions are particularly important: civil rights, rule of law and democratic accountability. Civil rights protect individuals from the state but also from other organizations, groups and individuals by providing them a legally protected private sphere in which they can act freely according to personal preferences. The rule of law constrains and makes predictable the way politicians and bureaucrats apply state-capacity. Lastly, democratic accountability and in particular multi-party elections domesticate political power.

Let me briefly assess the RCM. It has several strengths. Most notably, it articulates the fundamental insight that institutional rules and regularities often constrain individual freedom. Thus, without classroom rules, pupils could do as they please – including going home. Hence, it is no surprise that although not ruling the ground alone, this model of social freedom holds a strong position in classical and postclassical social theory and sociology (see Aakvaag, 2016). Furthermore, at the level of institutional implementation, the RCM rightly underscores the importance of first-order institutions that minimize and second-order institutions that tame institutional constraints on freedom. Not surprisingly, therefore, these principles influence liberal and libertarian political philosophers such as Locke, Kant, Mill, Berlin, Hayek, Friedman, Nozick and many others, although many liberal philosophers such as Rawls (1999), Barry (1995, 2005) and Goodin (1988) clearly go beyond it to include positive elements. Finally, the RCM is also empirically important. In particular, as we saw above in connection with ‘thriving’ societies, it captures the main aspects of political, legal, economic and social institutions in the ‘Anglos’ (the US, Canada, Great Britain, Ireland, Australia and New Zealand). As we are about to see, it also captures a key aspect of the Norwegian democratization of freedom.

However, there are several problems with the model. Here I will address two, one general and the other specific to the Norwegian case. The general problem is that the RCM has little to say about one rather obvious fact: just as institutions constrain individual freedom, they also ‘enormously enable action’ (Searle, 2010, p. 124). That is, institutions create ‘social capacities’ (Pierson, 2004, pp. 74–77): collectively created opportunities for action. For instance, without an art institution I could not ‘go to an exhibition’ or aspire to become an ‘artist’ (for details, see Aakvaag, 2015, 2016). The other problem is more specific to the Norwegian context. If our sole analytical tool for studying social freedom is the RCM, we can only assess the degree to which societies minimize and tame the illiberal potential of institutions. We cannot analyze the way in which institutions enable freedom. Neither can we compare different constellations of ‘positive’ enabling institutions and the ‘negative’ taming of illiberal aspects of institutions across societies. This is where Norway enters the picture. I argue below that to a much larger extent than, for example, the Anglo-American the Norwegian democratization of freedom is dependent upon creating a tight institutional network of enabling rules and regularities. Indeed, I argue that this is the main reason why Norway consistently achieves such high rankings on empirical measures of freedom.

### 3.7 The Lilliput Model: Positive-Sum Social Freedom

This brings us to the second model of social freedom, which starts out from Berlin’s idea of positive freedom and the insight that to be free – in control of and responsible for one’s actions – the *absence* of external social constraints is not enough. A person also needs the *presence* of enabling social resources that translate formal freedoms into actual capabilities. Hence, this model portrays institutions (and social structure more generally) as enabling human action. How? On one hand, institutions create ‘outer’ (objective) opportunities for action, such as buying goods for money, attending a soccer-game or getting an education. On the other hand, they help people create and sustain the ‘inner’ (subjective) beliefs, preferences, values, life-projects, identities and decisional capacity they need to make use of social opportunities. Thus in stark contrast to the negative zero-sum model, the positive model is founded upon a *positive-sum* model of the relation between social structure and freedom: the more structure, the more freedom. Even though the zero-sum model has dominated social theory and sociology, thinkers such as Giddens (1984), Habermas (1987), Bourdieu (1990), Searle (2010), Honneth (2011) and Foucault (1980) have taken important steps in developing a positive-sum model of social freedom (see Aakvaag, 2016).

If we turn to the institutionalization of positive-sum social freedom, two principles are salient: density and coordination. The principle of *institutional density* is a first-order principle stating that the broader the menu of enabling institutional rules and regularities in a society (that is, the more social capacities that are created), the more an individual is capable of doing. Moreover, the best way to create such density



is by ‘horizontal’ institutional diversity – that is, by assembling a large number of relatively autonomous institutions that enable a plurality of actions, practices, lifestyles, identities and life-projects. The principle of *institutional coordination* is a ‘vertical’ second-order principle stating that to create an integrated system out of all the enabling institutions, a political centre, such as a state, must actively monitor and regulate the aggregated output of first-order institutions.

I call this model the Lilliput Model (LM) because the Lilliputs in Jonathan Swift’s novel *Gulliver’s Travels* tamed the giant Gulliver by a combination of a dense network of many small ropes (institutional density) and the coordinating efforts of their king (institutional coordination). In other words, the ‘giant’ of social un-freedom – that is, elites that use ‘extractive’, ‘patrimonial’ and ‘limited access’ institutions to repress and exploit ‘lilliputs’ (ordinary people) – is tamed by a dense, coordinated network of institutional rules and regularities that supply ordinary people with the social resources they need to be in control of and responsible for their lives. This is the essence of the LM.

To assess it briefly, the benefit of the LM is that it takes steps towards opening the black box of positive-sum social freedom. By thus starting to bridge the *theoretical gap* in the sociology of freedom (creating a model of how institutions by way of social capacities enable individual freedom), it can also help bridge the *empirical gap* (bringing freedom back into research on the Norwegian model), the *comparative gap* (the VoF can be analyzed as different constellations of LM and RCM elements) and the *macro-sociological gap* (by combining horizontal and vertical elements in a ‘grand’ theory of modern freedom).

However, assessed from the perspective of institutionalizing individual freedom, the LM exhibits the problem of the ‘asymmetric society’ (Coleman, 1982): big institutions, small individuals. That is, institutions convey power, resources, information, legitimacy, coordination capacity etc. onto designated actors. Indeed, the whole point of institutions from the LM perspective is to create such social capacities. The problem is that individual and collective actors might seize these and use them for illiberal purposes; and if so, ordinary individuals have little potential for resistance. Modern authoritarian and totalitarian political regimes clearly illustrate the illiberal potential of modern institutions (Arendt, 2004), as does the more benign paternalism of the welfare state (Habermas, 1987). There is, then, a ‘paradox’ of institutionalizing positive-sum social freedom: one cannot assemble institutions to create social capacities without the risk that someone seizes them for illiberal purposes. This is the endemic ‘dark’ side of Modernity (Giddens, 1985; Bauman, 1989; Mann, 2005; Wagner, 1994).

### 3.8 The Case of Norway

After a long theoretical detour into conceptions and models of social freedom, I return to the Norwegian case. Based on the distinction between the zero-sum RCM and the positive-sum LM, I now present an institutional explanation of the Norwegian

democratization of freedom based on three pillars: horizontal differentiation, vertical political integration and liberal containment. Put briefly, the claim I set forth is that the key to the Norwegian democratic way of life is a large number of horizontally differentiated basic institutions vertically coordinated in an egalitarian way by a strong state that creates social capacities and subsequent individual capabilities; these capacities and capabilities are then channelled in a liberal direction by means of civil rights, rule of law and democratic accountability. In this section, I use the LM to describe the specific Norwegian combination of horizontal differentiation and vertical coordination and provide empirical illustrations. In the next section, which is much briefer as my main goal is to argue the case for the explanatory importance of the positive-sum LM, I return to the liberal constraints of the RCM and the institutional complementarity between positive-sum and zero-sum elements.

### 3.9 Horizontal Differentiation: Institutional Diversity and Density

Contemporary Norwegian society is split up horizontally into several relatively autonomous fields: politics, law, economy, science, religion, art, health, education, family, military, civil society, sports, transportation and media. These fields qualify as *institutions* because they are grounded upon rules (values, norms and codes directed at social roles and backed up by sanctions) that produce regularities (predictability and cooperation) that stretch across large spans of time-space. Moreover, I call them *basic* institutions because they display both breadth (affect all or most members of society) and depth (have important consequences for objective life-chances and subjective identity). In other words, they are the basic building blocks of society. As each basic institution is founded upon separate rules and speaks different ‘languages’ (although there is much debate and conflict pertaining to how these institutional codes are to be interpreted in a given context), they are at least relatively autonomous. For instance, in Norway you cannot legally and legitimately buy love (family), legal decisions (law), favourable reviews (art), salvation (religion) or tenure (science) for money (economy). The relative autonomy also follows from organizations (schools, hospitals, universities) and professions (teachers, physicians, scientists) being important actors in the basic institutions, articulating (often codifying) and upholding the specific rules of each institution. From the perspective of individual freedom, horizontal differentiation and subsequent institutional diversity and density is extremely important because it creates social capacities and collective resources that are translated into individual capabilities by a multitude of mechanisms, such as a plurality of opportunities for actions, practices, identities, life-projects and lifestyles; resource efficiency; role-distance; multi-relational synchronization; exit-opportunities; and desire-independent reasons (see Aakvaag, 2015 for details).

Institutional differentiation is common to all liberal Western societies – although with much variation. What is typical of Norway, I will argue, is *coordinated*

differentiation. Hence, in Norway a democratic state in cooperation with collective actors from each field vertically coordinates – monitors and regulates and thus upholds – the basic institutions.

### 3.10 Vertical Integration: Collective-Political Coordination

According to Luhmann (1997), horizontal institutional differentiation leads to social fragmentation and a lack of overall coordination. In his view, as autonomous basic institutions speak different languages, they cannot understand each other; nor are any of them in a privileged position to govern the others. As a result, and despite much overlap and many ‘structural couplings’ between the basic institutions, modern societies are ‘polycentric’ – that is, a set of autonomous institutions mutually adjusting to, but not really communicating with, each other. Yet due to its high capacity for coordinated collective action, this is an inadequate sociological description of Norwegian society (Hagen, 2000). Indeed, Norwegian society has a strong coordinating institutional centre, with two pillars: 1) a strong liberal *state* that 2) through *neo-corporate* cooperation with central collective actors in the basic institutions coordinates – monitors and governs – society. More precisely, ever since a reformist bureaucratic elite started to modernize a rather backward agrarian Norwegian society in 1814, the year in which Norway changed from an absolutist monarchy into a liberal and at least partly democratic society, the state and politics have been the coordinating centre of the Norwegian modernization project (Sejersted, 2001, 2005; Slagstad, 1998, 2006, p. 169). Hence, during the last 200 years, state-capacity has continuously been expanded, democratized and seized by new social groups, such as peasants, workers and women, to reform Norwegian society (Aakvaag, 2017), resulting in the state being ‘virtually omnipresent in society’ (Engelstad, Larsen, Rogstad, & Steen-Johnsen, 2017, p. 2). The state, however, has not monopolized the coordinating function. Rather, a system of ‘corporate pluralism’ (Rokkan, 2010) has emerged in which the state coordinates society in close cooperation – by bargaining, arguing, consultation, exchanging information and lobbying in more or less formalized settings – with organized interest groups. As we are about to see, this coordination takes place throughout all the basic institutions, including the economy. Some see the aggregated result as a lack of overall coordination: a ‘segmented’ (Egerberg, Olsen, & Sætren, 1978) or even ‘fragmented’ (Tranøy & Østerud, 2001) state. However, because this system has operated ‘in the shadow’ of ideals, values and norms developed in a deliberating public sphere, it has been guided by the ‘regulative idea’ of democratizing freedom – the overall goal of the Norwegian modernization process (see Aakvaag, 2017).

In sum, by regulations, monitoring, economic support, budgetary allocations, re-distributional measures, information and the like, the neo-corporate political centre creates a wide menu of social capacities by supporting and upholding relatively

autonomous basic institutions; these are next translated into individual freedoms (capabilities) for the many by enabling universal inclusion into the institutions. Just to give it a name, I will call it *coordinated differentiation*. Much more could be said about this system, for instance about the existence of power struggles between an ambitious coordinating state and other organized interests within the basic institutions, but I will instead illustrate how it works in practice.

### 3.11 Coordinated Differentiation: Some Empirical Illustrations

For a selection of basic institutions, I will now briefly characterize the institutional basis for its horizontal autonomy, describe how it is vertically coordinated and upheld and point to important ways in which it contributes to the Norwegian democratization of freedom (for more details, see Engelstad & Hagelund, 2015; Engelstad et al., 2017).

*The economy.* The Norwegian economic field (which is deeply integrated into the global world economy) is a relatively autonomous basic institution founded upon a distinct set of values (economic profit), norms (private ownership, freedom of contract) and roles (seller, buyer). Its decentralized capitalist basis notwithstanding, it is also characterized by much coordination. Indeed, the Norwegian economy has been characterized as the ‘most extreme’ of the Nordic economies regarding neo-corporatism (Engelstad, 2015, p. 282). The Norwegian neo-corporate system goes back to the Basic Agreement (Hovedavtalen) between capital and labour of 1935 (see Falkum, 2015 for details). Thus, several periodically renegotiated collective agreements between organizations representing employers and employees in both the private and public sectors regulates Norwegian working life. Such collectively bargained agreements lay down the ground rules – rights and obligations – of the actors in working life on the national, industry and company levels regarding collective wage bargaining, employee participation, working conditions and much more. This arrangement is often called the tripartite system because even though the state leaves it to the parties to regulate working life, the state has a role both as facilitator (for instance, by providing reliable information) and third party (for instance, by initiating political reforms to overcome conflicts between the parties). In addition to the system of voluntary collective agreements, the state also coordinates working life more directly by statutory regulations, most notably through the Working Environment Act, which contains regulations regarding working environment, participation, work time and much more. However, the state also issues much additional legislation, such as the Norwegian Public Limited Liability Companies Act requiring at least 40 per cent representation of each gender in corporate boards (Teigen, 2015). The overall result is that despite the institutional autonomy of a capitalist economy founded upon private ownership and contractual freedom, Norwegian working life is highly regulated and coordinated – partly by the state, partly by the organized economic actors themselves and partly by cooperation between the state and the economic actors.

The result is an economy characterized by a climate of cooperation and trust, worker co-determination, efficiency, continuous ‘creative destruction’, affluence and a highly coordinated and compressed income-distribution (Barth, Moene, & Willumsen, 2014). In other words, and important in connection with the Norwegian democratization of freedom, what we have in Norway is not just ‘democratic capitalism’ (Sejersted, 1993) but also ‘egalitarian capitalism’ (Thelen, 2014); that is, Norway has chosen a participatory and redistributive way to capitalist affluence.

*Education and health.* Health and education are autonomous basic institutions structured according to specific values (prevent and cure sickness; individual learning and development), norms (pedagogical and clinical ethical and professional codes) and roles (doctor, nurse, patient; teacher, pupil) maintained by formal organizations (hospitals; schools) and professions. They are also the backbone of the Norwegian welfare state. A modern welfare state protects its citizens against risks associated with sickness, disablement, old age, pregnancy, child care, unemployment etc. that for longer or shorter periods make them unable to obtain a decent living by selling their labour power on the labour market (Esping-Andersen, 1990). The ‘social-democratic’ Nordic welfare state differs from the ‘liberal’ Anglo-American and ‘corporate’ Continental by its universalism, extensive welfare measures, high level of benefits and crucial role of the state (Esping-Andersen, 1990, 1999; Kuhnle, 2014, p. 342). To begin with, the state directly subsidizes its citizens in times of need. Furthermore, in a Nordic welfare state like that of Norway, the state provides free or highly subsidized public services in health and education. As a result, both education and health are strongly coordinated basic institutions in which the state is involved in a number of ways, regulating, paying for and producing welfare services. Starting with health, the state regulates the rights and obligations of patients through the Patients’ Rights Act (Pasientrettighetsloven) and hospitals through the Health Organizations’ Act (Helseforetaksloven). Moreover, despite an increasing private market, specialist health services are mostly produced by the state through four regional health organizations, whereas the municipalities have the responsibility to assure that all citizens have a regular general practitioner providing non-specialized health services. Hence, in 2016, 10,5 percent of GDP (326 billion kroner) was spent on health, and 85 percent of this was covered by the public (SSB, 2017a). Much the same goes for education. Hence, even though the number of private schools has increased over the last decade, in 2016 more than 95 per cent of pupils in primary education attended public schools (SSB, 2017b), whereas in secondary education, more than 90 per cent of students attended public schools (SSB, 2017c). Moreover, the state regulates the rights and obligations of pupils through the Educational Act (opplæringsloven) and the overall aims, content and methods of schooling through the Framework Plan (Læreplanverket). As a result, despite being relatively autonomous institutions structured according to specific values, norms and roles, both health and education are basic institutions subject to substantial vertical (centralized) coordination by the state in cooperation with collective actors and professions in the fields. Moreover, due to ‘Nordic’ egalitarian

and universalist principles of equalizing access to health and educational services, the result of this coordination is substantial resource redistribution. In fact, an already low Norwegian Gini-coefficient for income distribution among households drops even more – from 0,23 to 0,18 – when the re-distributional effects of public welfare services are taken into account (Aaberge, 2015). In short, an important part of the explanation of the Norwegian democratization of freedom is creating social capacities in health and education through which high levels of social investments in the population are translated into individual capabilities for living long and healthy lives where most people can develop and express their cognitive, emotional, artistic, athletic and other potential.

*The family.* The family is a basic institution structured according to specific values (romantic love and intimacy), rules (formal and informal norms regulating relations between spouses and parents and offspring) and roles (spouses, parents and children). A very important part of the Norwegian (and Nordic) model is gender equality. Propagated by the ‘second’ feminist movement, the goal of gender equity has completely transformed Norway over the last 40 to 50 years – and in particular the family. Even though the family is a relatively autonomous basic institution, this social transformation could not have taken place without the coordinating efforts of the state. A key to this achievement is ‘state-feminism’ (Hernes, 1987): a ‘neo-corporate’ cooperation between women’s movements (organized societal interests) pushing women’s interests ‘from below’ and the state implementing woman-friendly measures ‘from above’. Most notably, the state aims for gender equality by statutory regulations such as the Gender Equality Act (Likestillingsloven); the Law on Abortion; and by mandating gender quotas in education, employment, politics, organizations, public commissions and corporate boards (Teigen, 2015, p. 102, Table 6.1). Moreover, by building out the welfare state, from the late 1960s onwards the state has created the kind of postindustrial service-jobs in health and education that many women want (Reisel, 2014). Finally, the state issues public benefits and services, making it possible for women (and men) to combine family and work. For instance, Norway has recently issued very favourable schemes for parental leave and benefits, schemes that also target individuals and not the family (i.e. the male breadwinner), creating economic independence for women (Esping-Andersen, 1999). In addition, day care has been built out since the 1990s, so that whereas only 50 per cent of children age 3–5 attended day care in 1990, more than 95 percent do so today (SSB, 2017d). Altogether, the family has been completely transformed as Norwegian women have collectively abandoned their roles as housewives in the ‘doll’s house’ of the patriarchal family in favour of a much more gender-equal two-income family. Hence, in 1970, only about 45 per cent of women age 15–74 performed paid work, whereas today almost 70 percent do so (SSB, 2017e). In 1970, men with higher education outnumbered women 3:1, whereas today the relation is 1:1; which will soon change in women’s favour as women currently make up 60 percent of students in higher education as compared to only 30 per cent in 1970 (Olstad, 2017, p. 214). In 1971, women spent on average 5 hours and 55 minutes on household work per

day compared to 3 hours and 30 minutes in 2010 (Kitterød, 2012, p. 50, Figure 1). Gender equality and women's emancipation from the patriarchal doll's house is a seminal part of the democratization of freedom, making Norway one of the most gender equal countries in the world with regard to women's economic opportunities, educational attainments, health and political empowerment. Hence, Norway currently tops the UN's 2015 Gender Development Index, which measures the ratio of female to male HDI values (UNDP, 2017, pp. 210–213, Table 4), and comes in third on the World Economic Forum's (WEF) 2016 Global Gender Gap Index (WEF, pp. 10–11, Table 3).

*The media.* In Norway the media – radio, TV, newspapers, the internet, social media – are organized as a relatively autonomous basic institution structured according to specific values (access to information, scrutiny of power, democratic public debate), rules (freedom of speech, editorial freedom) and roles (editor, journalist, source, public). Recent decades have seen important structural changes in the media, in particular the de-politization of newspapers (from the 1970s); the abolition of the public broadcasting monopoly and deregulation of the media field (from the 1980s); digitalization, the internet and globalization (from the 1990s); and the emergence of social media (from the 2000s). Although these changes add up to a more deregulated, decentralized and pluralistic media institution, the media are still subject to much vertical coordination by the state – in cooperation with important actors from the field. Thus, the idea behind what is called the Nordic 'media welfare state' (Syvertsen, Enli, Mjøs, & Moe, 2014) is that communication – gathering, processing, discussing, criticizing and disseminating information – is a public good that should be distributed in equal measures to all members of society and something for which the state is responsible. The state contributes to this task especially in two ways: by regulations and money. Several laws uphold the institutional autonomy of the media field. Most importantly, ever since the Norwegian constitution of 1814 transformed Norwegians from docile subjects under an absolute monarchy into equal citizens protected by law, freedom of speech has been constitutionally protected as a basic right (Seip, 2010, Bk. I, pp. 49–51; Engelstad et al., 2017, pp. 54–55). Moreover, the Media Freedom Act (Mediefridomslova) protects editorial freedom. The institutional autonomy thus created is also upheld by (collective) actors in the media field, such as the Norwegian Press Association (Presseforbundet), the Association of Norwegian Editors (Norsk Redaktørforening) and The Norwegian Union of Journalists (Norsk journalistlag) voluntarily subjecting themselves to editorial principles (Redaktørplakaten), rules of journalism (Vær varsom-plakaten) and a system of self-evaluation (Pressens Faglige Utvalg). Furthermore, not only is the state 'negatively' prohibited from censoring opinions, but it must also 'positively' create the institutional infrastructure necessary for (democratic) public communication (NOU 1999:27, pp. 36, 249–250). Indeed, and explicitly inspired by Habermas's theories of the public sphere, deliberative democracy and communicative action (Kalleberg, 2015), Article 100 of the constitution explicitly imposes on the state a responsibility for 'enabling an open and informed public debate'. Partly, the state does this by creating a physical

infrastructure of communication by building telegraph and telephone lines, roads, railroads, ferry lines, network cables etc. It is therefore no surprise that Norway has been called a ‘communication state’ (Sejersted, 2000, pp. 55–70). In addition, the state subsidizes the media directly: by financing a public broadcaster (NRK), by exempting newspapers from having to pay the VAT and by economically supporting particularly vulnerable newspapers (Lundby & Staksrud, 2016, p. 230). In sum, the Norwegian media are a vertically coordinated basic institution providing broad access to central capabilities for citizens in a liberal democracy: access to information, participation in public debates and the scrutiny of the power elites.

*Religion.* Religion is another relatively autonomous Norwegian basic institution. It is structured according to specific values (transcendence), rules (a religious ethos) and roles (believer, priest) and is inhabited by several religious organizations (churches, sects, councils). The state coordinates the religious field in many ways. The first is by regulations, and in particular by freedom of religion. It was not always like this. Historically, the protestant reformation of 1536 gave Norway (then a part of Denmark) an Evangelical-Lutheran state church in which the state ruled the church and banned all other religions. Even the otherwise liberal constitution of 1814 was strikingly illiberal in regard to religious matters, proclaiming an official religion (Protestantism) and forbidding Jews, Jesuits and monasteries from entering Norway (Molland, 1979, pp. 15–17). A first step towards freedom of religion and institutional autonomy was taken when a law (‘Konventikkelpakaten’) used to silence Christian lay preachers was abolished in 1842, and another law (‘Dissenterloven’) in 1845 gave all Christians the right to practice their religion freely. Hence, around 1850 freedom of religion was in place, but only for Christians (Molland, 1979, pp. 170–185). Full freedom of religion – for all religions – did not become part of the constitution until 1964. Moreover, due to the ‘church compromise’ of 2008, as of 2012, Norway no longer has an official religion, and the state no longer governs the Church of Norway. Nonetheless, the ties between state and religion are still strong. To begin with, Article 2 in the constitution acknowledges Christendom (and humanism) as the historical axial foundation of Norwegian society, whilst Article 16 recognizes the Church of Norway as the ‘people’s church’. Second, we find clear elements of corporatism in the religious field. Several ecumenical, worldview, umbrella and inter-faith organizations such as The Council for Religious and Life Stance Communities (Samarbeidsrådet for tros- og livssynssamfunn) and the Ecumenical Council (Mellomkirkelig råd) have been founded in recent decades for the neo-corporate state to have ‘someone to talk to’ when addressing the challenges of an increasingly religiously pluralist Norwegian society (Furseth, 2017). Third, the state provides economic support. Article 16 in the constitution obliges the state to finance the Church of Norway, whereas the state also subsidizes all other organized religious communities as a function of their membership numbers. The state does all this because it considers the individual opportunity to develop and express one’s religious beliefs in an autonomous religious basic institution as a public good that should be part of the capability set of all Norwegians.



*The art world.* Norway contains an autonomous art institution structured according to specific values (the importance of aesthetic experience), rules (art for art's sake) and roles (artist, critic, public). In this 'art world' (Becker, 1982), painters, writers, poets, composers and the like create artworks judged by critics according to aesthetic criteria within the context of organizations such as museums, galleries, concert halls, theatres, publishers and literary houses (for an overview, see Solhjell & Øien, 2012). Its relative autonomy notwithstanding, during the postwar period, politicians assembled an administrative apparatus at the national, regional and municipal levels for coordinating the art world. They did so partly because museums, galleries, theatres etc. cannot live off ticket sales and private sponsoring. For instance, the most important Norwegian art organizations currently receive between 75 and 95 per cent of their revenues from the state, frequently less than 20 per cent from ticket sales and less than two per cent from private sponsors (Mangset, 2016, p. 255). In addition to granting income support to art organizations, the state finances and administers stipends to individual artists, buys books for public libraries, gives tax exemptions, provides information and counselling to artists, regulates the book market and the like. Now, is this not a threat to the institutional autonomy of the art world? Mostly not. The reason is the principle of 'arm's-length' distance (Engelstad et al., 2017, pp. 53, 59). It states that budget allocations and regulatory frameworks notwithstanding, art councils with specialists from the art-field – and not politicians and bureaucrats – are to make decisions based on purely aesthetic criteria regarding the allocation of resources. As the endemic conflict between a 'high' and exclusive notion of 'art for art's sake' and the instrumental use of art for other purposes (health, social inclusion, entertainment, productivity, national and local identity etc.) reveals, this is easier said than done – and creates legitimizing challenges for cultural organizations (Larsen, 2017). Be that as it may, the overall goal of the state's cultural policy has been to uphold and democratize access to the art world as part of creating a society in which aesthetic experience, cultural meaning and purpose in life are public goods accessible to all.

*Civil society.* The Norwegian civil society is a relatively autonomous basic institution structured according to specific values (grass-roots participation), norms (informal trust) and roles (members of NGO, activists), where non-profit and non-governmental organizations (NGOs) solve problems through the voluntary and self-governed collective action of citizens. Norway has a vibrant civil society springing both from a long tradition of voluntary communal work ('dugnad') and the new social movements that emerged during the 19<sup>th</sup> century to address the challenges caused by economic, social, cultural and political modernization (Lorentzen, 2010). Indeed, in a population of five million people, we currently find 2400 national and 106 000 regional and local NGOs, where over half the population do voluntary work each year, adding up to 144 000 full-time equivalents, and each Norwegian is on average a member of 2,1 NGOs (Andreassen, 2016, pp. 91–95). Despite its relative autonomy, the state coordinates civil society in several ways: by regulating it (for

instance by civil rights such as organizational freedom and freedom of speech), by financing it (NGOs receive on average 26 per cent of their income from the state and 16 per cent from regional and municipal authorities), by ‘co-opting’ it (NGOs perform tasks the state cannot afford to do or that they do better) and by incorporating it into the state apparatus to influence and legitimate political and administrative decisions (Nordby, 1994; Rokkan, 2010). From the perspective of institutionalizing a democratic way of life, civil society gives Norwegians the opportunity to live a ‘*vita activa*’ (Arendt, 1998), to act collectively to solve societal problems.

### 3.12 Liberal Containment

Taking the two principles of the LM – horizontal diversity and vertical coordination – as my point of departure, I have thus far argued that there is a Norwegian (and Nordic) ‘*Sonderweg*’ to a democratic way of life: to create a dense horizontal institutional network of enabling rules and regulations that is then coordinated by a neo-corporate state. Thus if my analysis is sound, the institutionalization of positive-sum social freedom must figure prominently in the explanation of the Norwegian democratization of freedom. Nevertheless, there are two problems with basing an explanation solely on the LM. Both concern the translation of institutionally created social capacities into individual capabilities.

The first challenge concerns the inherent dark side of the LM, namely the illiberal use of social capacities created by strong institutions. The atrocities committed by the Nazis, communists and fascists in the 20<sup>th</sup> century clearly testify to this (Sørensen, 2011). Even though Norway has never witnessed anything similar, it is not hard to find more moderate examples. For instance, in the first postwar decades the Labour Party, by means of a combination of charismatic leaders, a strong party organization and an absolute majority in the parliament, developed a highly centralized and technocratic way of governing Norway (Slagstad, 1998, pp. 336–364), even labelled the ‘one-party state’ by one historian (Seip, 1987). Another is the illiberal side of state-feminism, with its conceptions about how women should live their lives (Holst, 2002). Far from totalitarian, these examples nonetheless illustrate the empirical relevance of this challenge.

The second challenge is that Norwegian society clearly displays important aspects of the zero-sum RCM. If we look first at second-order institutions that regulate how first-order institutions regulate behaviour, ever since the new constitution of 1814, the Norwegian state has been subject to the constraints of rule of law, individual civil rights and democratic accountability (see Sejersted, 2001 for an overview). Despite shortcomings and setbacks, the overall picture is clear: a steadily expanding system of legal-political constraints has gradually tamed the illiberal potential inherent in strong institutions and social capacities. Hence, the Norwegian state is both strong *and* liberal (Engelstad et al., 2017, pp. 47, 53, 67). To

give some examples, the introduction of a parliamentary system in 1884 fortified the democratic accountability of state power. The liberal critique and subsequent watering down of the Labour Party's attempt after World War II to pass Enactment Laws that would give the state bureaucracy wide discretionary powers illustrates the importance of rule of law (Sejersted, 2001, pp. 310–346). Finally, the 'liberal turn' (Sejersted, 2009) and 'judicification' (Østerud, 2014) of the last couple of decades has strengthened individual rights: partly by protecting individuals in their specialized roles as consumers, pupils, patients and students and partly by incorporating the European Human Rights convention in Norwegian law (1999) and later in the constitution (2014). As a result, and despite the democratic deficits stemming from the EEA Agreement (Holst & Sti, 2016), Norway consistently performs very strongly on international measures of rule of law, civil rights and democracy (Freedom House, 2017, p. 18; Economist Intelligence Unit, 2016; see Knutsen, 2014 for an overview and discussion). If we look, next, at the most important first-order RCM institution, the market, ever since the abolishment of the privilege economy in the middle of the 19<sup>th</sup> century, it has been the central economic institution in Norway. Moreover, as a response to what has been called 'state-expansion and market-fragmentation' (Berrefjord & Hernes, 1978) under the Labour Party in the first postwar decades, a neoliberal reaction set in starting in the 1980s with the deregulation of housing and finance markets; the abolishment of previous state monopolies in broadcasting, telecom and energy; and the privatization of former state-enterprises. Moreover, since the 1990s, public administration has also been subject to a wide variety of market-inspired reforms (Hippe & Berge, 2013, pp. 99–122).

In sum, in Norway the zero-sum RCM elements – civil rights, rule of law, democracy and markets – have gradually expanded to contain the illiberal potential of social capacities created by horizontal differentiation and vertical integration by protecting the individual and thus channelling them in a liberal – freedom enhancing – direction.

### **3.13 Institutional Complementarities, Collective Action and Political Conflicts**

If I am right, then, there is an institutional duality residing at the bottom of the Norwegian democratization of freedom. To argue this, I will introduce a final distinction between three types of capabilities. *Formal freedoms* denote civil and political rights: a legally protected sphere for individual and collective self-determination. *Resource freedoms* denote income, education, health, social networks and other forms of economic, cultural, social and physical resources an individual needs to make actual use of formal freedoms. Finally, *social freedoms* denote a wide variety of actions, identities, life-projects and lifestyles from which

to choose that give content to rights and resources. The prevalence of these three capability types goes a long way in providing the freedom to be in control of and responsible for one's actions and life in Norway. As we have seen, negative *RCM freedom* (civil rights, rule of law and democratic accountability) provides formal freedoms, whereas positive *LM freedom* (horizontally differentiated and vertically coordinated basic institutions) provides resources and social pluralism. What is more, this duality is also a case of institutional complementarity. On one hand, civil rights, rule of law and democratic accountability contain and channel the social capacities created by institutionalized social capacities in a liberal direction. On the other hand, the social capacities created by horizontal differentiation and vertical coordination guarantee the 'real value' of the formal rights to private and collective autonomy entailed in civil rights, rule of law and democratic accountability. This institutional complementarity, I suggest, is foundation of the Norwegian democratization of freedom.

The social capacities produced by vertically coordinated institutional differentiation and channelled in a liberal direction by formal freedoms are, moreover, public goods created and sustained by collective action. In Norway, nationwide social movements of bureaucratic elites, peasants, workers and women laying down, applying and extending the democratic power circuit have been essential in this regard (Aakvaag, 2017). However, there have also been conflicts. Albeit a simplification, we might say that liberal and conservative political parties and interest groups on the right have fought for social freedom according to the zero-sum RCM, aiming to protect the individual against 'society', whereas socialist and social-democratic parties and interest groups on the left have fought for positive-sum social freedom according to the LM, aiming at 'freedom for all'. The conflicts between the two sides have often been fierce, as in the case of class conflicts and strikes in the interwar period, the debate over the Enactment Laws in the first postwar years, the student rebellions of the 1960s and 1970s and the neoliberal challenge to the social-democratic order in the 1980s. Nevertheless, the overall trend is one of convergence, consensus and complementariness. For instance, after a brief Leninist period between 1919 and 1923, the Norwegian Labour Party mostly accepted parliamentary democracy, rule of law, civil rights and (regulated) capitalism. In the same way, it was a conservative-centre government that enacted (in 1966) and implemented (in 1967) the National Insurance Scheme, the cornerstone of the Norwegian welfare-state. Subsequently, and despite ongoing debates over how best to preserve it, not only do all political parties and the dominant collective actors in the basic institutions (such as the economy) today accept the main principles of the Norwegian (and Nordic) model, but so do most of the population (Hippe & Berg, 2013, pp. 126–132).

### 3.14 Concluding Remarks

Let me sum up and conclude. This chapter, which addresses the institutionalization of individual freedom and the democratic way of life in Norway, makes three claims. The *empirical claim* is that Norway has democratized freedom measured as individual capabilities. Individual freedom is no longer an elite privilege but is instead distributed rather widely across the population. The *theoretical claim* is that to explain this social fact, we need to develop a positive-sum model of social freedom that both challenges and supplements the influential zero-sum model. Finally, the *explanatory claim* is an institutional explanation of the Norwegian democratization of freedom founded upon a combination of the positive-sum LM and the zero-sum RCM. I will sum it up in four steps: 1) In Norway, modernization has unleashed a specific combination of horizontal institutional differentiation and vertical coordination – several relatively independent basic institutions subject to coordination by the state in cooperation with collectively organized actors in each basic institution. 2) This combination has created strong social capacities and the collective ability to create public goods that translate into individual capabilities – widespread opportunities for living long, healthy, enlightened and affluent lives with many choices across a wide range of different social settings and stages in one’s biographical life-course. 3) In addition, civil rights, rule of law and democratic accountability push these social capacities in a liberal direction and thus contain and tame the illiberal potential in ‘big’ institutions coordinated by an ambitious state. 4) Finally, and this is the main argument of the chapter, the explanatory key to the Norwegian democratization of freedom is precisely the institutional complementarity between a dense institutional network of enabling rules and regularities that creates resources and lifestyle choices and the liberal constraints that protect the autonomy of individuals.

The chapter invites many questions and lines of critique. Here, I will briefly address some of these. First, the purpose of this chapter is not to get all the details right; it is to outline the overall framework of an institutional explanation of the Norwegian democratization of freedom. Hence, all the elements presented – such as the models of social freedom, the critique of previous research, the institutional approach, and the proposed explanation – need to be developed and their interconnectedness discussed in much more detail, which is a task for further research. Second, the ‘proximate’ institutional explanation set forth must be supplemented with a ‘distant’ historical explanation that illuminates how and why Norway hit upon the historical path that led to the institutional complementarities portrayed above (Aakvaag, 2017 is an attempt). Third, the framework invites comparative studies of the ‘varieties of freedom’ – of how different ways of institutionalizing freedom (different combinations of RCM and LM elements) produce quantitative differences between the amount and distributional profiles of individual freedoms and qualitative differences between the types of freedoms

available to members of a society. Fourth, the democratization of freedom does not imply that all Norwegians are equally free. Due to social, psychological, biological and other differences between individuals, they differ in the size of their capability-set. Yet what it does mean is that most Norwegians exceed a capability threshold that gives them some basic control over their lives in such important areas as education, occupation partner, friends, place of residence, political preferences, worldview, religion, sexual practice, hobbies, entertainment and consumption. This, at least, is how I interpret Norway's high scores on the empirical measures presented above. Fifth, despite high levels of socio-economic equality and social mobility, not everyone in Norway is above that threshold. Currently, for example, almost 100 000 Norwegian children (ten per cent) grow up in poor families (SSB, 2017f.), whereas many jobs in construction, retail and the service sector are hard, monotonous and low-paid and provide little autonomy. More generally, among groups of immigrants, single mothers, the long-term unemployed and the chronically sick and disabled, many often find themselves partly outside the basic institutions and thus do not fully partake in the Norwegian democratization of freedom. (Note, however, that overall we are talking about only a small, single-digit percentage of the population.) Sixth, have I painted a too rosy picture, overlooking constraints, conflicts, tensions, inequalities and exclusion? In a way, yes. Even though I have emphasized the conflict between liberal and social democratic parties and social movements, I could obviously have paid more attention to social dysfunctions and conflicts. Nevertheless, the aim of this chapter has been to explain an instance of what I regard as a successful social outcome, the Norwegian democratization of freedom, and for that reason, I have emphasized the functional over the dysfunctional. Besides, I tend to think that compared to most other countries the Norwegian modernization process has been remarkably peaceful, characterized by high levels of convergence and consensus (Aakvaag, 2017). Finally, I have not addressed the current challenges to the Norwegian democratization of freedom, such as demographic changes, migration, the end of the oil economy, global warming, increasing social inequality and the fiscal problems of the welfare state. The last time the Norwegian (and Nordic) model faced external shocks and internal tensions, it adapted quite efficiently. Thus, in the early 1990s, looking back at the global oil crisis and student rebellions of the 1970s, the neoliberal assaults on the social-democratic order in the 1980s and the financial crisis and high unemployment rates of the late 1980s, many predicted the end of the Nordic model. However, as a result of extensive reforms, reorganization and reconstruction (and some luck), the last 25 years have been a second golden age (1945–1970 was the first) of the Norwegian (and Nordic) model (Hippe & Berge, 2013, pp. 151–152), combining efficiency, social equality, social inclusion and individual freedom. Even though recent history thus gives reason for moderate optimism, whether the Norwegian model will adapt to the current challenges remains to be seen. The stakes, however, are high: a democratic way of life founded upon the egalitarian democratization of individual freedom.

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Espen D. H. Olsen

## 4 Welfare State Discourse and Citizenship Politics: From 'Silent' Policy to Steering Logic

Citizenship is the primary organizing principle for individuals in political life. Through norms of membership, exclusive rights, notions of participation and a sense and idea of belonging, (most) citizens of the world have citizenship status in a territorial state. Through this citizenship, citizens are members of a given political community. Moreover, the political community is also closely wedded to *full* membership of the polity through social and economic rights. This description of citizenship is by no means controversial or radical. Yet, it has been challenged politically and scholarly over recent decades. Europeanization, globalization and the rise of international law have blurred the boundaries between states. Moreover, the modern triptych of nation, state and citizenship is no longer a given. EU citizens (and EEA citizens) have extensive transnational rights in other countries than that of their own citizenship, and we see increasing proliferation of human rights that are not contingent on membership in the political community of the state where a non-citizen resides. In addition, there has been an increased interest in issues linked to citizenship in public debates. Issues related to multiculturalism, nationalism, identity and the integration of immigrants into society are routinely debated in most European countries. And not only that, the organization of state institutions themselves through for instance New Public Management reforms continues to raise questions about rights provision, citizens' duties and the boundaries between individuals and collective institutions. This is not least the case in the Nordic countries, where the welfare state and the Nordic model are connected to a specific organization of the private/public interface of modern political order.

This chapter addresses the link between citizenship reform and contemporary discourses on the organization of the welfare state, taking Norway as an example. Until the post-Cold War period the meaning and significance of citizenship was seldom debated in Norway. If we compare with the importance of citizenship in American politics or 'Staatsbürgerschaft' in the German reconfiguration of 'postnational' identity after World War II, citizenship has historically been a virtually silent topic in Norway. This shifted, arguably, in the decades after 1989. Why is this so? The argument put forward is that citizenship gradually has become a strong institutional signifier and instrument for the management and gatekeeping of *full membership* in Norwegian society. Crucial to the argument is the tie between citizenship as a political concept and welfare rights. Some may argue that this is at the outset weak. Citizenship signifies no more than full membership extended to full political rights. Many non-citizens have extensive social rights through legal residence, a kind of 'semi-citizenship' (see Cohen, 2009). Yet, I argue that citizenship is also political in the sense that it enters into discourses on inclusion and exclusion in society (see also Schierup, Hansen, & Castles, 2006). The status of citizenship is but one of several

personal statuses an individual can inhabit in a rights-based community, yet many non-citizenship statuses can ultimately lead to full citizenship through naturalization (Janoski, 2010). The final threshold arguably says something about inclusion and exclusion in the political community. Moreover, recent research on citizenship policies in Europe has highlighted some trends towards more restrictive rules and practices on acquisition and naturalization, despite the proliferation of postnational ideas and international norms in recent decades (Howard, 2009). In other words, there is increasing evidence that citizenship is making a ‘return’ as a political instrument for controlling membership in internationalized societies.

Citizenship overall has developed from *silent policy* to a stronger *steering logic* related to the universal welfare state model that is at the core of the Nordic model. This change over time is linked to three interrelated macro-political and social developments that have become dominant in Europe over the last three decades: globalization, Europeanization and migration. Globalization has led to increased interdependence between states and economies. This interconnected nature of world politics means that state institutions and national political cultures are no longer insulated from outside influence. Migration is a crucial part of this development. As the world has become ‘smaller’ in terms of communication, migration has become a more prevalent option for persons who seek a better life financially or who are in need of protection from terror, war or persecution. At the same time, the more prosperous parts of the world have welcomed the additional labour force that stems from migration. This process of migration is also part of the process of Europeanization through rights of free movement for EU and EEA citizens.

Citizenship is often discussed as a universal term that holds the same meaning across time and political space. However, I start from the supposition that citizenship is highly contextual. Its different instantiations in national settings and links to supranational and societal developments are a matter of *praxis*, not normative theorizing. Yet, there is a core generic meaning attached to citizenship; it is composed of rules of membership, basic rights and a notion of belonging to the political community (see Olsen, 2008). In other words, any analysis of citizenship needs to take this into account and study the ways in which citizenship is conceptualized and institutionalized both as an individual status and as a set of norms and practices that govern the nexus between individuals and the state.

The theme of this volume is, broadly speaking, ‘institutional change in democracy’. This chapter contributes by highlighting what Walzer (1983) has called the ‘distributive effects’ of membership regulation in modern politics. It highlights the discursive links between ideas and policies on distributive outcomes (welfare state provisions for all full members as well as political inclusion), normative regulations (citizenship policy) and specific institutional functions (inclusion and exclusion in the political community).

In studying this development, the chapter utilizes the concept of discursive institutionalism (Schmidt, 2010). In so doing, the chapter analyzes the *discursive*

interaction between citizenship discourse and welfare state discourse by focusing on the substantive content of *ideas* related to citizenship policy. Empirically, the chapter therefore focuses on two data streams. The first entails ideas of citizenship embedded in concrete citizenship and naturalization policies. The second is the idea of citizenship that emerges from public committees engaged with the preparation of policy reform and the framing of national citizenship in the new global and European settings. Empirically, the onus is put on linkages made between access to full membership in the welfare state and ideas about citizenship in welfare state discourse. In short: in what ways have new ideas and policies on citizenship become framed as part of welfare state debates in Norway as one of the most advanced welfare societies in the world?

In the next section, a brief sketch on the academic debate on citizenship post-1989 is presented. Following this, I present the research design of the chapter with special emphasis on how to study the discursive linkages between ‘welfare state’ and ‘citizenship’. The rationale behind studying Norway as an example of the Nordic model is briefly discussed before the chapter ventures into the empirics and main findings. As a conclusion, I discuss some conjectures on the democratic implications of the findings.

#### 4.1 Background: The Debate on Citizenship Post-1989

Citizenship was for a long time a silent subject in political science and political sociology. In the wake of the behavioural revolution and the advent of institutional theories, citizenship was for the most part the purview of political theorists and their normative theories of social justice, welfare distribution or political equality. The most notable exception was T.H. Marshall’s (1992 [1950]) seminal work on the development of citizenship rights in Britain in the 19<sup>th</sup> and early 20<sup>th</sup> centuries. With the fall of the Berlin Wall and the end of large-scale communist rule in 1989 and the ensuing years, however, citizenship made a new appearance in the work of political analysis.

There are several reasons for this renewed interest in issues of citizenship, yet arguably some stand out. The end of communism ushered in a sense that politics again mattered, not only such as in ‘high politics’ but also for the ways in which we organize ourselves as political communities composed of groups as well as individual citizens (Kymlicka & Norman, 1994). Identity, culture and (national) self-determination made a ‘comeback’ in European politics. But not only that, these processes were clearly supplemented, and some would argue countered, by the increased internationalization of European politics and societies. The EU went into full-on *union* mode, even planning a common currency, common security policies and indeed a common concept of EU citizenship. Human rights discourses, the opening of markets and new technologies spurred the process of globalization with the noted understanding of political elites that the world was ever more ‘interconnected’ (Held

et al., 1999). This interconnectedness was further visible in new waves of migration *within* Europe as a result of free movement as well as extra-European migration as a consequence of conflicts and poverty in other regions of the world.

These three parallel and intertwined developments have been seen both as opportunities and possible threats to European democracies. Central to the argument here is that they were part and parcel of the new academic and political interest in citizenship post-1989. They raised awareness of the increase in 'porous' borders between territorial states and subsequently the boundaries of nations as what Anderson (1987) called 'imagined communities'. This gave rise to several new normative, theoretical and empirical debates on the distinctiveness of European integration, the proliferation of (human) rights in international integration and multicultural politics. More concretely, the interest in what we can call the transformation processes of the territorial nation-state had a strong purchase on academic debates on citizenship, with specific emphasis on rights, membership and identity.

Foremost, the scholarly debate centred on how processes 'beyond the nation-state' would lead to a reconfiguration of citizenship. One argument was that processes such as Europeanization and globalization could lead to a severing of the strong ties between access to rights and citizenship (Gerstenberg, 2001; Habermas, 1998). Rights would become more important than the status of membership itself. EU citizenship was held to be the first step in the development towards postnational citizenship, where citizenship finally got rid of the 'shackles' of nationalism. Empirically, one example held out in this debate was the fact that the practice of dual citizenship is increasingly accepted by states that previously stood firmly on the idea of unitary citizenship (Kivisto & Faist, 2007; Spiro, 1997). Moreover, the phenomenon of transnationalism is no longer novel but instead a fact of globalized politics and societies. Transnational flows of migrants, services, goods and capital increases 'the right to have rights' for individuals in their countries of residence in addition to that of their nationality (Soysal, 1994). The European integration project is in itself constructed on the foundation of free movement (Maas, 2007). Member states have duties not only towards their own nationals but also towards European citizens.

Moreover, the issue of identity took centre stage. In the European and globalized context, identity was increasingly debated as flexible and potentially liberating. The debate on multicultural citizenship is a case in point (see Kymlicka, 1995). Identity-based claims for group rights and the recognition of minorities gained much support in theories of citizenship from the 1990s onwards. At the same time, so-called communitarians argued that this development veered from the idea that to be a full member of a vibrant 'community of strangers', some minimum of common culture, language and national identity was needed (see Miller, 1995).

Following from these academic debates one would expect a gradual transformation of citizenship where membership is less important for status, giving way to individual rights and multiple identities in the vein of what Thaa (2001) has coined 'lean citizenship'. Yet, I argue that this has not come to fruition. Citizenship

has in many European countries become more restrictive and more tightly linked to high thresholds in regard to access to membership. Norway has partly followed the same path. Why is this so? This chapter discusses this shift as a reaction to external pressures that have had a special purchase on conceptions of the welfare state and its sustainability in the future.

## 4.2 Studying Citizenship Politics and Welfare State Discourse

Citizenship is one of those concepts that we all have a connection to as everyday citizens. We are all (except for the very few stateless persons) citizens of some state entity. It is therefore not surprising that citizenship for some is taken for granted. It is just there, existing as a background to whatever life-projects we may have as individuals or members of different societal groups. Yet, this layman's understanding of citizenship overlooks the centrality of the concept and institution of citizenship to our existence in modern political communities. Citizenship is increasingly utilized discursively as an instrument for controlling access to full membership and thereby also access to the whole range of rights, including welfare rights in the world's most advanced 'social states', those of the Nordic model. In other words, against those that would hold that social rights are more strongly linked to residence than citizenship as such, I argue that it still matters a great deal who are granted membership of these polities and who are not. As Faist (2009, p. 16) has highlighted, '[n]ationality thus serves as the mechanism that upholds social exclusivity', both within a state and between states. Citizenship is in the final instance the only path to full inclusion, also in the Nordic welfare states.

Writing about citizenship in *The Politics*, Aristotle (1992, p. 168) claimed that '(...) there is no unanimity, no agreement as to what constitutes a citizen'. Since classical times this contested character of citizenship has been subject to a plethora of different realizations in practice as well as understandings in theory (Bellamy, 2004). In studying the interplay between welfare state discourse and citizenship politics,<sup>1</sup> I define citizenship on the most general level as *a status of individuals tied to a territorial state*.<sup>2</sup> This means that citizenship is imbued with the existence of political or legal orders which, formally or informally, establish a relationship to individuals through a monopoly of force (see Weber, 1978, pp. 54–55) and/or (legally binding) rules which

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1 When I refer to citizenship *policy*, this relates to concrete policies and laws on citizenship. The notion of citizenship *politics* is broader in meaning, taking in the role that citizenship also plays in other policy areas and as an idea for societal development and political organization.

2 Of course this would preclude EU citizenship as 'citizenship' in a definitional sense. EU citizenship may also have strong traits of citizenship in the statist reading, yet it is not citizenship *of* a state. Nevertheless, EU citizenship and notions of rights 'beyond the nation-state' has an impact on discourses of national citizenship (Vink, 2005).

serve to structure the scope of individual action (see Olsen, 2007, p. 118) through norms of membership, *individual* rights and/or duties. This signifies that citizenship links individuals to a collective order. Thus, citizenship would hold no meaning if it was devoid of a *collective* component (see Arendt, 1968, p. 81ff; Walzer, 1983, p. 34). On the general level, this collective component is obvious in that citizenship as a status is always bestowed by *someone* to the individual in question.

Notwithstanding its contested character, citizenship gives rise to certain salient questions, issues and problems. I argue that these are linked to the intrinsically individual and collective characteristics of citizenship. Michael Walzer (1983) writes on membership as the main organizing principle for how political communities organize themselves as communities of individuals. Membership is therefore marked by the inclusion/exclusion nexus of political community. If all individuals were part of the same community, the notion of membership would not be of importance for political thought. As the world is divided into different political entities – that is, states – membership becomes crucial for both the individual and the state. Membership is in this sense the ‘first mover’ of citizenship politics. Theoretically, *rights* only follow *after* the membership decision. In practice, there is a continuum of *personal statuses* of rights and attachment to a state, from the stateless person to the citizen. Temporary or permanent residence is a form of membership that renders certain rights to individuals. For instance, several social rights are based on residence. Moreover, in the European context, EU citizenship is part of a transnational scheme of cooperation where the citizens of member states are accorded equal rights and can redeem the right to non-discrimination when they move to another member state. Is citizenship, then, enveloped in a process of redundancy in today’s Europe? I argue that it is not. Only through admission as member of the polity does an individual enjoy the whole range of citizenship rights, including all social, political and civil rights. What specifically characterizes membership for Walzer is the fact that those already included in the community ‘do the choosing’; that is, they set the rules for admission to the political community. In this sense, citizenship is also strongly imbued by a sense of *identity* – the understanding of ‘we’ as citizens and ‘they’ as non-citizens – that is, the stipulation of ‘who we are’ and ‘what distinguishes us from others’ in terms of both individuals as part of a collective community and the community as such. Identity can thus be understood as a reflection on what a given political community entails and what sets *its* citizens apart from other citizens, not only through membership decisions but also in terms of how the very community is conceived as such.

The membership decision has widespread *distributive* consequences both in terms of membership itself and the *goods* that follow from being a member in state A and not state B. While some goods may also be open to non-citizens, the collective of citizens can through their representatives in the democratic process at any time narrow such access as long as it is not in breach of obligations under international law. Indeed, work in historical sociology has highlighted how the social question in



modern Europe was linked to the fulfilment of social rights for all citizens, thereby inclusive citizenship (Flora, 1987). Citizenship is therefore highly significant as political rights are necessary in democracies to create and sustain social rights (Faist, 1999, p. 13). In this way, social rights in the welfare state are transformed from mere ‘entitlements’ of a legal kind to the ability of citizens to make use of such liberties to influence their opportunity structures and life chances (see Sen, 1999). In this chapter, the onus is on the membership dimension of citizenship as the institutional expression of the normative regulation on inclusion or exclusion from the (welfare) state. The other dimensions follow from membership (rights and participation) or are in some discourses held to be a prerequisite for membership (identity). As the aim of this chapter is to highlight discursive linkages between welfare state discourse and citizenship politics, empirically the focus will be on ideas of membership in citizenship.<sup>3</sup>

The chapter analyzes the substantive content of *ideas* related to citizenship policy as well as the *discursive* interaction between citizenship politics and welfare state discourse. The analytical idea of *discursive institutionalism* stems from the notion that ideas matter in politics. This may seem to be common sense, yet in modern political science ‘interests’ or ‘norms’ were for a long time the main game in town. Schmidt (2010) argues that ideas should be studied in terms of their substantive content in policy-making processes and as part of *interactive* processes of discourse in a given institutional context.

This analytical programme is especially suited for the aims of this chapter as it gives a contextual and relational definition of discourse as ‘the exchange of ideas’ (Schmidt, 2010, p. 15). What follows from this is, then, a more dynamic understanding of ‘institutions’ than the one normally found in institutional theory. Institutions are at the core defined as ‘structures and constructs of meaning’ (Schmidt, 2010, p. 1). More concretely, Schmidt highlights how there is agency in institutions through the background ideational abilities of actors that play roles in maintaining institutions and the foreground ideational abilities of actors in changing them.

In this chapter, I study the interlinkages between the boundaries of the welfare state and the concept and institution of citizenship. Both are ‘institutions’, albeit in a somewhat different manner. Citizenship is a personal status given to individuals but also has institutional properties in that the definition of access to citizenship through membership, rights and belonging has a structuring effect on the makeup of the political community. The concept of the welfare state covers both a distinct

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<sup>3</sup> Much theorizing and empirical research on citizenship focuses on ‘conceptions’ or perceptions of citizenship as a set of different practices of membership, rights, participation and identity. This chapter does not aim to study conceptions of citizenship *as such* but rather the interplay of ‘ideas’ of citizenship and welfare state discourse. In this sense, it is the ideas on membership and access that matters rather than some ‘full’ conception of citizenship.

way of organizing the modern state and the myriad of societal, political, democratic, legal and economic institutions that make up this system as well as structure the links between citizens and welfare policies and programmes. The chapter therefore confines its analysis of the welfare state/citizenship nexus to a study of the discursive linkages between ideas and notions of membership in citizenship politics and welfare state discourse. This is not premised on theorizing a causal link between independent and dependent variables. It is rather to make sense of and analyze the different ways in which the importance of citizenship for the structure of the welfare state has consequences for conceptions of and policy changes to citizenship institutions and membership norms. In this sense, the chapter is interpretative in methodological terms. In being interpretative, it still makes a claim to highlight significant changes to citizenship in welfare state discourse. These changes are traced discursively in the data. This means concretely that the analysis seeks to address shifts in emphasis regarding the place of citizenship and basic dimensions such as membership and rights in welfare state discourse in official documents.

In terms of data sources, the chapter first sets a baseline view of the state of citizenship around 1990 when the chips were dealt anew in terms of the international relations of European states, including Norway. Following this, the analysis focuses on official reports and policy chapters related to welfare state policy and citizenship politics. In so doing, the analysis traces interactions between notions regarding the welfare state and ideas of citizenship as membership, with special emphasis on issues related to access to welfare rights.

### 4.3 Citizenship in Norway: From Silent Policy to Steering Logic

Until the 1990s there was hardly any serious political debate on citizenship in Norway.<sup>4</sup> The citizenship law originated from 1950<sup>5</sup> and did not go through any significant policy changes for half a century. There may be many reasons for this, but it seems obvious that Norway's status as a relatively homogeneous country developed after World War II on the idea of a strong state and extensive welfare provisions excluded debate on citizenship itself. Membership was more about social rights and participation in the labour market than political citizenship.

The main idea in the 1950 law was that of unitary citizenship; dual citizenship was prohibited. Nevertheless, in practical terms it was tolerated administratively (NOU 2000:32, Ch. 4). This idea of unitary citizenship is still important when considering the status of citizenship in Norway in the postwar years. Discursively, the notion of 'one state, one citizenship' fell straight into the common ideas of citizenship in the 'era

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<sup>4</sup> In the following, all quotes from Norwegian are translated by the author.

<sup>5</sup> Lov 8. desember 1950 nr. 3 om norsk riksborgarrett.

of the nation-state'. Both politically and academically, citizenship was understood as membership in a nation, submerged under a clearly defined territorial state. Clearly, the 'substance' of this citizenship was different between states (Howard, 2009). Some countries had stronger demands on settling an identity as part of citizenship due to multiculturalism or multilingualism, such as Canada or the United States, while others forged citizenship in what was understood as a 'homogeneous' population. In Norway, the citizenship law was in fact devoid of identity-oriented measures or requirements. No specific ideas of a pre-given identity or language skills were present. This was also the case with neighbouring Sweden, while Denmark has had a strong tradition of such communitarian ideas as part of the rules on acquisition and naturalization (see Olsen, 2005).

Citizenship has been scarcely debated in the Norwegian public sphere. The welfare state has been a more pronounced part of public discussions, yet the debates were until the 1990s mainly on the level of provisions, grounds for universal rights, material entitlements and how to improve the position of minorities or women (see Hernes, 1988). This was seen, then, through the prism of participation in society more so than citizenship as cultural membership. What is striking about the debate from the 1990s onwards is the clear shift in the volume as well as the content of debates on membership, rights, welfare provisions and the boundaries of the welfare state. Arguably, citizenship became more pronounced as part of debates on political community beyond the inclusion of minorities or political participation. This amounts, I argue, to a considerable discursive change in Norwegian society, which, to put it crudely, marks a shift from universalism as the inclusion of ever more groups and minorities as full members of society to particularism as a notion of the collective *beyond* rights. In this sense, it can be seen as a gradual shift from a community of rights (see Dobson, 2007) to something more akin to communitarian notions of belonging (see Taylor, 1985). What is more, this shift cannot be linked to only one political ideology. It has persisted since the beginning of the 1990s through different majorities in the Norwegian Parliament as well as with governments from both the left and the right of the party political spectrum. It is rather a major discursive shift that also has institutional effects for political decision-makers, bureaucracies, parties and (non-)citizens. In this chapter, those effects are not accounted for through causal explanation but rather through highlighting discursive linkages and developments where welfare state policy and citizenship have become more closely interconnected.

Public discourse on issues related to immigration started to turn in the 1980s. The Progress Party (FrP) gained more support, partly due to its staunch stance on immigration and proposals on tougher requirements for the integration of migrants already residing in Norway. Slowly, other parties, such as the Labour Party (Ap) or the Conservatives (Høyre), started to discuss such issues as well, albeit with less of a critical stance on immigrants as a group in Norwegian society. Yet, there were no major policy shifts or institutional changes in this period. Government coalitions

were relatively stable, and the most contentious political issue in Norwegian politics towards the late 1980s would become the question of EU membership.

Against this background, debate on citizenship and the need to reform the Norwegian Citizenship Law, which had not been reformed since 1950, still took place gradually in the 1990s. In 1999, a Norwegian Public Commission<sup>6</sup> was given the mandate to review Norwegian citizenship policy both in terms of judicial practice at the time and with an added mandate to propose possible changes and modernizations to the law. Several reasons were cited by the centre-right government for setting up a commission on citizenship at that point in time. The long-standing inertia in policy terms was one, interestingly for the argument of this chapter, the government also linked directly to issues of migration and integration in Norwegian society. In the words of the Royal Resolution that formed the Public Commission: ‘The Commission is also asked to assess further questions, among them how the acquisition of Norwegian citizenship can contribute to integration and civic participation’ (NOU 2000:32, p. 3). This is interesting as the Norwegian citizenship debate until the forming of this public commission had been virtually silent as a whole, but especially so on the political, societal and indeed individual consequences of different citizenship practices. In Norway, the legal practice and bureaucratic consequences of different rules (and possible changes to them) had been at the forefront of public discussion on citizenship. As a result of this mandate from the government, this time around there was clearly an awareness of the broader significance of citizenship not just as *policy* (as rules and regulations) but also as *politics* (as indicative of broader societal issues). This volume analyzes institutional change from different angles and in different societal sectors. In the field of citizenship, the linkage between notions of policy and views on politics is of central importance. As highlighted previously, Walzer (1983) made the argument that specific understandings of identity in the political community will have an impact on its membership politics – that is, its values, rules and regulations attached to citizenship. In other words, how policy solutions are framed in political debate and the ‘rules of the institutions’ (here: citizenship) are clearly interlinked.

In the comparative citizenship literature, it has been shown how the discourse on citizenship changed in this direction in Europe from the 1990s onwards (Howard, 2009; Kivisto & Faist, 2007). In this ‘citizenship turn’, both scholars and decision-makers started to address the issue of whether multiculturalism could serve as a new mode of inclusion, especially through renewed ideas of citizenship as more fluid and open than the ‘traditional’ nation-state model that had dominated in the first decades of the postwar era (see Kivisto & Faist, 2007, p. 7). In other words, the Citizenship Commission was set up in the midst of a clear discursive shift of citizenship politics in

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<sup>6</sup> On the phenomenon of Norwegian Public Commissions and their role as policy advisory bodies in the Norwegian political system, see Tellmann (2016) and Krick and Holst (this volume).

Europe, one where the subject of inclusion and membership would become the focal point for the next two decades.

What did this turn into in terms of concrete policy recommendations and not least possible discursive linkages to welfare state policies and social provisions? The Citizenship Commission brought on a wide discussion of the whole citizenship field. One prominent theme was to clarify certain rules for the acquisition of citizenship at birth and through naturalization as bureaucratic practices had drifted somewhat from the law itself. The most contentious issue of dual citizenship policy. Moreover, as I will show, the arguments and grounds put forward linked up with welfare discourse as well as the migration/identity nexus of debates on political community.

Inclusion and membership through citizenship is a forceful institutional instrument for integrating newcomers into a political community and a territorially organized society. That membership in a polity is always decided by those who are *already* members (Walzer, 1983) implies that citizenship for an immigrant or refugee tells them that ‘we’ as a community welcome them as members of ‘our’ community. This membership, then, gives full access to rights and entitlements. The Citizenship Commission delved into this issue by tackling the question of dual or multiple citizenship first-hand. Dual citizenship had been prohibited in the 1950 law on citizenship. The Citizenship Commission argued for accepting dual citizenship and making this a part of Norwegian Citizenship Law: ‘One must always acknowledge that immigrants will remain connected to their homeland. Such bonds are not rescinded upon naturalization to Norwegian citizenship and by withdrawing the original citizenship. Norwegian citizenship will be sought to access rights here or because the applicant wishes to confirm or further their integration into Norwegian society’ (NOU 2000:32, p. 121). The argument was strongly linked to the notion of multiple identities and the need to secure *full* membership for legal residents who seek naturalization (ibid., Ch. 4). There was, however, a minority view from one member of the Commission who argued against dual citizenship. This member argued that dual citizenship would be in breach of the principle of equality upon which citizenship is premised in democratic political communities (ibid., p. 127). Moreover, this view put forth the idea that the bond between citizens in the political community is based on trust relations that dual citizenship breaches: ‘Norwegian society has more than most societies been marked by trust, a sense of community and solidarity between the citizens... and this is anchored in – has its basis from – the principle of equality as it has been confirmed and renewed through targeted public policies for the common good’ (NOU 2000:32, p. 124). The minority position did not make explicit reference to the boundaries of the welfare state in the part on dual citizenship. Yet, in laying out different notions of citizenship, the same member wrote a separate remark where the idea of unitary citizenship in the well-defined political community of a nation-state was explicitly linked to the development of the welfare state (ibid., pp. 70–81). For instance, it was highlighted that ‘(...) the building of the welfare state in the 20<sup>th</sup> century has without doubt been part of community building in Norway, both

politically and culturally' (ibid., p. 80). We cannot extrapolate from the Citizenship Commission the strong discursive shift of the linkage between controlling access to welfare provisions and notions of membership that constitute the hypothesis of this chapter.

The majority position to legalize dual citizenship in Norway, however, did not gain traction politically. The communitarian reasoning of the minority view won through. The Norwegian Parliament subsequently passed a new Citizenship Law where the principle of unitary citizenship was retained.<sup>7</sup> In the parliamentary debate, the link between citizenship, welfare rights and membership was in fact made. The Rapporteur<sup>8</sup> on the citizenship law, Anita Apelthun Sæle from The Christian Democrats (KrF), explicitly stated: 'Norwegian citizenship rights are far-reaching. The welfare society provides a safety-net and social rights. One clearly has the right to live in one of the world's best countries... Then it is reasonable to demand something from a person that seeks to take part in this common good'.<sup>9</sup> The communitarian minority position from the Citizenship Commission in fact became policy. The statement of the Rapporteur also clearly points in the direction of a shift towards reasoning in terms of a high threshold for access to membership because Norway has a welfare state with generous welfare provisions. This policy decision from the Norwegian Parliament also held a significant majority against the votes of one minor opposition party, the Socialist Left (SV). There was, in other words, a clear political consensus that Norwegian citizenship should remain unitary in the age of Europeanization and globalization as a 'bulwark' for the boundaries of the welfare state. In this sense, we can infer the frame of using citizenship policy as an institutional instrument of *steering* related to the welfare state.

Why is this relevant for the argument of the chapter? Although there was not much direct linking between the membership dimension of citizenship and access to welfare state provisions, it can be argued that the debates concerning the work of the Citizenship Commission spurred more citizenship *politics* in Norway. This new concern for inclusion and exclusion in the political community would clearly become a salient issue of public discourse in Norway in the 2000s. It can be argued that this concern contributed to new exchanges of ideas where citizenship was no longer framed as only a legal institution but also political and social in terms of contributing to the processes that shape society.

The issue of migration became an important topic of political debate in Norway at the beginning of the 2000s. It can be argued that Norway by this time had finally become a state and society marked by migration (see Kjelstadli, Tjelmeland, & Brochmann, 2003). In addition, the Eastern enlargement of the EU posed new issues

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<sup>7</sup> Lov om norsk statsborgerskap, Besl. O. nr. 88, 31 May 2005.

<sup>8</sup> In Norwegian: 'Saksordfører'.

<sup>9</sup> Stortinget, 2004–2005, meeting, 31 May 2005.

of labour market politics and social rights as new EU citizens could travel to and work in Norway as a consequence of the free movement of persons. In this new policy environment, the debate on what can be called the ‘sustainability’ of the Norwegian welfare state gained considerable political and academic traction. It was in this context that the centre-left coalition government formed the Welfare and Migration Commission (commonly referred to as the Brochmann Commission after its leader) in May 2009. The premise and background of the commission was that the link between increased flows of migration (both intra- and extra-European) needed to be addressed in its intersection with the welfare state of Norway as one of the countries in the world with the highest standard of living (NOU 2001:7, p. 32). This development is of clear interest to the argument of this chapter. Norway went from virtual silence on citizenship topics up until 1990 through a phase of debate on multiple citizenship and multiculturalism at the beginning of the 2000s to an explicit discursive shift of direct linkage between different personal statuses and welfare politics around 2010.

A caveat is in order here. The Welfare and Migration Commission did not address citizenship explicitly. Its focus was on different personal statuses and social groups linked to the migration/welfare nexus. In this sense, a counter-argument to the reasoning of this chapter could be that the discursive linkages between welfare discourse and citizenship are not present to the extent that I argue. Yet, there is an argument here that hinges on how we conceptualize citizenship *politics*. Citizenship can be addressed purely as a legal institution signified by the clear distinction between the citizen and the non-citizen. This, however, is too crude for the analysis of the institutional meaning of citizenship in a political, social, cultural and economic sense. The concept of membership is central to this. Citizenship is the ‘ultimate’ membership status, giving a person the full range of rights. Memberships can, however, also take the form of different statuses of ‘semi-citizenship’ (Cohen, 2009). Yet, discourses on membership and access to rights are always in some way related to the politics of citizenship as different semi-citizenships can be routes to full citizenship down the road, for instance, for long-term resident migrants. In this sense, policy appraisals and policy recommendations at the intersection between welfare and migration will be imbued with notions of membership and specifically how these intersect with access to rights and the boundaries of the welfare state. Consequently, I will show in this section how the Welfare and Migration Commission on several counts addresses notions of membership also related to citizenship in the legal sense.

The main idea of the Welfare and Migration Commission was that mobility, migration and the sustainability or future of the welfare state are intimately linked. In addressing the question of the sustainability of the welfare state, the commission therefore applied a ‘broad’ operationalization of its mandate to include both positive and negative consequences of migration for the welfare state (NOU 2011:7, p. 9). Moreover, the commission expunged the theory that the consequences would be linked to ‘(...) who arrives, what resources they bring and their degree of integration in working life and society’ (ibid., p. 9). This linking of migration and welfare also

connects to the notion of membership. Policies and measures should be in place so as to 'lead' new 'members' of society towards realizing their opportunity by taking up an occupation in line with the majority population. In other words, the commission clearly distinguishes between citizens as insiders and non-citizens as outsiders, at least in the sense of full membership vs. partial membership. I interpret this idea as a manifestation of something akin to a Walzerian notion of full membership as contingent on inclusion into the habits, values and norms of the majority population – that is, those who do the 'choosing', as was highlighted earlier in the chapter.

Further, the commission highlighted that the Norwegian welfare state was formed at a time when mobility across borders was less prevalent. Moreover, it stated that the welfare state '(...) in many ways has represented a societal integration project with three main ingredients: democracy, citizenship and modernization' (*ibid.*, p. 11). Citizenship is still the main access point to the full set of political, social and economic rights in the Norwegian model. Arguably, then, the commission makes the concession that welfare and citizenship are intimately linked. In other words, the image of citizenship policy as taking an institutional gatekeeper role starts to become visible in the welfare state discourse that the Welfare and Migration Commission worked under and became a part of. The inclusion/exclusion nexus of the welfare state model is further held by the commission to having been a baseline for migration policy since the 1970s (*ibid.*, p. 12). Again, we see evidence of control over membership as part and parcel of the Norwegian welfare state model.

Social rights are at the core of modern citizenship and the welfare state model that has manifested itself as part of the Nordic model. The Welfare and Migration Commission highlights this (*ibid.*, p. 12), and in the same paragraph where it underscores that social rights are central to realizing equality between members of society it presents a caveat: 'At the same time, the need of the welfare state to control its geographical borders increases as newcomers from outside are accorded more rights'. In citizenship politics, such a quote is a clear example of an exclusionary idea linked to membership and access to rights. I argue that, still considering my previous caveat on the explicitness of citizenship in the commission report, this points in the direction of linking welfare state discourse to membership. A relatively concrete notion of membership politics as an institutional consideration tightly connected to a specific welfare state model comes to the fore. This is even more evident in sections of the report where a clear linkage is made between rights proliferation and the regulation of migration (*ibid.*, pp. 22–23). After all, being granted status as a long-term resident can be seen as the first step toward naturalization and full Norwegian citizenship. In this sense, migration policy serves as an intervening institutional steering mechanism that makes inclusion less likely for more migrants than was previously the case.

The EEA agreement grants EU citizens free movement and access to rights in Norway given certain conditions. There is not much room for manoeuvre regarding the EEA agreement as 'classic' migration policy. This is acknowledged throughout



the report (*ibid.*, pp. 16, 83). Still, the commission does make some membership considerations linked to the EEA, for instance stating that as the possibilities for regulation of intra-EEA migration are low, more indirect measures connected to tax policy, wages, access to welfare goods, cost of studies etc. are the only options of the government (*ibid.*, p. 16). Nevertheless, it is notable that the commission still makes this link between intra-EEA migration and the possible problems this may pose to the future sustainability of the welfare state.

There have not been major revisions to the Norwegian Citizenship Law in the aftermath of the Welfare and Migration Commission. The main principles of the Citizenship Law are still in place. These principles include citizenship acquisition through *ius sanguinis*, the prohibition of dual nationality and a residence requirement of seven years. Still, around the time of the work of the commission and in its aftermath there have been some minor revisions. In June 2011, the Norwegian Parliament co-legislated revisions to the so-called Introductory Programme for immigrants and the Citizenship Law, focusing on an increase in mandatory lessons in Norwegian.<sup>10</sup> This language requirement was introduced both as a measure of integration for new migrants *and* as an additional requirement for naturalization to Norwegian citizenship. In discursive terms, this is highly interesting. A main argument of this chapter is that the shift in citizenship politics has coincided with a much stronger focus on the issue of membership in what we can call the welfare society. Indeed, in this policy development, the Norwegian Parliament emphasized this new steering logic where access to welfare benefits and ultimately citizenship is premised on an idea of membership as more than rights. That is, membership is contingent on language proficiency and societal participation. The Norwegian Parliament was unanimous in its decision on this matter, which further attests to a hegemonic discourse at work.

Moreover, this policy development was further reinforced in the most recent minor revision to the Citizenship Law.<sup>11</sup> All parties in the Norwegian Parliament, with the exception of the Socialist Left (SV), voted in favour of the centre-right government's proposal to add a mandatory test on 'civic knowledge' to the naturalization requirements. In addition, a higher level of language proficiency was added to the law. In the debate,<sup>12</sup> several of the representatives highlighted a direct link between language, integration, rights and citizenship. The welfare dimension was not directly addressed in this policy shift, yet it is clear that adding tougher requirements for would-be citizens increases the gatekeeper function of citizenship related to the welfare state. After decades of virtual silence on citizenship policy in Norway, it has

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**10** Vedtak til lov om endringer i introduksjonsloven og statsborgerloven, Lovvedtak 60, 2010–2011, 8 June 2011.

**11** Vedtak til lov om endringer i statsborgerloven (krav om norskkunnskaper og bestått prøve i samfunnskunnskap), Lovvedtak 23, 2015–2016, 8 December 2015.

**12** Stortinget, 2015–2016, meeting, 8 December 2015.

become strongly *politicized* and a steering instrument for the state in keeping control of access to the political community in a new age of migration, porous borders and transnational rights.

#### 4.4 Concluding Remarks: Institutional Change and Democratic Implications

Citizenship politics and welfare state discourses are related. The two institutions and sets of practices are at the core of *individual membership* and *political community* in the modern political order. In this chapter, I have shown how citizenship as an institution and status of membership and rights have become increasingly entangled with the discourse on the welfare state and its sustainability in what can be called the Nordic model by way of Norway as an example. National citizenship is no longer taken for granted as a stable practice of membership within well-defined borders as processes of Europeanization, globalization and migration have marked the period after the end of the Cold War.

The main findings and arguments of this chapter clearly have implications, then, for our understanding of contemporary institutions and their democratic status. While these conjectures are based on a limited, single case study, it is still valuable to discuss such implications. Norway is a ‘high achiever’ in the international game of successful states. It scores high on most indicators on democratic rule, social equality, trust and human well-being. That the ‘Nordic model’ is so heavily imbued with changing policy discourses on citizenship and the welfare state is thus clearly interesting.

One main finding of the chapter is that *boundary-drawing* has taken centre stage. The question of boundaries has engulfed citizenship politics to the extent that it is now the starting point for policy debate rather than a part of the whole or the end point. This is remarkable as the multiculturalist ideas that have long dominated elite debates on citizenship were premised on identity as ‘constructed’ and boundaries as malleable as well as of lesser importance than in the ‘heyday’ of the nation-state. What is more, the notion of boundaries is imbued with a discourse on identity or ‘belonging’ as a prerequisite for access to full membership within the polity. Thus, the idea that identity is something you develop as a consequence of membership and rights has given way to the rather overwhelming narrative that identity is a prerequisite for the ‘suitability’ of would-be citizens. Moreover, this points to the increased leverage of the idea that the solidarity of the welfare state is necessarily primordial and bounded by the confines of the territorial nation-state in addition to the linkages based on class or profession. Democracy is not only a system of decision-making and (re-) distribution; it is also a system of individual rights. National democracy has been at the pinnacle of modern political order, yet, in the postwar years it has increasingly become interconnected with transnational and supranational political institutions.

In terms of democracy as a system of rights, it is interesting, then, that access to rights seems to become tightened as the state uses citizenship as an institutional gatekeeper of the political community and the welfare state. This makes the route to full membership through citizenship more cumbersome and less straightforward, even for long-term resident non-nationals. In a normative sense, this can be seen as somewhat problematic. Long-term residency implies a strong connection to the country of residence. Walzer (1983) has indeed argued that although the granting of membership is the sole prerogative of the community that chooses, settled and long-term residents should have ‘easy’ access to citizenship. The reason for this is that they have participated in the making of common goods of which only full citizenship renders full enjoyment.

While the nation-state clearly is no longer the sole provider of individual rights, the mode of inclusion and exclusion is still strongly attached to it. There is, then, a potential disjuncture between rights, membership and identity in our time. As a result of this, the complexity of citizenship and membership has increased. The shift in citizenship politics from silent policy to steering logic may further trickle down into migration and asylum policies. With the recent handling of the European migration crisis, it is clear that a notion of restricted membership and access to rights has gained considerable political traction – not only in Norway but also in other Northern European countries. Long-standing principles of asylum rights and due process in the processing of asylum applications are under pressure. The idea that the political community is closed and accessible only to insiders who fulfil certain prerequisites and standards is gaining ground. This chapter has only scratched the surface of the citizenship/welfare nexus by analyzing notions of membership. More research is needed in the future to gain a more complete understanding of the linkages between public opinion, political discourses and policy shifts in the ‘management’ of state borders in Norway, the Nordic countries and Europe as a whole.

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Stine Hesstvedt

## **5 Redistributing Knowledge? How Institutions Affect Citizens' Political Knowledge Levels: The Scandinavian Case Compared**

Political knowledge is one of the most vital components of democratic citizenship, and a common assumption is that democracy functions best when citizens are politically informed (Converse, 1964; Zaller, 1992; Delli Carpini & Keeter, 1996). One consistent finding in the literature on political behaviour is, however, that political knowledge is unevenly distributed among voters. By the 1950s and 1960s, American researchers had concluded that the majority of citizens knew little about political matters and made little effort to collect such information (Berelson, Lazarsfeld, & McPhee, 1954; Campbell, Converse, Miller, & Stokes, 1960). Despite an explosion in access to education, growing living standards and a general tendency towards a more 'critical' electorate, it is still a fact that high-income groups appear more knowledgeable than low-income groups (Verba et al., 1995); men are better informed than women (Mondak & Anderson, 2004) and the educated more so than the uneducated (Delli Carpini & Keeter, 1996).

The debate on voters' knowledge about politics was revitalized in the wake of the 2016 American presidential election. Commentators and political scientists once again seem to be doubting public judgement as well as some voters' ability to rely on sensible facts and rational arguments. The pressing question seems to be: Why do voters differ so tremendously in what they know about political issues? And: Is the observed 'knowledge polarization' as grave outside the United States? The political knowledge literature offers a growing set of answers to these questions and points to several contextual and institutional features that can explain why some countries foster citizens that know more about the political sphere. Such studies find that 'knowledge polarization' or 'knowledge gaps' appear less pronounced in European countries. In particular, the electoral and party system (Gordon & Segura, 1997; Sheppard, 2015; Fortunato, Stevenson, & Vonnahme, 2016) and socio-economic policies (Milner, 2002; Grönlund & Milner, 2007; Fraile, 2013; Iversen & Soskice, 2015) are highlighted as important explanations as to why citizens, regardless of education, income and other resources, know more about politics.<sup>1</sup>

This chapter investigates cross-country differences in knowledge gaps, with a particular focus on Scandinavia. It puts institutions and policies at the centre of discussion, and departs from perspectives that see the socio-economic environment

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<sup>1</sup> The media system is also identified as important for knowledge levels (see e.g. Iyengar et al., 2010; Aalberg & Curran, 2012; Clark & Hellwig, 2013).

as important for political knowledge polarization. According to these perspectives, the level of socio-economic equality, educational systems, economic redistribution, and other policies aimed at enhancing equality among citizens also have important consequences for the distribution of citizens' political knowledge (Milner, 2002; Fraile, 2013). To study the relationship between institutions and knowledge gaps, as well as the state of citizens' knowledge within Scandinavia, the chapter applies data from the Comparative Study of Electoral Systems (CSES). The results suggest that Scandinavian citizens are not more 'knowledgeable' than other citizens, but rather that the 'knowledge gaps' are smaller here than in most other countries. Furthermore, a multilevel analysis of 20 OECD countries points to some general institutional findings: Western democracies with low income-inequality also have small political knowledge gaps. In societies with low income-inequality, the discrepancies in political knowledge between the richest and the poorest, the well-educated and the uneducated and between men and women are significantly less pronounced. In short, egalitarian societies also seem to exhibit a more equally informed citizenry.

The rest of the chapter is structured as follows. The first section outlines what the 'politically knowledgeable' citizen theoretically entails and sketches the American literature that finds great differences in political knowledge levels among the public. In the second part, I outline how the present literature conceives the institutional impact on knowledge gaps. In the third part, I apply data from the Comparative Study of Electoral Systems to explore the claims. Here, the results are illustrated by contrasting Scandinavian countries with the United States and 16 other comparable OECD countries. In the conclusion, I discuss the findings and point to Scandinavian policies that are likely to be crucial for the presence of low knowledge gaps.

## 5.1 Citizens and Political Knowledge

Since ancient times, political knowledge's role in society and to citizenship has been a reoccurring and well-examined topic. Within political theory, the discussion can be traced back to Plato's idea of a 'rule of philosophers', as well as John Stuart Mill's 'plural voting' proposition that the well-educated ought to have extra votes. Today, studies find that knowledge plays a vital role in voters' political and societal life. Increased or decreased knowledge influences vote choice and party preferences and potentially also the composition of governments (Bartels, 1996; Blais et al., 2009). Politically informed citizens display higher political tolerance and support for democratic values, and they participate more in politics through formal and informal channels. They also display higher trust in people and the political system (Zaller, 1992; Gilens, 2001; Althaus, 2003). The degree to which democracies are inhabited by knowledgeable citizens is a well-researched question within studies of political behaviour. The richness in the literature is illustrated by its many names, some examples being 'political sophistication' (Converse, 1964), 'civic literacy' (Milner,

2002), 'political awareness' (Zaller, 1992), 'political constraint' (Achen, 1975; Bartle, 2000), 'ideological understanding' (Feldman, 2013) and 'political knowledge' (Verba et al., 1995; Bartels, 1996; Delli Carpini & Keeter, 1996; Lupia & McCubbins, 1998; Gilens, 2001; Lupia, 2016).

In their seminal work about political knowledge in the United States, Delli Carpini and Keeter (1996, p. 10) define political knowledge as 'the range of factual information about politics that is stored in long-term memory'. According to them, citizens' reservoir of factual information should include knowledge about the 'rules of the game' and the political system, the currently most important political and societal issues and the most central political actors. Luskin (1987) points out three dimensions defining a citizen's level of knowledge. Knowledgeable citizens are characterized by the *size* of their expertise (i.e. the amount of information they can recall), its *range* (i.e. the number of areas or political subfields across which their knowledge is spread) and its *constraint* (i.e. the presence of an underlying, logically consistent 'yard-stick' that guides a person's evaluations and opinions). A person's likelihood to become a knowledgeable citizen furthermore depends on his or her ability, motivation and opportunity to do so as well as the costs to acquire the knowledge (Lupia, 2016).

However, according to American scholars, few citizens seem to live up to the democratic ideal. From the very beginning of scientific public opinion surveying, research has pointed to that political knowledge is unevenly distributed. Berelson, Lazarfeld and McPhee's American data revealed that 'certain requirements commonly assumed for the successful operation of democracy are not met by the behavior of the "average" citizen' (1954, pp. 307–310). In a highly influential essay on mass belief systems, Philip Converse suggested that most Americans know very little about politics and governance. According to him, American political knowledge overall is marked by 'a high variance and a very low mean' (Converse, 1964). The average citizens tended to rely on their respective in-group for opinion construction, while 'a miniscule proportion' of the population was able shape a belief system into a perfect logical and consistent whole (Converse, 1964, p. 211). This small minority comprised 'the elites' – people who devote themselves fully to some aspect of politics or public affairs, like journalists, politicians, activists, higher-level officials and other kinds of experts.

Current studies also find that the American citizenry is characterized by large 'knowledge gaps': while the elites seem to 'know it all', the average citizen is portrayed as less knowledgeable (e.g. Delli Carpini & Keeter, 1996). Education consistently appears to be the most important reason for knowledge gaps within a population. Class background, income and (in an American setting) race also influence the likelihood of being well-versed in political matters – that is, being a white, well-earning white-collar worker increases the chances of being knowledgeable (Lewis-Beck, Jacoby, Norpoth, & Weisberg, 2008). Men tend to display higher levels of knowledge (Mondak & Davis, 2001; Mondak & Anderson, 2004; Fraile, 2014), middle-aged people know more than the very young and the very old (Opheim Ellis, 2003) and voters identifying

with a party seem to be more knowledgeable as the attachment serves as a cognitive heuristic or a shortcut to political opinion (Niemi & Westholm, 1984; Iversen & Soskice, 2013). In addition to socio-demographic variables, characteristics related to media consumption and political interest consistently prove important for knowledge (Price & Zaller, 1993).

Nevertheless, evidence from Sweden and other comparative studies – which is turned to in the next section – suggest that the picture is somewhat more complex and that the span of inequality in political knowledge is very much dependent on the institutional features and the context in which the citizen operates. Applying a comparative perspective, recent scholars increasingly reject the tradition of treating knowledge inequalities as social constants unaffected by the national context (Fraile, 2013, p. 120). Rather, they argue that knowledge gaps are not merely a function of individual characteristics but are also influenced by institutions such as the electoral system and socio-economic policies. Before turning to an empirical investigation of the current Scandinavian and other OECD countries' knowledge levels, I outline the arguments of scholars that point more generally to the institutional determinants of political knowledge – a field of research that originated in a study of Swedish voters.

## 5.2 From 'The Political System Matters' to the Importance of Equality

In reply to the findings of the American public opinion researchers, Westholm and Niemi (1984) and Granberg and Holmberg (1988) explored the notion of a supposedly ignorant citizenry by comparing the American case to Sweden. In contrast to the United States, the gap between elites and the Swedish mass public was much less apparent. The average constraint in attitudes among the least educated people in Sweden was about at the same level as the highest educated in the United States, and Swedes in general conveyed relatively higher levels of knowledge and stable opinions, regardless of their educational level (*ibid.*, pp. 69–70). Granberg and Holmberg indicated that 'the political system matters' and that the multi-party, proportional system of political representation was the reason for the narrower knowledge gap in Sweden.

This first attempt to explain differences in knowledge gaps across several countries was not developed further until the last few years. Pointing to contextual features, the recent literature finds that institutions in a broad sense can be favourable for citizens' ability, motivation and opportunity to become and stay informed about political matters. In addition to media policies and the information environment,<sup>2</sup> two broad dimensions are conceived to influence political knowledge at the contextual level:

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<sup>2</sup> See e.g. Iyengar et al. (2010) and Aalberg and Curran (2012).



*political institutional factors* and *policy factors* related to the distribution of socio-economic resources.

With regard to *political institutions*, the literature puts forward two main explanations: the electoral system and the party system. Gordon and Segura (1997) focus on the decision to acquire political information as a cost-benefit calculation for citizens. As politics are remote from everyday life and paying attention to politics is a time-consuming affair, the costs of collecting information for voters outweigh the benefits. However, certain institutional contexts can decrease the costs by increasing the amount of political information available, thereby providing incentives for citizens to collect and think about political issues. One important driver is a multiparty system and the party competition logic that arises from such systems. Parties in a multiparty system differentiate themselves as much as possible from the parties around them in an effort to mobilize their base of support. This involves an increase in the access to and quality of information available to the public, decreasing the cost of collecting information. Polarization of the party system therefore seems to have positive effects on the voters' knowledge levels and ideological comprehension (Vegetti, Fazekas, & Meder, 2016).<sup>3</sup> Furthermore, the electoral system can decrease the information costs for citizens. If the votes and outcomes (in terms of seats) are not congruent, the usefulness of even accurate information is limited. Therefore, whether a nation practices first-past-the-post or the proportional translation of votes to seats could have consequences for an individual's political knowledge about political parties' ideological positions. In a first-past-the-post system, citizens retain uncertainty about the policy implications of any set of outcomes, whereas in countries with proportional representation (PR) voters are likely to know the party's real position and the policy implications. In the PR-environment information would be available, accurate and predictive of policy outcomes – and therefore worth collecting for the citizens (*ibid.*, p. 140).

Other scholars highlight socio-economic egalitarianism as crucial for the distribution of knowledge within a society (Milner, 2002; Grönlund & Milner, 2006; Fraile, 2013; Iversen & Soskice, 2015). In this literature, at least three institutions or policies<sup>4</sup> are seen as crucial for an equal distribution of political knowledge. First, Milner (2002) draws a divide between countries with low and high 'civic literacy'. According to this view, high-civic literacy societies effectively manage to engage citizens in politics, reduce information costs and motivate citizens to collect information partly due to their focus on public education. Educational policies in such societies make sure that all citizens have the cognitive tools at hand to grasp a minimum of

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<sup>3</sup> However, this effect declines as the number of political parties increases significantly. As the numbers of parties grow, the shades of distinction between them decrease, and the information demands on the voters go up (Gordon & Segura, 1996, p. 131).

<sup>4</sup> In line with Pierson (2006) I treat public policies as institutions.

political issues. Through extensive public primary and secondary education as well as free and universal higher educational training, access to knowledge for all citizens is ensured. In a similar study, Iversen and Soskice (2015) assess the relationship between information levels and mass polarization in 20 Western democracies. They find that countries cluster into two types: one group of countries with low mass polarization, high economic inequality and low information levels (the United States being the prime example) and another group with high ideological polarization, low inequality and high information levels (i.e. Scandinavia). They ascribe a part of this finding to education: more equal education opportunities reduce income inequality and also affect the dispersion of political information by making the cost of acquiring more information smaller. Moreover, Iversen and Soskice assign the clustering of countries to a second institutional feature: the strength of unions. Strong unions produce wage compression, especially when wage bargaining is centralized, which decreases inequality. Moreover, many unions have political ties to the left and seek to mobilize and inform their members about politics, thereby cultivating political discussion both inside and outside the workplace. According to the authors, then, public education and strong unions not only enhance economic inequality; they are also strong predictors of information distribution within a citizenry (Iversen & Soskice, 2015, p. 1807).

Finally, socio-economic, redistributive policies present in ‘high civic’ countries serve to reduce knowledge gaps drastically. Milner (2002) points to the fact that societies characterized by high levels of civic literacy are those with a firm set of social policies aimed at the redistribution of economic and cultural resources. Fraile (2013) argues that the greater the effort of political actors to redistribute economic and cultural resources, the higher the number of opportunities for citizens to acquire information as citizens. When the government makes all citizens contribute to the general welfare through the tax scheme and offers universal services and social protection, the daily lives of the average citizens are intertwined with the workings and consequences of politics. In such an institutional environment, citizens are generally expected to be more motivated to stay informed about societal and political issues (Grönlund & Milner, 2006, pp. 396–399).

### 5.3 The Scandinavian Case Compared

Low levels of economic inequality thus seem to breed low levels of political knowledge inequality, and Fraile concludes that ‘egalitarian societies produce better-informed citizens’ (Fraile, 2013, p. 133). The rest of this chapter explores these theoretical expectations by studying 20 democracies with a special emphasis on Scandinavian countries. There are several reasons to suspect that knowledge inequality is less pronounced here. First, low inequality is commonly viewed as a key ingredient of the Nordic welfare model (see e.g. Kautto et al., 1999). The ideal of equality, borne by

strong social democratic parties, has played a central role over the last century and has characterized the development of the Nordic welfare state. As social democratic welfare regimes and coordinated market economies, Denmark, Norway and Sweden are well known for comparatively low income inequality, compressed wage structures and low poverty rates (OECD, 2015). Second, as 'consensus democracies' with proportional electoral systems, the Scandinavian countries are moderately polarized and fragmented political systems with broad representation of many parties in parliament (Lijphart, 2012). Finally, Denmark, Sweden and Norway are often coined 'knowledge democracies', with a strong emphasis on knowledge in the general governance of the state (Christensen, Gornitzka, & Holst, 2017). Comparatively speaking, the Scandinavian countries spend a high share of annual GDP on public education, and they fund their public broadcasters extensively (see e.g. Engelstad, Rogstad, & Larsen, 2017). Scandinavia's 'knowledge regimes', social democratic welfare services and party systems thus provide good reasons to expect that the knowledge gaps are relatively smaller here than elsewhere.

In the next sections, I explore this assumption by first presenting descriptive figures and tables contrasting the knowledge gaps in the Scandinavian countries with those in the United States and comparable OECD democracies. Then, the following questions are explored in a multilevel analysis: Are knowledge gaps generally smaller in countries with proportional, multiparty systems? And do low inequality and redistributive policies affect knowledge inequalities?

### 5.3.1 Data and Operationalization

The data applied in the coming analysis is the Comparative Study of Electoral Systems (CSES)<sup>5</sup>. The CSES data provides two possible measures of political knowledge. First, the data includes a battery of "trivia"-like political knowledge questions. Respondents are asked to name a specific minister; what the unemployment level is; and other questions about current political affairs. This measure has, however, been met with criticism from several fronts. General knowledge questions do not tap into the use of heuristics and underestimate the true knowledge level of the voter (Popkin, 1994; Lupia & McCubbins, 1998). Others make the point that the questions are not randomly selected from the universe of political facts and that many topics relevant for an otherwise informed voter are left out (Lupia, 2016, p. 221). Another important objection is the lack of standardization of the questions across countries. Elff (2009, pp. 18–19) concludes with serious doubts about the equivalence of the knowledge questions

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<sup>5</sup> For a thorough discussion of this chapter's methodological choices and data, see Hesstvedt (2016, pp. 19–40). Accessible from <http://urn.nb.no/URN:NBN:no-54529>

employed in election studies such as that of the CSES and advises researchers not to use the measure at all.

Second, CSES includes data about voter and expert-placement of political parties on the left-right scale. In the following analysis, I make use of these variables to construct a measure of a specific form of political knowledge, namely *ideological understanding* (also referred to as ideological comprehension or party system expertise). This construct captures citizens' ability to recognize the positions taken by parties on a political left-right scale, and is a common way of operationalizing political knowledge in comparative studies (see e.g. Gordon and Segura, 1997; Fortunato, Stevenson & Vonnahme, 2016; Vegetti, Fazekas and Meder, 2016). Knowing where parties stand with respect to each other implies that the citizen is able to predict who is likely to do what when elected (Vegetti, Fazekas, & Meder, 2016, p. 4). It is also uncontested that the left-right scale structures Western European party competition and political behaviour (Inglehart & Klingemann, 1987; Blais, 2006; Golder, 2010) in the same way as the liberal-conservative continuum structures American politics (Conover & Feldman, 1981; Fiorina, 2008).

I measure ideological comprehension by comparing the voters' perceptions of left-right positions to the parties' *objective* positions. In the CSES data, respondents and national election researchers were asked to place the largest parties on a ten-point left-right scale. The dependent variable is therefore constructed by calculating the absolute distance between respondents' and experts' judgments of parties' ideological positions, quantifying to what degree a respondent has 'misjudged' a party's left-right position.<sup>6</sup> In the following analyses, a value of zero means low ideological comprehension and a score of ten means perfect ideological comprehension.<sup>7</sup>

The 20 countries included in the analysis are all established democracies and a part of the so-called OECD group.<sup>8</sup> The data applied in the multilevel analysis of these

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<sup>6</sup> There are several other ways to construct this measure. While I make use of the *absolute* distance between expert and respondent judgements, Vegetti et al. (2016) present a distance measure between experts' and respondents' orderings of parties, while Gordon and Segura (1997) suggest that the respondent sample mean can serve as parties' objective position. In Hesstvedt (2016) the latter measure is applied as a robustness test, finding insignificant differences between the expert-based measure and the sample mean-based operationalization.

<sup>7</sup> Two dependent variables make up the basis for the following analysis: one that calculates the differences between expert and respondent placement of five parties and a second that applies two parties. The analysis yields similar results for these variables. In the results shown in this chapter, the two-party variable is applied.

<sup>8</sup> The countries are Australia, Austria, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, The Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom and the United States. See Appendix A.1 for countries' years and N.

countries comprise a pooled dataset consisting of CSES rounds two, three and four.<sup>9</sup> The advantage of multilevel analysis is that it takes into consideration that macro variables may influence individual behaviour (Jones, 2008, p. 1). Multilevel-analysis controls for voters being nested in identifiable contexts (countries) and that they collect information within these macro-political environments (Anderson & Singer, 2008, p. 566). These environments can come in the form of formal institutional rules or in the form of differential economic, social and political conditions that shape people's interpretations and actions. As I apply several rounds of the CSES data, the analysis consists of three levels: individuals (level 1), which are nested in country years or elections (level 2), which belongs to countries (level 3).

To measure the level of economic inequality, the Gini coefficient is applied. A Gini index of zero represents perfect equality, while an index of one implies perfect inequality. The income distribution can be calculated on the basis of the population's net income – that is, post taxes and transfers or by the gross income (i.e. before taxes). I apply the post-taxes distribution as it expresses the disposable income and also to a certain extent whether the government has engaged in redistribution through means of taxation.<sup>10</sup> To operationalize multiparty systems the analysis includes a measure of the effective number of parties (ENP) proposed by Laakso and Taagepera (1979), the standard numerical measure for the comparative analysis of party systems (Caulier & Dumont, 2003, p. 2). Moreover, a set of socio-demographic control variables are included: education, gender, age, income and party identification.

### 5.3.2 Political Knowledge Gaps: A First Glance

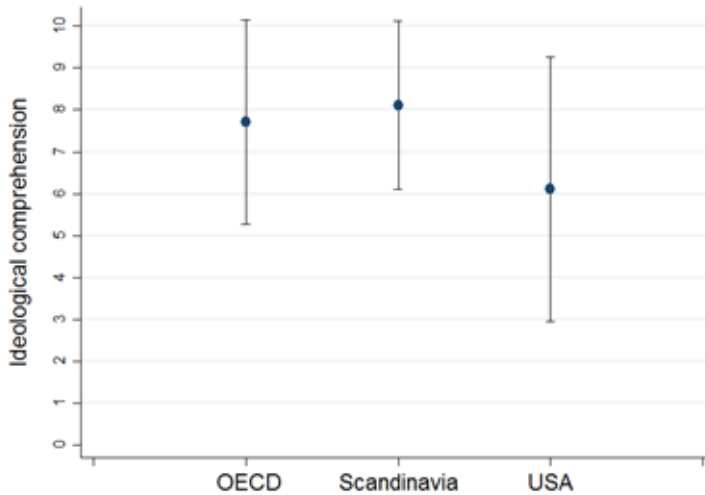
In the figures below, Scandinavian citizens' knowledge levels are compared to citizens in the United States as well as to voters in the remaining 16 OECD countries. Note that the variable is coded so that a high score (10) means that the respondents display high levels of ideological comprehension and no deviations from the expert placement. A score of, for example, 8 indicates that the respondent misjudged a party by two scale-units.

Figure 5.1 is a first, simple illustration of the knowledge gaps in the three country groups. It shows the mean ideological comprehension (indicated by the circles) and the standard deviation (the black lines). The figure reveals a narrower knowledge gap in Scandinavia – illustrated by Denmark, Norway and Sweden's lower standard deviation (1,96) compared to the OECD group (2,36) and the United States (3,16).

<sup>9</sup> CSES round one is not used due to poor standardization of the variables related to the dependent variable. In particular, inconsistencies in the coding of missing and 'don't know' answers make it difficult to compare left-right placement in round one to rounds two to four.

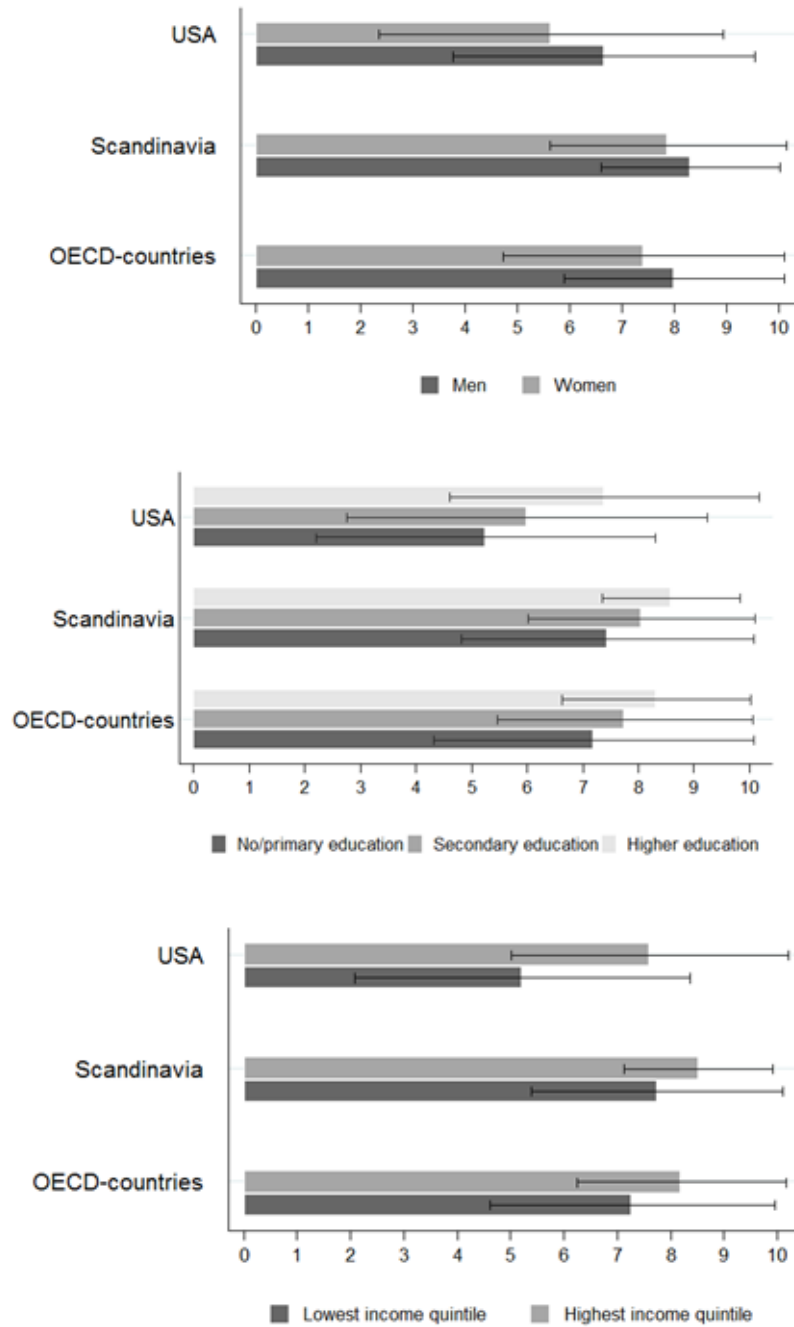
<sup>10</sup> See <http://data.worldbank.org/indicator/SI.POV.GINI>

However, as several countries are lumped together in the OECD-groups, the figure does not show that some countries have higher absolute political knowledge means than Scandinavia. Canada, Switzerland and France (see Appendix A.2.) all have higher means of political knowledge than Norway and Sweden (but not Denmark).



**Figure 5.1.** Means and standard deviations. Ideological comprehension in 16 OECD-countries, Scandinavia and the United States

Figures 5.2, 5.3 and 5.4 compare knowledge levels across groups. In Figure 5.2, the bars visualize average ideological comprehension among men and women, while the black line marks the standard deviation. Men and women are more similar in Scandinavia: the mean knowledge difference between genders is 0,3 in Scandinavia, compared to 0,5 scale units in OECD countries and 1,0 scale unit in the United States. Illustrating similar patterns, figures 5.3 and 5.4 show that citizens with little education and low income lag behind highly educated and well-earning citizens to a much smaller extent in Scandinavia than in the United States. While the difference in political knowledge between voters with no or only primary education and those with higher education is 1,2 scale units in these countries, the number is 2,1 in the United States. Moreover, the low-income group in Scandinavia (i.e. respondents belonging to the lowest income quintile) displays relatively higher levels of knowledge than their counterparts in both the OECD countries and the United States.



Figures 5.2–4. Mean political knowledge by gender, education and income. Standard deviations indicated by black line

### 5.3.3 Multilevel Analysis

To explore whether knowledge gaps vary across countries due to inequality and political systems, results from the multilevel analysis are presented in Table 5.1. Models 1 to 3 show the effects of the party system, income inequality and individual background characteristics. The fourth and fifth models analyse whether education is more important for knowledge levels in the United States than in Scandinavia, by introducing cross-level interaction effects. Finally, Models 6 to 8 explore the impact of institutions in general. Here, cross-level interaction effects between income-inequality and education, gender and income are introduced to determine whether the knowledge gaps are smaller in egalitarian countries than in unequal countries.

Model 1 shows, as expected by Granberg and Holmberg, that ‘the political system matters’. There is a significant positive relationship between the number of parties in the party system and ideological comprehension when controlling for ‘extreme’ polarization measured as a squared effective number of parties. The effect of a multiparty system disappears, however, when the Gini coefficient is introduced in Model 2. The absence of the effect when controlling for inequality could indicate that political institutions and redistributive policies are simply two sides of the same coin: countries with a multiparty system also tend to redistribute more, and there is an indirect effect of the party system through socio-economic policies (see e.g. Iversen & Soskice, 2006). The effect of the Gini coefficient remains strong and significant when introducing individual level variables in Model 3. The predicted effect of -7,61 means that when going from the country with the lowest level of inequality, Denmark, to the country with the highest level of inequality, the United States, the predicted level of ideological comprehension increases by 1,24 scale-units.

Overall, models 2 and 3 reveal that education has the strongest effect on ideological comprehension: the average difference in knowledge levels between individuals with no education and a citizen with a university degree is one scale unit, controlled for the other variables in the model. All else being equal, women display 0,25 scale-units of lower levels of ideological understanding, and individuals with a high income have better ideological understanding than those with low income.

However, the differences between groups are reduced when taking the institutional context into account. Models 4 and 5 investigate whether the knowledge gap is smaller between educational groups in Scandinavia and the United States by introducing a cross-level interaction between education and a dummy for Scandinavia and the US, respectively. The differences between the two effects illustrate the expected tendencies: In Scandinavia, the effect of higher education is 0,05, while the same effect is 0,58 in the United States. This means that while highly educated American citizens exhibit considerably higher political knowledge than the uneducated, there is merely a weak such tendency in Scandinavia. However, the direct effects of the country dummies reveal that the effect of being a Scandinavian citizen does not significantly increase the probability of having a high score on ideological comprehension, while being an



Table 5.1. Multilevel regression analysis.

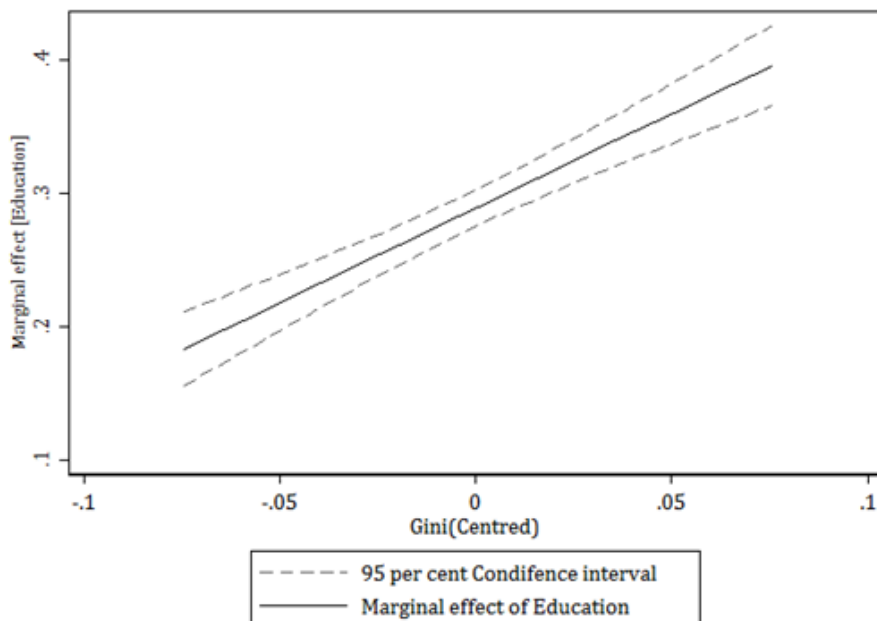
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
<i>Level-2 variables</i>								
Multiparty system	0.124* (0.060)	-0.008 (0.062)	-0.017 (0.054)	-0.014 (0.055)	-0.022 (0.052)	-0.015 (0.055)	-0.016 (0.054)	-0.017 (0.054)
Multi-system squared	-0.084* (0.043)	-0.038 (0.039)						
Inequality (gini)		-7.613** (2.033)	-7.032** (1.800)	-6.694** (2.186)	-6.055** (1.799)	-7.108** (1.816)	-10.85** (1.841)	-6.510** (1.803)
Scandinavia dummy				0.059 (0.184)				
USA dummy					-0.629* (0.270)			
<i>Level-1 variables</i>								
Gender (woman)			-0.252** (0.010)	-0.251** (0.010)	-0.252** (0.010)	-0.251** (0.010)	-0.252** (0.010)	-0.257** (0.010)
Age			0.010** (0.002)	0.010** (0.002)	0.009** (0.002)	0.010** (0.002)	0.011** (0.002)	0.010** (0.002)
Age squared			-0.000** (0.000)	-0.000** (0.000)	-0.000** (0.000)	-0.000** (0.000)	-0.000** (0.000)	-0.000** (0.000)
Education			0.285** (0.007)	0.292** (0.007)	0.260** (0.007)	0.289** (0.007)	0.280** (0.007)	0.285** (0.007)
Income			0.099** (0.004)	0.098** (0.004)	0.097** (0.004)	0.098** (0.004)	0.107** (0.004)	0.099** (0.004)
Party identification			0.066** (0.010)	0.065** (0.010)	0.064** (0.010)	0.065** (0.010)	0.063** (0.010)	0.066** (0.010)
<i>Interaction effects</i>								
Scandinavia*education				0.048*				

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
USA*education				(0.019)	0.582** (0.032)			
Gini*education						1.413** (0.173)		
Gini*Income							1.275** (0.108)	
Gini*gender								-1.095** (0.286)
Constant	8.134** (0.100)	8.059** (0.081)	7.801** (0.053)	7.795** (0.059)	7.827** (0.053)	7.806** (0.054)	7.778** (0.054)	7.804** (0.053)
<i>Estimates of variance</i>								
Country (level 3)	0.070** (0.050)	0.013+ (0.033)	0.007 (0.025)	0.008 (0.025)	0.009* (0.022)	0.009+ (0.025)	0.007 (0.025)	0.007 (0.025)
Country year (level 2)	0.108** (0.032)	0.115** (0.036)	0.109** (0.031)	0.107** (0.031)	0.095** (0.027)	0.107** (0.031)	0.110** (0.032)	0.109** (0.031)
Residual (level 1)	1.802** (0.009)	1.802** (0.009)	1.527** (0.009)	1.527** (0.009)	1.519** (0.009)	1.525** (0.009)	1.524** (0.009)	1.527** (0.009)
N level 1	75788	75788	61972	61972	61972	61972	61972	61972
level 2	73	73	73	73	73	73	73	73
level 3	20	20	20	20	20	20	20	20
Log lik.	-129974.465	-129969.063	-101164.438	-101161.151	-100999.963	-101131.023	-101094.588	-101157.095

\*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$ . Standard errors in parantheses. Dummy-coded variables (1): Gender (woman) and party identification (do identify with a party). Education: four groups, centred. Income: five groups (quintiles). Effective number of parties, Gini, HDI, age and age squared are centred and continuous. OLS regression, ML estimation. Missing excluded from the analysis.

American significantly affects the chances of being less knowledgeable. This means that while the educational knowledge gap is lower here than in the United States, the Scandinavians do not have a higher knowledge level than the other citizens in the sample.

If we turn to the effect of institutions on knowledge gaps between groups, we find further support for the claim that context matters. Models 6-8 explores whether the level of inequality in a country affects the differences in knowledge levels between educational groups, high and low-income groups, and men and women. The interaction effects between the Gini coefficient and citizens' education, gender and income are all significant. What does this mean? To illustrate the effect, figure 5.5 plots the marginal effect of education on the y-axis and the country's Gini index on the x-axis. The dotted lines display the confidence interval, and the full line shows the estimated interaction effect between education and the Gini index on ideological comprehension.

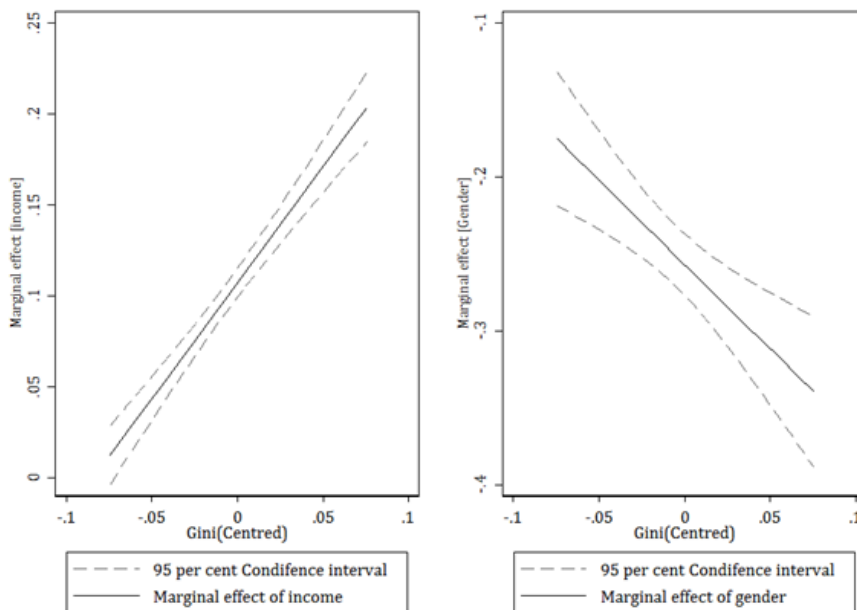


**Figure 5.5.** Interaction effect between inequality and education. Marginal effects.

The steepness of the line illustrates that the education effects are conditioned by the socio-economic context. The marginal effect of education increases in strength as we move along the horizontal axis, from low-inequality countries to high-

inequality countries. In the most unequal countries the marginal effect of education on ideological comprehension is considerably higher than in the countries with the lowest inequality. Hence, the knowledge gap between well-educated and uneducated groups in a high-inequality country is 1,20, whereas the same difference in a socio-economically equal country is 0,54. This means that education is twice as important for understanding ideology in unequal countries.

Model 7 and 8 also suggests a gap between income groups and gender in high-inequality countries. The effect is illustrated in the marginal effect plots of gender (in the square to the left) and income (to the right) in the figures below.



**Figure 5.6.** Interaction effect between gender and inequality and income and inequality. Marginal effects.

Figure 5.6 confirms the expectations presented earlier. It illustrates that the negative effect of gender increases with rising inequality levels. Women in countries with a low degree of inequality tend to be more ideologically knowledgeable than women in more socio-economically unequal countries, when controlled for other variables.<sup>11</sup>

<sup>11</sup> The marginal effect of gender in a low-inequality country is -0,18, and in a high-inequality country it is -0,34.

The figure to the right shows that the marginal effect of income increases as the inequality level increases. For countries with the lowest levels of inequality, income has no significant effect on ideological comprehension, while in the more unequal countries the effect is 0.21.

## 5.4 Knowledge Gaps and Inequality: Exploring the Relevance of Scandinavian Institutions and Policies

The major finding in this chapter is that citizens living in countries with a high degree of socio-economic equality are also relatively more equally informed. Equality reduces the effects of the well-established and well-documented predictors of political knowledge. Regardless of income, education and gender, citizens in more socio-economically equal countries are more motivated and able to pay attention and invest their time in understanding what politics and ideology are all about. In contrast, individual resources are apparently more important in unequal countries, such as in the United States, to be able to grasp party ideology. With regard to Scandinavia, citizens of these countries do not necessarily know more about politics than citizens in comparable democracies in Europe. Rather, they exhibit more *equally* knowledgeable citizens. In short, then, socio-economic equality matters for political knowledge. The question that remains is why there is a relationship between these two resources: why do equal countries, such as those in Scandinavia, also tend to have a more equally informed public?

A first explanation could be that the general level of inequality more or less directly affects the distribution of political knowledge. Studies that lean on relative resource theory (Goodin & Dryzek, 1980; see e.g. Solt, 2008), for example, claim that if income and wealth are more concentrated, power will also be more concentrated, and the less affluent will find that the issues debated are not those that interest them. Economic inequality thus causes a feeling of 'outsiderness' among the poorer segments of the population, which leads them to political apathy. As power and wealth are skewed, there is no real possibility for being represented and heard, and poorer citizens give up discussing political matters and lose interest in politics. In such a situation, there would be few incentives to collect information and stay informed hence resulting in a skewed distribution of political knowledge at the aggregate level. A second, and related, explanation would be that the presence of both economic and knowledge equality is the outcome of specific institutions, policies and political choices. Such a perspective would mean that governments promoting redistribution tend to reallocate both material resources *and* political awareness. What are these specific policies and institutions? To understand why knowledge inequality is lower between genders, income groups and educational groups in egalitarian countries, one could point to the institutional or policy-related features of the Scandinavian countries that arguably can serve to reduce both income and knowledge gaps.

First, educational policies are a likely contributor. In Scandinavia, access to higher education and a publicly funded school system has been a core element of the Nordic welfare state model (Christensen, Gornitzka, & Holst, 2017, p. 244). Students benefit from generous public support for primary and secondary education as a large share of GDP per capita is spent on such measures. Furthermore, citizens have the possibility to pursue higher and high-quality tertiary studies by attending public universities or state university colleges due to extensive state funding. In contrast, countries such as the United States are characterized by moderate levels of public spending on primary, secondary and tertiary education, and private actors are much more prevalent in the education sector (Iversen & Stephens, 2008, p. 631). This can have consequences for egalitarianism both in terms of income and knowledge: The private funding of schools decreases children's probability of social mobility, and children in countries where the state invests in education have better future prospects (Roemer & Ünveren, 2017). Indeed, the widening of higher education in the Scandinavian countries over the last 20 years has increased greater participation among students from families with low levels of education (Christensen, Gornitzka, & Holst, 2017, p. 243). Public education can therefore be a crucial indicator of the extent to which those at the lower end of the socio-economic spectrum have access to a key resource in acquiring political information.

Second, since the Second World War, Scandinavian countries (Norway and Sweden in particular) are characterized by extensive social policy directed to all sections of the population. With a centralized bargaining system, the wage structure in Scandinavia is also relatively compressed. The result is that the gap between low-income and high-income groups is comparatively small (OECD, 2011, p. 22). Due to generous welfare services and social security nets as well as a relatively high minimum wage, citizens in the lower income quintiles in egalitarian countries might therefore, quite simply, have fewer economic worries than similar groups in countries such as the United States. As a result, people at the lower end of the income spectrum could have more time and resources to spare with regard to engaging in political and societal issues (Inglehart, 1971, 1997).

Third, the narrower gender knowledge gaps might be ascribed to active gender policies. The Nordic countries are today considered the most gender equal countries in the world, both with regard to their women-friendly welfare policies and women's participation and integration in politics and the public sphere. One of the main areas of welfare state innovation in Scandinavian countries are policies enabling women to enter the labour force, not only through providing day care but also through transfers such as paid parental leave (Iversen & Stephens, 2008). Individual and universal entitlements have included women and men in the welfare state on a more equal basis than has been the case in many other societies. This has resulted in the idea of the 'women friendly' state and a kind of partnership or alliance between women and the welfare state (Hernes, 1987). Today, a high level of women's labour force participation, educational attainment and participation in politics characterizes Scandinavia. In other words, gender policies have been important in empowering women and also promoting equality with regard to political knowledge.

## 5.5 Concluding Remarks: Citizenship in a Time of Rising Inequality

This chapter has argued for the relevance of an institutional perspective to understand the distributions of political knowledge within a society. In particular, the findings indicate that policies and institutions promoting redistribution and egalitarianism are important contributors to the distribution of citizens' non-material resources. Today, however, it is well-documented that within-country income inequality has risen dramatically in most Western democracies over the past decades. This holds true even for Scandinavian countries. While Norway, Sweden and Denmark all have lower income inequality than most other countries in Europe, inequality is increasing here as well. Norway has seen rising inequality in the period 1975–2004 (Mastekaasa, 2011), and in Sweden and Denmark inequality grew more than elsewhere in the OECD area in the 2000s (OECD, 2011, p. 22).

This not only raises economic and social concerns. As this chapter reveals, growing inequality also raises political-, democratic- and governance-related concerns. Political knowledge is not the only characteristic that is linked to inequality; several other studies point to the negative effects of inequality on different aspects of citizenship. Voting turnout, interest in politics and political discussion are affected by the level of inequality; citizens tend to distrust politicians and parliaments in unequal societies, and they are less satisfied with democracy (Solt, 2008; Schäfer, 2010; Andersen, 2012). Social trust, social tolerance, voluntary involvement in associations and social participation are also among the things that are significantly affected by the general level of socio-economic equality (Uslaner & Brown, 2005; Andersen & Fetner, 2008; Andersen & Milligan, 2011; Lancee & Can De Werfhorst, 2012).

In other words, there is no doubt that social inequality has widespread consequences for peoples' ways of enacting their citizenship. In the long-run, it can also affect the functioning of democracy as a system of governance. This is not only of urgent policy relevance but should also be the object of more systematic analyses. Which specific institutions and policies affect the inequality levels in regard to income and other aspects of citizenship? Are these institutions resistant to change over time? In a time of rising inequality, it is crucial that we learn more about the consequences of this pattern.

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## Appendix

**Table A.1.** Country and country years, N

Country year	N	Country year	N	Country year	N
Australia, 2004	1769	Germany, 2009	2095	New Zealand, 2011	1374
Australia, 2007	1873	Germany, 2013	1889	Norway, 2001	2052
Australia, 2013	3953	Greece, 2009	1022	Norway, 2005	2012
Austria, 2008	1165	Greece, 2012	1029	Norway, 2009	1782
Austria, 2013	1000	Iceland, 2003	1446	Portugal, 2005	2801
Canada, 2004	1674	Iceland, 2007	1595	Portugal, 2009	1316
Canada, 2008	4495	Iceland, 2009	1385	Spain, 2004	1212
Denmark, 2001	2026	Iceland, 2013	1479	Spain, 2008	1204
Denmark, 2007	1442	Ireland, 2002	2367		
Finland, 2003	1196	Ireland, 2007	1435	Sweden, 2002	1060
Finland, 2007	1283	Ireland, 2011	1853	Sweden, 2006	1547
Finland, 2011	1298	Italy, 2006	1439	Switzerland, 2003	1418
France, 2002	1000	Netherlands, 2002	1574	Switzerland, 2007	3164
France, 2012	2014	Netherlands, 2006	2359	Switzerland, 2011	4391
France 2007	2000	Netherlands, 2010	2153	United Kingdom, 2005	860
Germany, 2002	2000	New Zealand, 2002	1741	United States, 2004	1066
Germany, 2005	2018	New Zealand, 2008	1149	United States, 2008	2102
				United States, 2012	1929
<b>Total</b>	<b>93731</b>				

**Table A.2.** Ideological comprehension; country means

<b>Country</b>	<b>Mean</b>	<b>N</b>
Denmark	8,36	3468
Canada	8,23	6169
Switzerland	8,14	8973
France	8,10	5014
Germany	8,09	8002
Norway	8,04	5846
Spain	7,99	2416
Australia	7,99	7595
Sweden	7,93	2607
Finland	7,91	3777
Greece	7,89	2051
Netherlands	7,87	6086
Iceland	7,84	5905
Portugal	7,59	4117
Austria	7,32	7595
Italy	6,59	1439
Ireland	6,51	5655
New Zealand	6,45	4264
United States	6,10	5097
UK	6,07	860
<b>Total</b>	<b>7,69</b>	<b>91506</b>

Lars Mjøset

## **6 Old and New Social Movements in the Nordic Countries: History and Future in an International Perspective**

### **6.1 Introduction**

Two broad processes have interacted to create the institutional complementarities that are celebrated as key features of the Nordic models.<sup>1</sup> We label them international integration and social mobilization. The five Nordic countries have been integrated into the Western core of the world economy under shifting great power hegemonies. At the domestic level, the mobilization of religious, farmers', workers' and women's movements have interacted with and influenced elite strategies, creating robust democracies and generous welfare states.

Today, these movements have fostered their own elites and influence routine politics in the Nordic economic area. At the same time, the Western core of the world economy, under US hegemonic leadership, faces major challenges due to uneven developments. A group of emerging economies in non-Western regions have become strong in economic terms (Amsden, 2004), with China as the largest and fastest growing. Despite the relative success of the Nordic countries, their present elites have been challenged by new social movements that address issues related to these uneven developments.

What are the chances that these new social movements will be as successful as the older ones in sustaining and revising institutional complementarities so that the Nordic models continue to both develop democracy and to remain successful in a world economy marked by the relative decline of the West? This is the question we seek to answer.

Present challenges result from three international crises. The climate issue is a truly global one, in the sense that it concerns the conditions for human survival on Planet Earth. The other two crises have occurred during a period through which capitalism has acquired more global reach. They affect the Nordic countries, however, as specifically European, EU-related crises in the areas of finance and migration flows.

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<sup>1</sup> This chapter reproduces parts of an analysis published in Norwegian (Mjøset, 2016a). I thank Knut Kjeldstadli for many interesting discussions after he launched the idea of studying the relationship between social movements and the Nordic models.

Each crisis is addressed by a social movement: the anti-globalization, the anti-waste/environmental movement and the anti-immigration movements. We analyze these three new movements in the Nordic area, comparing them with the older movements. They are all regarded as *cases of* social movements that organize to influence organizational patterns, rules and routines. As such, we compare the women's movement (section 6), the most recent of the old ones, with all three new ones (sections 10–12) using the same list of properties.

We utilize one conceptual framework for each of the two broad processes. We relate international integration to hegemonic shifts (section 2) and social mobilization to political contention (section 3).

## 6.2 Hegemonic Shifts in the Modern World Economy

Table 6.1 provides a stylized model of hegemonic shifts (Mjøset, 1990; Arrighi, 1994). It allows us to situate the Nordic countries in the broader context of world economic developments since the Industrial Revolution. The two dominant great powers in the world economy have been Great Britain and the United States. Macro-historical analysis of their respective experiences as hegemonies shows that both pass through a three-phase sequence. In the first period (regulated internationalism in Table 6.1), the hegemonic state is superior with respect to all the three main sources of dominance: real economic, financial and military power (see also Table 6.2 below). This constellation borders on a world state in which the hegemon is the workshop of the world, its financial system is the world's central bank, and its military forces are the world's police-force. Superior wealth allows the hegemonic country to generously support its various allies. This applies at least to the core regions of the world economy.

In the second phase (globalization in Table 6.1), hegemony is under pressure as unequal economic development challenges the real economic superiority of the hegemon, which will use its remaining financial and military power to further its own more exclusive interests. In this period, emerging great powers catch up with the hegemon. This equalization of real economic power reduces the international capacity for 'world state' policy-making. There is no hegemonic power with the generosity to solve the tensions between older great powers and younger emerging economies. In the case of British hegemony, this led into the third phase, a long period of fragmentation from 1914 to 1947. If we observe growing fragmentation today, we have only that one case to compare with.

This framework is an ideal type that invites detailed, historically sensitive comparisons across the periods defined. It must not be interpreted as a determinist cyclical philosophy of history.

Under British hegemony, the world economic core was first North-Western Europe. In the first globalization period (1870s–1914), the US and Germany caught up with Britain within the Western Atlantic region. During British hegemony, the Nordic

Table 6.1. Phases of hegemony – periodization and regions

Period	Phase of hegemony	Hegemonic country	Uneven development
1814–1870	Regulated internationalization	Britain	Diffusion of British technology in Continental Europe, Norden included
1870–1914/29	Globalization		Catch up by infant great powers, especially Germany and the US catching up with Britain's lead in productivity and income per capita
1914/29–1947	Fragmentation Inward turn		Two world wars and a turbulent interwar period, many countries turning to self-sufficiency strategies in response to the interwar economic crisis
			<i>Atlantic/West-European leading zone</i> <i>Middle East, South Asia – conflict zones</i> <i>East-Asia – starting to catch up with the West</i>
1947–71	Regulated internationalization	United States	Western Europe's nation-welfare states catch up with the US
1971–90	Globalization		Tensions US/EU      Israel/Arab conflicts, Afghanistan, Lebanon      East Asian newly industrializing countries (NICs)
1990–			EU integration offensives: Gulf war, single market, monetary union Iraq      China (the 'China boom' of the world economy)
2008?	Fragmentation? Inward turn?		EU integration setback      Syria      Slowdown of China's growth

countries were integrated into the world economy. Following the fragmentation of the early 20<sup>th</sup> century (1914–1945), US-regulated internationalism during the first Cold War decades established a highly favourable international environment for the emerging Nordic models. Both the Nordic and other Western European countries caught up with the US in the early 1970s (Maddison, 2007).

The closer we get to the present, the harder it is to observe turning points. It makes little sense to judge whether we are today still in the second period of globalization or whether the world has entered a new period of fragmentation since 2008. It is more important to compare the two periods of globalization (Table 6.1). The second period differs from the first in at least four ways.

First, the world economic growth engine has shifted out of the Atlantic/Western European area. China is replacing the US as the most important ‘workshop of the world’. Second, the political system of the hegemonic country now embodies the principles of democracy (a specific variety with presidential rule, majority voting and other properties that can be specified comparatively), while in the earlier period, Great Britain was not a democracy. All the main Western-Atlantic-European great powers, the main partners of the hegemonic state (the US), combine capitalism and democracy in one way or another. Third, US hegemony has, since 1949, coexisted with an internationalist attempt at consolidating ‘world state’ coordination. The United Nations (UN) is a cluster of international regimes coexisting uneasily with the single hegemonic state. Fourth, the challenge of global warming is an entirely new issue on the international agenda. The productivity of modern capitalism has since the Industrial Revolution depended not only on radical technological innovation but also on fossil fuel resources (Sieferle, 1990). The severe global environmental problems of such a mode of economic growth, however, have only been known since the 1980s.

With reference to the systematic framework in Table 6.1, Table 6.2 relates these present crises to the US response to uneven developments through the most recent period of globalization – that since the 1970s.

**Table 6.2.** Present US exercise of hegemony, crises and new movements

<b>Property of hegemony</b>	<b>Uneven developments</b>	<b>US exercise of hegemony</b>	<b>Crisis</b>	<b>New social movement</b>
Real economic dominance	Emerging economies catch up	Weak environmental policies: Highest per capita emissions	Global warming	Environment (anti-waste)
Financial dominance	Financial instability at the core	Mismanagement of world central bank function	Financial crisis	Anti-globalization
Military dominance	Conflict zones, failed states	Mismanagement of world police role	Refugee crisis	Anti-immigration



Below, we first define democracy (section 3) and study its development in the Nordic area (section 4). It should be noted here that at the international level, there is no full-fledged state that can be democratized. As the model in Table 6.1 shows, international relations in the industrialized world are marked by shifts between anarchy/fragmentation and a world state surrogate in the form of dominance by one great power acting as the hegemon. We then provide a closer analysis of the emergence of the three crises after 1970 (Table 6.2): As to real economic dominance, section 7 studies uneven development in the world economy. As to financial dominance, section 8 investigates how the US has managed its role as the implicit central bank of the world economy. Finally, concerning military dominance, section 9 relates the refugee crisis to the US' policing of the world.

### 6.3 Trajectories of Democratization and De-democratization

Our framework for the analysis of social mobilization draws on Charles Tilly's analysis of democracy. In Tilly's terms (2004a, p. 8), contestation is 'politically constituted actors' making of public, collective claims on other actors, including agents of government'. In his view, democracy emerges from public contestation. McAdam, Tarrow and Tilly (2001, pp. 41ff.) devised a dynamic model of episodes of social contention. Mobilization by social movements is one among several forms of contentious politics (as opposed to routine politics), others being for example strikes, war-mongering or nationalist manifestations.

Claims are made in issue areas, areas of political and social development where economic or cultural cleavages are defined with reference to inequalities that are perceived as unjust and/or to risks that are seen as threatening. If these problems are not addressed within routine politics, collectives of actors form social movements that make public claims for change in organizational patterns, rules and routines. In this way, 'innovative collective action' results from the interaction between challenger movements and a set of (elite) state actors (McAdam, Tarrow, & Tilly, 2001, p. 45).

A political regime is a 'set of relations between states and citizens' (Tilly, 2004a, p. 13). A regime is seen as *democratizing* if we find 'increases in the breath and equality of relations between governmental agents and members of the government's subject population, in binding consultation of a government's subject population with respect to governmental personnel, resources, and policy, and in protection of that population (especially minorities within it) from arbitrary action by governmental agents' (Tilly, 2004a, p. 13f.). His shortest formula is that democratization is an increase in protected consultation. High levels of such consultation count as democracy. If processes increase the level of consultation towards such a high level, the political regime is in 'democratic territory', and we have *democratization*. If such levels decrease, we have *de-democratization*.

Tilly defines a capacity/democracy space, combining his indicators of democratization with an indicator of state capacity, understood as the ability of state agents to intervene and significantly affect citizens' resources, activities and interpersonal connections (Tilly, 2007, p. 16). Within this space he distinguishes three ideal types of state trajectories, labelled strong, medium and weak. The *strong trajectory* involves high state capacity relative to the level of democratization, especially in the early part of the trajectory. It may thus generate an authoritarian state or at least extended periods of de-democratization. The *weak trajectory* hardly arrives at democracy since early efforts are undermined by a combination of elements from three processes. First, trust networks (trading diasporas, kinship groups, religious sects, credit circles etc.) remain segregated from the regime. Second, the state reinforces the organization of society around boundaries that separate groups of people who differ collectively in their life chances (class, race, gender, caste, ethnicity, nationality, religion etc.). Third, autonomous control centres operate outside of the control of public politics and the regime's regular citizen-state interactions (Tilly, 2007, pp. 74–76).

In the *medium state trajectory*, each increment or decrement of state capacity is 'matched by similar change in the degree of democracy' (Tilly, 2007, p. 163). The state has already begun to build some capacity when it enters democratic territory. It has some capacity to suppress autonomous power centres. As state capacity rises simultaneously with democratization, the stakes increase, and control of the state becomes increasingly valuable for strong groups. Compared to strong state trajectories, the medium path is 'more at risk to intense domestic confrontation short of revolution' (Tilly, 2007, p. 163). De-democratization may follow from a reversal in one or more of the basic processes relating to trust networks, categorical inequalities and/or autonomous power centres (Tilly, 2007, p. 164). But if such reversals are avoided, the political regime will be marked by a combination of high state capacity and robust democracy.

The Nordic countries belong to the medium trajectory. In the following, we shall see how social movements were crucial to the emergence and development of democracy in the Nordic countries.

## 6.4 Social Movements, Elites and Democracy in Norden's Development

Since the first period of British hegemony, the Nordic countries have functioned as *developmental states*. They have been able to catch up, moving closer to international best practice in terms of macro-economic growth and other performance indicators. As small open economies, they have utilized leading technologies to transform their economies, upgrading resource-based exports and developing adequate manufacturing skills as well as transforming non-industrial sectors.

One set of reasons for this development success was a historical legacy from pre-industrial Northern Europe. The prevailing family form (since at least around the year 1000) was characterized by postponed marriage, two-generation peasant households and the relatively strong status of women, despite a considerable amount of paternalism. In certain respects, the legal institutions of this agrarian society implied that women were consulted. Notably, married women were co-founders of self-reliant agricultural households, not just an element introduced into the husband's family.

Furthermore, after the 16<sup>th</sup> century Lutheran reformation, Protestantism and Pietism had one major consequence for the broader population of Northern Europe: extensive literacy, in particular reading skills generalized at an earlier time than in other areas of Europe. A main Lutheran idea, namely, was that the congregation should read religious texts in the vernacular language. The Lutheran state church linked religious communities to the state in marked contrast to Southern Europe, where the Catholic Church remained a crucial autonomous power centre (Rokkan, 1999).

In most countries, social movements began to flourish *after* democracy had been established (Tilly, 2004c, p. 181). But Tilly exempts the Nordic area from this rough generalization. The Nordic countries actually had 'special purpose associations' since the mid-18<sup>th</sup> century (Tilly, 2004b, p. 59). The Nordic countries comprise the only regional cluster in which social movements consistently emerged *before* the transition to democracy (Tilly, 2004b, p. 58, using data from Collier, 1999). The first such associations in Norden emerged when the combination of high literacy rates and Lutheranism created revivalist religious movements in the region. Such so-called 'conventicles' started in the 18<sup>th</sup> century as separate trust networks, but their main achievement was to secure the first sprouts of an independent civil society with some degree of freedom of speech and association (Nielsen, 2009). Further causes of the Nordic success can be related to the contentious politics of a series of further social movements that have challenged the routine politics of the elites.

In the wake of the religious movements, peasant movements mobilized in the early 19<sup>th</sup> century. They secured consultation between state elites and the agrarian population. The movements pushed for novel institutions (local government legislation in Norway and Denmark) or sounded their voice within an inherited estate system where owner-occupier peasants were represented as a separate estate (Sweden and Finland). The state would bargain with representatives of local communities on major issues such as taxes and conscription of younger males into the armed forces (Mjøset & Van Holde, 2002). While not securing full, formal democracy, the peasant movement contributed significantly to self-determination in rural areas. Trust in the state prevented the formation of regionally based autonomous power centres. In urban areas, guilds – non-state trust networks – were dismantled by state decree in the 19<sup>th</sup> century. Given the state church institutions and

the quite high ethnic homogeneity of the Nordic countries, cooperative institutions reproduced trust through binding consultation between state personnel and locally organized groups in civil society. In development studies, this feature – ‘embedded autonomy’ – has proven to be a crucial property of developmental states (Evans, 1995).

The pre-democratic social movements that we have mentioned gained concessions that represented crucial conditions for a specific combination of democracy and state capacities, which aided capitalist development. They contributed to trust in bureaucracy before the advent of formal parliamentary democracy (Shefter, 1993).

Relatively high degrees of trust, literacy and state capacity also enabled the Nordic countries to make good use of the technological impulses that were diffused from the leading economy, Britain, across the North Sea. In the 19<sup>th</sup> century, they developed competence institutions – school systems – that reproduced the high literacy rate. The educational level improved, sustaining an increasingly skilled labour force.

Throughout the first period of globalization (Table 6.1), the development of heavy engineering industry created new layers within the elite, while international coordination capacity was weakened. The relative size of the working class grew. Class emerged as a potentially disruptive type of categorical inequality in the decades before World War I.

This challenge triggered a number of inconsistent elite strategies, confirming Tilly's expectation of intense domestic confrontation in the medium state trajectory, both before and after World War I. Some employers favoured the paternalist integration of workers at the factory level. Conservative parties wanted to meet worker contention with repressive force. Bourgeois liberal parties tried to co-opt the autonomous mobilization of workers. At the margin, the interwar period also saw fascist groupings trying to pit farmers and the lower middle classes against workers. In the same period, there were considerable efforts among activists to consolidate a separate system of working-class organizations (a ‘proletarian public sphere’), potentially the start of working class trust networks that could have closed off from the state.

We have no space here to detail the separate developments in all five countries. We can only briefly summarize two main results of the confrontations before and after World War I. First, contentious politics – driven by farmers', women's and/or workers' movements – achieved equal manhood suffrage followed by universal suffrage in the 1910s and 1920s. This consolidated democracy in the formal sense, soon to be specified as a parliamentary system with proportional representation voting rules (only Iceland lagged). Party systems – reflecting cross-cutting cleavages – evolved to become a main institution of binding consultation between state elites and the subject population. With representative parliamentary democracy, farmer and labour activists – forming their own political parties – became increasingly

integrated in institutions that conducted routine politics while remaining closely tied to their various associations (labour unions, farmers' associations).

The second main result was the development of partnership institutions in the labour market. The interplay between an upgraded bourgeois elite and a mobilizing labour movement consolidated a structure of two, mutually opposed collective actors in the labour market: union confederations (Korpi, 1981) and corresponding employers' associations (Martin & Swank, 2012). Between them, they established frameworks for collective bargaining (Denmark 1899, Norway 1935, Sweden 1938) (Seip, this volume).

There were revolutionary sentiments, particularly in Norway and Finland, but learning processes inside the labour movements made all the Nordic labour movements converge on a non-revolutionary, reformist line. Working class trust networks were integrated into the political regime. The labour movement would accept a government based on bourgeois parties and vice versa. We have already seen that employers followed suit in the labour market, so there was little basis for the reproduction of business elites as autonomous power centres. Sweden's late democratization can be explained by the existence in some of its regions of larger agrarian estates combined with an aristocratic upper class that held many state offices. But comparison with Germany shows that the Nordic agrarian structure, consisting mainly of smallholder family farms, made a crucial difference (Rueschemeyer, Stephens, & Stephens, 1992, pp. 92ff.), even in Sweden.

The Labour parties entered longer-term government positions in the interwar period (Denmark and Sweden by the 1920s, Norway in 1935, Finland in 1938 and Iceland in 1939). In that period of inward orientation, state intervention and mixed economy strategies were necessary for these economies to cope, continuing adaptation and upgrading. The main elements of the Nordic models of economic and social policy-making can be discerned in that period, although strong complementarities between them evolved in the postwar period.

Since the late 19<sup>th</sup> century, rudimentary institutions of social protection (such as accident insurance) were established as employers became aware of risks related to industrial work. Once the labour and farmers' movements learned how to operate in government offices, they influenced innovations in routine politics. In the stylized model suggested by Korpi (1983), the Labour Party used their strength of numbers to dominate parliament through red/green – worker/farmer – alliances. This development from political to social democracy particularly benefited the lower classes, workers and family farmers on small plots.

In the postwar period, during US-led regulated internationalism (Table 6.1), the national institutional complexes were strengthened under a mixed elite that included representatives of both the farmers' and the workers' movements. In a context of successful postwar reconstruction and high economic growth, universal pension systems together with increasingly well-developed health systems, became the pillars of a generous and universal service-producing welfare state, reducing

categorical inequality, especially in terms of class. Having achieved formal democracy around World War I, these institutions deepened democracy by making substantive protection universally available as a citizens' right.

In the postwar period, the scattered arrangements were improved, consolidating *social citizenship*, with political rights bolstered by citizens' rights to a safety-net beyond their work income and personal savings. Those rights of course also entailed duties (taxation, conscription). As we shall see, however, in some of these welfare state institutions, women were not initially recognized on equal terms with the majority of males. This led to the mobilization that we cover in section 6. Complementary to this, the collective bargaining frameworks developed into comprehensive 'constitutions' for labour market negotiations and behaviour. This framework was mainly based on private law, with the state playing a withdrawn but facilitating role. If this was corporatism, it was nothing like the fascist 'from above' version but instead an arrangement emerging from powerful collective actors in civil society that remained the undisputed basis of a democratic political system.

All citizens were fairly equally exposed to the same public policies. Professions (such as economists and psychologists) supplied expert knowledge that increased the capacities of the state in terms of legitimate intervention into citizens' lives. Some ultra-liberal voices feared that this would cause the Nordic states to de-democratize into authoritarian regimes, but early postwar history proved them wrong.

The extension of political democracy into social democracy interacted in various ways with economic upgrading. The Nordic countries were transformed from poor, relatively backward countries into some of the most successful Western European nation-welfare states (Senghaas, 1985). The interplay between elites and movements created complementary institutional complexes that secured virtuous circles of economic development. Since the various institutional complexes (institutions of competence, cooperation and social protection) had many common features, and since experiences and plans were shared in inter-Nordic cooperative institutions, the term '*the Nordic model*' is often employed (Christiansen et al., 2006).

Certainly, there were varieties of this Nordic development. Here we shall just note that Finland and Iceland deviated from the relatively convergent patterns in Denmark, Norway and Sweden. The oldest preconditions (family form, Protestantism) were similar, but their later mixed state trajectories were different. In particular, there were different processes of intense confrontation during the growth of the working class since the early 20<sup>th</sup> century. The Finnish case was closer to a strong state trajectory, with obvious elements of de-democratization after the 1918 civil war and through the interwar period. The country barely avoided open authoritarianism, which was seen in the interwar Baltic republics. The Icelandic case was closer to Tilly's weak trajectory, with undeveloped institutions of cooperation and some quite exclusive trust networks controlling the state, weakening state capacity to address inequalities. In both cases, high levels of labour market conflict persisted into the postwar period in contrast to Denmark, Norway and Sweden.

## 6.5 Defining and Comparing Old and New Movements in Norden

In the mid-1980s, Beck (1986) coined the dichotomy between class society and risk society, indicating two historical phases of modern industrial capitalism. The comparison of the two phases reads like a comparison between the late 19<sup>th</sup>-century labour movement and the 20<sup>th</sup>-century early postwar anti-war, anti-nuclear movements. The risks and injustices that spurred the mobilization of the labour movement affected that specific class, not (or only to a small extent) other classes. In contrast, the risks unveiled by the anti-war/anti-nuclear movement affected not just the groups mobilizing but all citizens. The dichotomy appears to indicate a general difference between old and new movements in societies that, as the Nordics did, successfully secured and maintained democracy in the 20<sup>th</sup> century.

As we have seen, the achievement of full democracy created intense confrontation in the Nordic area during the interwar period. Successful social movements acted on the cleavages that led them to mobilize, revising and renewing routine politics, creating new organizational patterns, rules and routines. Since the end of the interwar confrontations, the Nordic area has been marked by relatively smooth transitions from contentious politics into its opposite: routine politics. We thus define old social movements in Norden as those that mobilized by establishing, securing and extending democracy, thereby reforming routine politics at the national level. Old social movements were *offensive* movements. Their claims could be recognized and solutions could be worked out at the *national* level, regardless of international conditions. They all related to democracy in one way or another. The first ones (revivalists, farmers) created important preconditions for democracy, and the later ones (workers, women) secured universal formal democratic rights and subsequently consolidated a set of social citizens' rights. This is our key conclusion concerning the impact of the old social movements on the Nordic historical path to the present.

We shall provide a more specified account of the most recent one among these offensive movements. The women's movement was already important in the mobilization for universal suffrage but gained new significance in the second period of globalization starting in the 1970s, as specified in the next section.

Returning to Beck's dichotomy, we can specify a definition of the three movements that address the three contemporary crises already discussed (Table 6.2, further specified in sections 7 to 9). As in the definition of risk society, these movements deal with risks that will affect everybody, both elites and lower strata in the social hierarchy. But that is not all. The new movements' claims address issues that root in the relations between nation states. For these reasons, the new movements are *defensive* ones. Their contentious politics defend national-level achievements against challenges that arise at the level of international coordination. As we have noted in section 2, in that realm there is not democracy. Rather, there is hegemony that passes through the different phases defined in Table 6.1.

We shall specify this distinction later (Table 6.3, section 13). Here it suffices to note that we study all these social movements as *cases of* contentious policy-making aiming to change organizational patterns, rules and routines. We relate to five properties of social movements considered as such cases: their background; their main claims; and how they relate to three features of routine politics – expert knowledge, party politics and bureaucracy – that are crucial to processes of institutional change in states marked by combined democratization and relatively successful integration into the world economy:

1. the historical background of the movement, and the main problems addressed;
2. the main claims and arguments in favour of changing organizational structures, rules and routines;
3. the movement's relation to expert knowledge;
4. the movement's relation to political parties; and
5. the movement's relation to administrative apparatuses.

The next section uses these properties to analyze the women's movement, and in sections 10–12 we analyze the three new social movements (Table 6.2) with reference to the same list of properties.

## 6.6 The Women's Movement

(1) Historically, the active women's movement emerged as part of the mobilization for universal suffrage (Finland 1906, Norway 1913, Denmark 1915, Iceland and Sweden 1920). In the postwar 1960s and 1970s, a new women's movement directed attention to the persistence of a number of gender inequalities beyond the formal right to vote. Although postwar elites were composite ones (including organic intellectuals from farmers' and labour movements), they consisted mainly of *men*. The Nordic countries built a welfare state that was largely universalistic, but the supplementary pension schemes and most social policy measures were tailor-made for the male breadwinner. There was universal access to state-provided education, but men dominated in most occupations, especially those with high prestige. The share of women who passed high-level exams increased as an effect of the postwar educational revolution, but it was not always easy for them to get jobs that matched their qualifications. The new women's movement was dominated by *feminism*, an intellectual wave emerging in the postwar academic and literary public sphere. In the Nordic realm, feminists mobilized within a culture that was already marked by egalitarian ideals. The new women's movement served to make the formal, democratic right to vote more substantive.

(2) According to theories associated with feminism, gender inequality has its roots in patriarchal relations. An early focal point was mobilization to secure the right to self-determined abortion. Legislation was altered in Denmark, Norway and Sweden in the



1970s, securing this as a right pertaining specifically to women. On other issues, the main claim was always equal rights for both sexes. This cleavage line criss-crossed class and other social divisions. It mattered in many walks of life, certainly in the workplace, but also at the domestic level, relating to what had thus far been considered 'private' matters, such as the division of domestic work (housework and care for children, the elderly and other persons in need). The feminist movement countered positions of male dominance in all relevant areas, aiming to leave women with the same degree of autonomy and self-determination as men had already achieved. The movement was rooted in the middle class, but many of its victories implied progress for women of all classes.

(3) When the labour movement first moved into positions of power – partly already in the interwar period but more thoroughly in the early postwar period – it did relate in some respects to expert knowledge. The feminist movement's reliance on expert knowledge was even stronger. The core of activists had their background in higher education, gaining influence in social science and/or in administrative positions. Within academia, feminist researchers contributed to conceptual and theoretical development. In particular, they pioneered the analysis of the rationality of caring, contributing to a large body of research literature on the varieties and effects of social policies relating to gender equality and provision for families. In Sweden, universities now have separate gender studies departments, and all Nordic countries have separate institutions that pursue research into these issue areas.

(4) With the exception of Denmark, political parties in the Nordic countries have women's sections (Bergqvist et al., 1999, p. 74). The importance of these committees increased as the new women's movement gained momentum. In the early 1970s, the percentage of female members of parliament was 21.5 in Finland, 16.8 in Denmark, 15.5 in Norway, 14 in Sweden and 5 in Iceland (Bergqvist et al., 1999, p. 298). In Iceland, the electoral system was particularly skewed in favour of men. Thus, a 'Women's list' won seats in the Althing between 1983 and 1995, the most lasting women's party in the Nordic region so far. In Sweden, a 'Feminist initiative' mobilized ahead of the 2014 election but failed to win any mps. In sum, the feminist movement has not been able to establish lasting parties mobilizing with reference to the gender cleavage. It turned out that the political claims voiced by the feminist women's movement could be written into the programmes of most parties.

(5) In Finland, Norway and Sweden the women's movement formed the basis of what has been called *state feminism* (Hernes, 1987). Well-educated activists, often with a background in the women's sections of political parties, became leading politicians or leading administrators in the relevant ministries. Within the broader field of family policies, gender equality became a separate policy field, and several institutions were established to influence and supervise such policies. In the administrations

of Denmark and Iceland, there was less influence by such state feminists. However, family policies still developed along similar lines.

In sum, the new women's movement gave rise to institutional reform and rules that fit into the complementarities of the Nordic models. The impact of state feminism from above converged with the persistent mobilization of the women's movement from below. Family policies, and social policies more generally, helped generalize the dual-earner/dual-carer family. Family policies granted longer parental leave, daddy quotas and improved supply of kindergartens and school activity services beyond teaching hours. Furthermore, services for the elderly (hospitals and home services) were extended. Already well developed capacities of the health system were further improved. These institutional reforms made high female labour force participation rates typical of the Nordic countries. Not just in terms of competence institutions, but also by means of social protection reforms, the Nordic countries developed a 'social investment welfare state' (Morel et al., 2012).

As family policies enable young couples to combine work and parenthood, there is little need to postpone parenthood. Thus, the total fertility rate has remained close to the reproduction rate. Forecasts of the old-age dependency ratio (the ratio of elderly people to those working) are more favourable in the Nordic area than in the rest of Europe, with some exceptions (such as France, where there is a long tradition of pro-natalist family policies). In contrast to the Continental model, the Nordic model of social protection secures high labour force participation rates for both sexes. This holds true even if unemployment rates periodically may remain at a high level.

As noted in connection with Table 6.2 above, the next three sections look more closely at the second period of globalization – that since the 1970s.

## **6.7 Uneven Development after 1979 – Generalization of the Western Fossil Growth Model Creates the Risk of Global Warming**

China's recent history is a most genuine example of uneven development, affecting more than one-fifth of the world's population. China had lost all its former greatness by the early 20<sup>th</sup> century, despite having one of the world's oldest state traditions. After the 1949 revolution, China started fossil-fuel based industrialization in the 1950s. Sino-American diplomacy in the early 1970s opened up trade and technology-transfers between China and the West. China's importance for the world economy peaked after the country was admitted into the World Trade Organization (WTO) in 2001. At present, China can celebrate a world record of economic growth over 30 years, 1980–2010, with close to double-digit average GDP growth (Mjøset & Skarstein, 2016). There has never been anything like this catch up process. For the first time in the history of industrial capitalism, the growth engine of the world economy is located outside of the Atlantic/Western European area.

The US and China now share a common destiny (Nordhaug & Skarstein, 2012). The US market is crucial to China's export-oriented industrialization. The enormous US trade and payments deficits are balanced by China's large surplus, reinvested across the world. The US is now the world economy's 'consumer of last resort', combining emission-intensive luxury consumption based on a very high living standard with huge military spending and dramatic inequalities in income and wealth.

Let us compare the two periods of globalization (Table 6.1). In the first one, the US and Germany eliminated Great Britain's lead, and the European great powers clashed in two world wars. Compared to that historical experience, the East Asian catch up with the US lead since the 1970s has progressed peacefully. The model of fossil-fuel based industrialization that started with the British Industrial Revolution (Sieferle, 1990) has been generalized outside of the West – a globalization more complete than the first globalization at the end of the 19<sup>th</sup> century.

But just at the historical point when the process of uneven industrial development attained global reach, natural scientists registered a wholly new challenge. The challenge of climate change, the risk of global warming destabilizing weather systems, became a concern for great powers and international organizations – particularly the UN – involved in managing uneven development.

A number of large and medium-sized countries are today *emerging economies*, catching up to achieve mass consumption, Western style. The basic energy source is still fossil fuels (oil, coal, natural gas). The climate crisis is the result of worldwide uneven development that generalizes the fossil fuel energy model. It applies generally that industrial society produces so much waste that it is incapable of sufficiently recycling it (Sieferle, 1990). The specific problem here is the emission of greenhouse gases (particularly CO<sub>2</sub>) from the burning of fossil fuels. This waste is stored in the atmosphere, causing global warming.

The UN-coordinated Intergovernmental Panel on Climate Change (IPCC) summarize the research based on climate models. The consensus result is that if the density of greenhouse gases in the atmosphere continue to rise, many climate systems may be destabilized. IPCC fears that the average temperature (compared to the pre-industrial benchmark) may be increased by more than 2 °C around 2050. The effects are local and differ from place to place: drought, desertification, increasing ocean-level, melting ice-cap, warmer oceans, changing ocean currents and more CO<sub>2</sub> emissions if large permafrost areas melt and large wetland areas are converted to dry land. An extensive *climate crisis* still lay in the future, but it can affect all the tangible wealth accumulated by humans in specific, densely populated areas. This is the first time in human history that uneven economic development has encountered limitations that can be defined by natural science. One can hope that the IPCC is wrong, but the results are supported by a large majority of researchers, and a broad political consensus favours policy actions based on current early warnings.

The problem of climate change creates a new type of tension between emerging economies of different vintage. The atmosphere is a common, used as a dumping

ground for greenhouse gases. But its capacity is limited. The US clearly has the highest emissions of CO<sub>2</sub> per capita (16.8 tonnes in 2011), more than double those of the EU and China (both had 7.2 tonnes in 2011). EU emissions are decreasing, while China's emissions are on the way up. Other emerging economies are increasing their emissions from low starting points: Russia 12.6; South Africa 9.2 (same as Norway); Brazil 2.2; India 1.7; Nigeria 0.5. The oldest industrial countries have already filled more than their share, so when the Rest aims to become as rich as the West, the global greenhouse will be filled up with more CO<sub>2</sub> than can possibly be stored without overshooting the 2 °C target by 2050. The IPCC concludes that the major users of fossil fuels should not even exploit their remaining known deposits. The leading countries should immediately switch to a combination of non-fossil energy sources (nuclear power, solar panels, water power etc.).

In technological terms, this is possible. However, in the West both the material infrastructure and basic consumer preferences are integral parts of a social structure upheld by a high consumption of fossil energy (Geels, 2014). It does not seem that 'green' political parties (with programmes emphasizing effective climate policies) are rewarded in elections. To the average voter, the climate crisis just seems too far into the future (Brox, 2009). Furthermore, the quota trade systems implemented thus far in the wake of the Kyoto protocol (1997/2005) have not led to significant emission reductions.

International regimes and transnational actors try to influence actions at the national level. The UN participates in the IPCC and arranges climate conferences, most recently, the Paris 2015 agreement. The EU has tried to take a lead, and in 2015, there was an accord between the US and China. But in a phase of globalization marked by the weakening of hegemony, the international capacity for 'world state' policy-making is reduced. There is no hegemonic power with the capacity – and thus generosity – to solve the tensions between the oldest and the youngest emerging economies. In May 2017, the US withdrew from the Paris agreement. This is the situation that spurs social mobilization against global warming in Norden and elsewhere.

## **6.8 Different Effects of Financial Instability – Internal Western Tensions between the US and the EU**

International monetary instability was the first indication of weaker US hegemony following the Western European early postwar catch up. Since the termination of the USD (dollar) gold convertibility in 1971, the US has abused its role as the world's central bank. Competitive devaluations and financial bubbles had destabilizing effects across the world, particularly so in the Western European area where the industrialized economies of the nation-welfare states were strongly interdependent.

The EU response was a series of integration offensives. Plans for a closer union were not possible to realize in the 1970s, but the Single European Act established the single market in 1991. This reduced the costs of regional trade. The second offensive was the

Economic and Monetary Union, culminating in the monetary union based on the euro in 1999. This reduced EU vulnerability vis-à-vis fluctuations in the key currency, the USD. Both these offensives were attempts to stabilize the EU, making it less vulnerable to the self-interested US use of its privileged position in the world monetary system (Table 6.1). Both these measures implied a deepening of the union, while a third offensive widened the union to 28 member countries. Especially the inclusion of a series of former Eastern Bloc countries in 2004/2007 increased the diversity of economic development levels, triggering larger internal flows of labour power. This affected all the Nordic countries. Denmark had been an EU member since 1973, Sweden and Finland had joined in 1995, while Norway and Iceland remained non-members but were fully integrated in the EU single market through the EEA agreement (European Economic Area). Internal migration flows implied significant pressure on the institutions of social partnership, especially on the arrangements prevailing in the labour market.

In the US, investment banks successfully lobbied in favour of extensive deregulation of the financial sector. New financial instruments increased systemic risk, and short-term, speculative capital movements gained enormous proportions, with bubbles bursting in the dot.com crisis of 2000 and the subprime crisis of 2008. US monetary authorities had no capacity to pursue its financial hegemony in a responsible way.

Deepening the union had strengthened the EU's supranational features, partly counteracting trends towards weaker international coordination. But the EU remained a *state system of nation-welfare states*, responding to the financial crisis with a focus on its own banks. The repercussions of the financial crisis thus became particularly severe in the EU Eurozone. States chose to rescue banks that had accumulated new financial instruments and that also had financed European property and stock exchange bubbles. The banking crises were transformed into sovereign debt crises. Devaluation was excluded even in situations of major real economic instabilities. In a situation similar to the deflation years of the 1920s, the weakest EU economies (Greece, Italy, Spain, Portugal, Ireland) were most severely affected.

In contrast to the three integration offensives, this was an integration setback. The EU Eurozone was on a path of seemingly irreversible austerity due to the sovereign debt crisis triggered by the US subprime crisis. Another integration setback in 2015 is analyzed in the next section.

## **6.9 Different Effects of the US Role as World Police – Conflict Zones and Refugee Flows in the EU-Connected Regional Migration System**

The main challenges to US world policing have occurred in the Middle East. Since the 1960s, US policies here became a complex balancing act between support to Israel and alliances with selected Arab OPEC members. Striving to secure a stable oil price, the US became entangled in local struggles between the regional great powers in the

Arab Gulf: Iran, Iraq and Saudi Arabia. The US also became involved in South-Asia following the USSR invasion in Afghanistan in 1979 (Mjøset et al., 2012).

As part of these processes, groups of political Islam activists gained stronger positions, both as micro-networks pursuing terrorism and as elites in theocratic states such as Saudi Arabia and Iran. The Al-Qaeda terrorist network gained a position for itself as a geopolitical player by successfully humiliating the US in the 9/11 2001 Twin Towers attack. In response, the US started the ‘War on Terror’, intervening in Afghanistan in 2001 and Iraq in 2003. These attempts at regime change had wide-ranging negative unintended consequences. Vicious circles of sectarian violence in authoritarian states with complex potential ethno-religious and regional conflict lines scared masses of people into fleeing. Many of these flowed through the migration system that connects the extended Middle East and North Africa with the EU/EEA Schengen region (Massey et al., 1998). Along the escape routes, middlemen (many of them organized in criminal networks) made money on the trafficking of hapless people turned asylum-seekers.

The single market integration offensive starting in 1991 necessitated EU control of the flows of poor and unskilled people into its borderless market. The nation-welfare states were happy to accept well-educated, highly skilled immigrants, but experiences with waves of asylum-seekers escaping conflict zones led to political discontent. Decades of immigration had created large urban congregations of Muslim immigrants in several Western European cities. Parts of the native nation-welfare state citizenry became responsive to political reasoning that in various – mostly indirect – ways tried to frame Europe’s population of Muslim immigrants as a serious risk factor. Right-wing populist parties discovered that they could win votes by exploiting a fear of political Islam. New policy fields – immigration control and policies of integration – gained in importance. It seemed that the less successful a country’s pursuit of integration policies was, the more this new cleavage influenced the party system. That regularity applies in most, but not in all, cases. Sweden has remained exceptional for some time, but may not hold out much longer.

While the three EU integration offensives had promoted liberalized flows of trade and finance in the single market, the EU now built stronger legal and practical barriers against inflows of certain types of labour from external areas (Livi-Bacci, 2012). The Schengen agreement established external border controls (1985, 1990, 1997), and the Dublin agreement (1990, 1997, 2013) established rules on the treatment of asylum-seekers (Geddes, 2008). As for refugees, the UN administers a more global system. Furthermore, each country developed bundles of policies to integrate refugees at the national level. This institutional complex functioned quite well as long as the migration flows came in smooth cycles with no major peaks.

2011 saw an eruption of popular mobilization against the Middle Eastern military-authoritarian regimes. The most serious long-term effect was the civil war in Syria. The tragic situation reflects a failure of international coordination between the major great powers (US, EU and Russia). It has worsened by the cynical involvement of regional great powers (Turkey, Saudi-Arabia, Iran) interacting with a neighbouring

failed state (Iraq) and a weak, fragmented Syrian opposition. A major unintended consequence of the US invasion in Iraq was the strengthening of militant ‘holy warriors’ in the destabilized areas of Iraq and later in Syria, too. Taking over from Al-Qaeda, the self-proclaimed ‘Islamic State’ (IS) in 2014 gained territorial power in the Iraq/Syria borderland. This was the first time in recent history that a terror organization has proven able to permanently control a larger territory. Like Al-Qaeda earlier, IS positioned itself as a geopolitical player.

Both in the US and in Europe, these developments influenced threat perceptions. Small groups among second-generation immigrants – sensing marginalization, or even just a lack of recognition – discovered political Islam and went through a process of radicalization, joining extremist groups such as IS (Nesser, 2015). Especially European countries came to experience the problem of ‘foreign warriors’ recruited to fight in the Middle East, especially with IS in Syria and Iraq. Panics concerning terrorism has been exacerbated by violent actions on Western territory, such as in Paris and Brussels in 2016 and London and Manchester in the spring of 2017. Most of these actions were carried out by young men that had grown up in Europe.

In 2012, people started to escape from Syria. In 2015, the tragic vicious circles produced a wave – the ‘refugee crisis’ – of refugees through the Middle East/EU migration system. In addition to Syrians, the wave consisted of asylum-seekers from Afghanistan and Iraq (clearly related to US policies in the region) as well as from conflict zones (e.g. Eritrea) with more peculiar problems and without any strong connection to US-Middle Eastern politics.

The refugee crisis is the result of weakened international coordination capacity. Most commentators agree that the US exercise of military power has gone very wrong. Destabilization, with more and even deeper conflict zones in the Middle East, fuels migration flows into the EU. The US is *not* strongly linked to that migration system. The US has its own migration system with South and Central America (Massey et al., 1998). Even there, one finds conflict zones (such as Columbia), but the shares of pure labour migrants are higher than into the EU. Furthermore, the US is one unitary great power, while the EU must strive to manage the conflicts that immigration from conflict zones generate between its many welfare state members. Finally, migrants into the US are mostly Catholics, a religion with nothing that resembles the shia/sunni divide or political Islam. Compared to the US system, the regional migration system into the EU creates more serious problems.

Open routes into Europe in the fall of 2015 led to particularly large flows of asylum-seekers into the Schengen area. Germany and Sweden were regarded as the most immigration-friendly countries, attracting the largest shares of asylum-seekers. Southern EU countries of first arrival stopped storing fingerprints, just letting the flow of immigrants pass through to destinations further north. After a few months of such free flows, the nation-welfare states took action. EU countries north of the Mediterranean reintroduced border-controls inside of the single market. By late 2015, the Schengen/Dublin arrangements were defunct. The Mediterranean EU members

were not just hard hit by austerity policies imposed on them after the financial crisis of 2008. Since 2016 they have also become final destinations for the flows of asylum-seekers that still use the escape routes across the Mediterranean.

The three main crises we have covered (Table 6.2) presently challenge the states of the Atlantic/Western European areas, and also those of the Nordics. We now turn to the systematic analysis of the new social movements that address these crises.

## 6.10 The Anti-Globalization Movement

(1) The movement against globalization is quite recent, emerging in many countries, especially in the Western world. Organizations such as Attac have mobilized with reference to financial deregulation. A key claim has been for a tax (Tobin tax) on short-term capital movements. Financial deregulation posed a major challenge in the Nordic countries starting in the 1980s (Mjøset, 2011). Deregulation triggered bubbles that burst, with banking crises in Finland, Norway and Sweden as further repercussions in 1991/1992. Denmark had no overt crisis but muddled through a series of near-crisis situations. Sixteen years on, however, all these countries adjusted more easily to the global financial crisis of 2008. For this reason, several commentators paid tribute to ‘the Nordic model’ – the ‘new supermodel’, according to *The Economist*. The one exception was Iceland, which ended up in a dramatic financial meltdown in 2008, gaining a lot of bad publicity – a total contrast to the four others. But in the four large Nordic countries, the financial institutional complex (central bank, regulatory agencies etc.), as well as the banks themselves, had adjusted to short-term capital movements, drawing on experiences from the 1992 banking crises. Even though the anti-globalization movement demands stronger regulations, it hardly had any significant influence in the Nordic region. Only tiny Iceland, which really was affected, has an active and influential anti-globalization movement.

(2) The regulated internationalism of the Bretton Woods monetary system seems to serve as a benchmark for the anti-globalization movement. It also emphasizes that many features of the new financial sector – such as high wages, bonus mania, irresponsible lending and bubbles in stocks and property – contradict the egalitarian orientation that is embedded in the Nordic institutional complementarities. But even with some rise in income inequalities (especially in Sweden), the Nordic countries still stand as some of the world’s most egalitarian economies. Apart from in Iceland, the challenges of 2008 were solved without reaching back to the strongly regulated financial system of the early postwar period.

(3) The anti-globalization movement has supported the critical review of the market paradigm that dominates modern, US-inspired economics, in particular the ‘efficient markets hypothesis’. However, the criticism has not had any wide-



ranging consequences in the Nordic area. The traditional expert networks that have long dominated economic policy-making remain unchallenged. But, again, Iceland deviates. During the escalating economic instabilities of 2006–2008, the government relied on opportunistic and descriptive ‘expert’ evaluations financed by Iceland’s Chamber of Commerce (Mjøset, 2011, pp. 381ff.).

(4) Iceland experienced popular mobilization – the ‘pots and pans’ revolution – against the consequences of the economic meltdown. But unlike in countries such as Greece and Spain, where entirely new parties (Syriza, Podemos) have won victories, Iceland did not see the development of any major new party. Still, its party system is less ‘frozen’ than those of the other Nordic countries: tensions in Iceland’s political system generates new, in most cases short-lasting, parties. They oppose existing parties, which are still not free of clientelist elements that run counter to transparency and credibility. In the spring of 2016, following the Panama papers leaks that showed how a number of Icelandic citizens had fortunes hidden in tax havens, the Pirate Party (founded 2012) gained large support.

(5) Regulatory institutions, in particular the Financial Supervision Authority, have been strengthened in all European countries following the 2008 crisis. This has so far functioned well and has not been dependent on pressure from any social movement. Iceland, however, is a partial exception. While the southern European countries were forced by Brussels and Berlin to pursue austere, deflationary policies, leading to high unemployment (as in Europe during the 1920s), Iceland was outside of EU/Eurozone and had to devalue. It has been claimed that its external devaluation strategy led to a faster recovery (Blyth, 2013). In contrast to the Southern Eurozone countries, Iceland was not forced to pursue internal devaluation (wage deflation). But the taxpayers had to cover enormous expenses incurred as the central bank tried – in vain – to save the banks in October 2008. After the crisis, Iceland has struggled to finance its activities with an inconvertible currency. Many households suffered from expensive indebtedness to the ‘rotten banks’, and the estates of these banks are now largely owned by hedge funds abroad. Still, Iceland is a very small economy, and when its main resource, fish (cod in particular), is in ample supply and prices are good, the local business cycle will pick up rapidly, as it in fact has over recent years. Presently, there is even a housing boom, partly driven by tourism. Thus, conditions for Iceland’s anti-globalization movement have become less favourable. Ahead of the October 2016 election, the Pirate Party did well in the polls, but in the election, the Conservative Independence Party still secured a leading position, forming a government with two smaller splinter parties, The Reform Party and Bright Future.

In sum, the anti-globalization movement has not (with the partial exception of Iceland) led to mobilization that has changed organizational patterns, rules and routines. In the two next areas, however, we find movements that in some respects have influenced such patterns, rules and routines.

## 6.11 The Environmental Movement – An Anti-Waste Movement

(1) Environmental movements trace their roots back to the early 20<sup>th</sup> century. Environmentalism was first dominated by movements for the protection of nature, responding to the various ways of using chemicals or dumping industrial waste that would not be fully recycled by local ecosystems.

(2) Many scholars regard indications of global warming as a proof that the world has reached the anthropocene, a geological period defined by the fact that the development of the Earth depends on processes influenced by human beings (McNeill & Engelke, 2014). Starting in the mid-1980s, a cleavage line developed, pitting groups that articulate interests tied to fossil-based economic activities against groups that pursue green growth strategies based on renewable resources, such as solar energy. The latter groups hold that this green shift will be aided by the extensive knowledge that mankind has achieved through more than 200 years of technological innovation driven by the capitalist quest for profits. These groups take the IPCC forecasts seriously. The former groups believe in technological progress, trusting that a fossil fuel-based capitalism will in itself carry out the necessary adjustments, possibly helped by markets for greenhouse gas emissions.

(3) The environmental protection movement is rooted in the middle class. As indicators of global warming flashed warning signals, the movement could mobilize with reference to ever stronger research findings backed by a broad natural science research community (meteorology depends on physics and chemistry). But such expert consensus does not translate directly into political decisions. The Western world is ridden by a ‘psychological climate paradox’: the stronger the researchers’ warnings, the smaller the share of the population that judge this to be the most important issue on the political agenda (Stoknes, 2015).

(4) Most parties are serious about the risk of a changing climate. Only certain right-wing populist parties openly declare themselves to be ‘climate sceptics’. Despite this, the global warming cleavage line has generated separate parties in the Nordic parliamentary systems. They have had varying degrees of success. In three of the countries, green parties have managed to become junior partners in coalition governments: Finland 1995–2003 and 2007–2014, Iceland 2009–13 and Sweden 2014–present. In Norway, the Green Party won their first mp in 2013. Only in Denmark (paradoxically the country with the largest share of green exports, such as windmills) has a green party never made it into parliament. Green parties are single-issue parties that demand considerable and immediate reductions in greenhouse gas emissions. As noted, however, global warming is a slow process, playing itself out on a timeline that stretches far into the future, much further than the next election that dominates the horizon of politicians (Brox, 2009).

(5) Early in the nature conservation period of environmental mobilization, various states organized ministries of natural protection. Since climate policies became a separate policy field, the environmental movement has developed highly professionalized movement organizations that have interacted with authorities and international organizations. All Nordic governments agree to the ‘early warning’ principle and have launched climate policy measures. Their natural and social scientists contribute to the IPCC, and these scholars are extensively networked into both administrative offices and the movement organizations. This is quite parallel to how the women’s movement interacted with administrative offices to frame family policies. In terms of the green shift, however, the strategies of the Nordic countries differed. Since around 1970, Norway developed an industrial structure largely specialized in supplies for oil exploration and extraction. When in 2015 (as in the late 1980s) Saudi Arabia was no longer willing to stabilize the price of oil, Norway was hard hit by the oil price slump. In contrast, the other Nordic countries, in particular Denmark and Sweden, have embarked on a green shift, emphasizing principles of circular economies, adapting their industrial structures and export specialization – at least partly – to the imperatives of a post-fossil age (Kasa, 2016).

## 6.12 Resistance against Immigration as a Social Movement

One final new movement remains to be analyzed. Here, we take our analysis into uncharted waters. We define anti-immigration as a social movement. As Tilly notes, even if social movements flourish under conditions of democracy, they do not necessarily promote democracy. Fascism was a counter-movement to democratic movements in the interwar period. Movements can operate ‘on behalf of inequality and exclusion’, for instance making claims in favour of expelling recent immigrants (Tilly, 2004c, pp. 181, 185). Our claim is that this has been the most influential new factor in recent Nordic politics. Again, Iceland is the exception.

(1) In the Nordic region, as well as in the rest of Europe, small movements on the extreme right wing formed organizations requiring an immediate, total ban on and even reversal of immigration. Often, these organizations had links back to older fascist and even neo-Nazi traditions. Such attempts have made it impossible to form broader movements against immigration. In the eastern Nordic realm, Sweden and Finland, right-wing parties grew out of fascist traditions, particularly the Sweden Democrats. Finland’s True Finns have a more indirect connection through the Rural Party (*Landsbygdspartiet*), a party that protested against rural poverty, gaining fairly strong support in the early 1970s (Fryklund & Peterson, 1981). In the western Nordic realm, there were few such connections. Both Denmark and Norway had been occupied by Nazi Germany. In these countries, ‘progress parties’ emerged as ultra-

liberal tax-revolt parties in the early 1970s. Only in the 1980s and onwards did they begin to benefit politically from growing criticism in regard to immigration.

Movements mostly consist of a core of activists with membership in a small number of organizations and a larger circle of sympathizers that may not be members but who share the main views of the core activists. But when it comes to anti-immigration mobilization, there are no broad civil society organizations at all. The association to fascism has been too strong. Thus, no basic organizational aims and principles have been formulated. Resistance against immigration only appears via votes for parties that favour strict immigration and integration policies. Furthermore, the movement is strengthened through social media. There is a core network of ‘opinion-makers’ that reproduce the anti-immigration claims in blogs, websites and commentaries as well as in newspaper/magazine articles and books.

The exception is Iceland. With respect to immigration from non-Western cultures, Iceland’s situation is opposite to its situation in the financial field. Iceland has virtually no immigration from non-Western cultures, while the four larger Nordic countries have to tackle the challenge of refugees and asylum-seekers. Iceland has only had EEA-immigration, mainly from Poland. Iceland has a right-wing populist party, but it has never been influential, gaining only 0.2 per cent of the vote in 2016.

(2) Resistance against immigration is the clearly most important cleavage line to appear in Nordic and European politics through the second period of globalization from the 1970s. The key arguments consist of worries about the consequences of admitting and trying to integrate refugees from non-Western conflict areas. The Nordic countries, it is argued, should rather use their wealth to support refugees and internally displaced people in their native regions.

Possibly, immigration could be a short-term solution to labour supply problems caused by low fertility. But Nordic fertility rates are not as low as elsewhere in Europe. Furthermore, refugees and asylum-seekers are not an entirely functional type of immigrants. If they have escaped from conflict zones, they may likely suffer from various physical or psychological health problems. In any case they bring along cultural frameworks – family forms and religious practices – that appear alien to groups of Nordic natives. Nation-welfare states with a relatively homogenous ethnic population have, so goes the argument, a hard time facing this multiculturalist challenge. Usually, this line of argument considers pull-factors (labour migration) as the dominating motives behind migration flows, ignoring civil war, famine and other conflict zone push-factors.

The immigration-related cleavage line has been politicized independently of dramatic migration peaks. Resistance against immigration is the isolationism of the nation-welfare state. Anti-immigration spokespersons idealize the Nordic models of the golden age of ‘embedded liberalism’, a time when immigration was at a historical low. Some even refer back to the nation building of the 19<sup>th</sup> century, when ‘national culture’ was constructed. Denmark has had the most wide-ranging such discussions.

Furthermore, anti-immigration arguments refer more or less explicitly to the problem of ‘foreign warriors’ as proof of how serious the consequences of a liberal immigration regime can be. Sweden is portrayed as the most obvious example of such trends. In extreme formulations, the fear is that the emergence of ‘parallel societies’ and foreign-cultural ghettos will bring conflict zone dynamics to the Nordic part of the world.

(3) The reasoning of immigration critics is mostly at odds with expert knowledge. Demographers either argue that Europe needs immigration (Livi-Bacci, 2012) or that immigration in the long run makes no difference, since immigrants over a few generations will adopt the fertility behaviour of the native population. Other social sciences are less unambiguous. Anthropologists, sociologists and political scientists study identity, integration and networks. Their conclusions cannot be directly translated into positions in politically polarized debates. Critics of immigration often try to discredit such research by claiming that the researchers just internalize the conclusions of the political elites that have been long responsible for overly generous immigration policies. There are significant Nordic differences, with Sweden and Denmark as extremes. In Sweden, the 2015 refugee crisis led to a number of critical voices confronting narrow ‘political correctness’ in debates on immigration and integration issues. In Denmark, on the other hand, varieties of open scepticism against immigration seem to have become the dominant view.

Criticism against immigration also confronts other movements and institutions at the national level. Immigrants (refugees and particularly asylum-seekers) may themselves be considered a social movement, but their social and political position in the receiving country is very weak. They receive support, however, from a complex of civil society organizations. These are NGOs based on human rights principles as formulated in UN-conventions, often with corporatist ties to the state. Such professional organizations rooted in the majority population contribute practical assistance and also give refugees and asylum-seekers a voice in the public sphere of the receiving country. In addition, waves of asylum-seekers also trigger local, spontaneous and voluntary mobilization, as was seen in 2015.

(4) Since resistance against immigration cannot be organized as separate civil society organizations, the organization of political parties is more important in this area than in other mobilization arenas. Anti-immigration sentiments have spurred electoral support for the new right-wing populist parties since the 1980s, faster in the western than in the eastern regions of Norden. The main demands have been for the strictest possible immigration and integration policies.

Rising support for these parties has brought up the question of participation in coalition governments. In Norway, splits prevailed on the conservative side for a long period. But a *modus vivendi* was reached when the Progress Party entered a minority coalition government with the Conservatives after the 2013 election. Following Finland’s 2015 election, the True Finns were included in a broad majority government

of three parties (124 out of 200 mandates). In the spring of 2017, the True Finns split, and the splinter party remained in government. In the Danish 2015 election, The Danish People's Party (DPP) emerged as the largest non-socialist party but decided not to join a minority government. Denmark ended up with a non-socialist government on a minority parliamentary basis. DPP supports this government from an autonomous position in parliament. In Sweden, the Sweden Democrats only entered parliament in 2010, doubling their support to 40 mps (out of 349) in the 2014 parliamentary elections. So far the remaining parties have cooperated to isolate the mps of the Sweden Democrats. Given the strong effects of the 2015 refugee crisis in Sweden, it remains an open question as to how long the remaining parties will be able to scale down their own disagreements on other matters to sustain the isolation of the right-wing populists. By 2017, the Swedish Conservative Party seems to have suffered the most from internal ambivalence in this respect.

Any right-wing populist party has local peculiarities. The True Finns is not just critical against non-Western immigrants but also against the Swedish-speaking Finnish minority, who descend from the old elites of the early 19<sup>th</sup> century. Norway's Progress Party is ambivalent in regard to the country's links with the EU. The DPP in Denmark accepts only inter-state cooperation, explicitly opposing supranational integration. The Finnish and Swedish parties are more unambiguously against EU-membership.

(5) To the extent that right-wing populist parties take part in government coalitions, they experience a dilemma similar to what was earlier felt by left-socialist parties. They must commit to coalition policies that may undermine the support they mobilize from the (unorganized) grass roots. Matching EU routines, each of these countries has established national institutional complexes in the area of immigration and integration (Brochmann & Hagelund, 2010). These complexes were put to the test during the 2015 refugee crisis. The bracketing of the Schengen/Dublin system blocked escape routes, mainly in Italy and Greece. Norway's Progress Party and Finland's True Finns are both busy administering policies to manage the repercussions of the 2015 refugee crisis in the context of weaker EU supranational capacities. They can push for stricter immigration policies from a position inside the government but also have to join in the celebration of integration policies, to the extent that these are successful. The DPP avoids this problem but then loses out on a number of power positions in bureaucracy, positions that could be used to promote their political programme. In Sweden, the right-wing populist party has thus far not been able to gain any influence in the power apparatus except for the privilege they have in voicing the concerns of the anti-immigration movement in parliamentary debates and hearings.

Although all the Nordic countries tightened their immigration policies, it was the breakdown of the EU immigration regime that solved the problem for them. How long this will last again depends on developments within the EU.

### 6.13 Old and New Movements in the International System

In section 5, we suggested that Beck's (1986) class/risk society dichotomy can be turned into a distinction between old/offensive and new/defensive movements. Our distinction is defined by the relationship of the movement to (i) mobilization for democracy at the national level, (ii) the level (national/international) at which the cleavage-generating issues arise and (iii) how these issues are experienced (directly or indirectly).

**Table 6.3.** Main differences between old and new movements

	Movements	
	Old/offensive	New/defensive
Role of national-level democracy in their mobilization	Gaining, securing or extending	Precondition
Issue area level	National	Global, international, European
Perceptions of contested issues	Direct experience at the micro, local and national levels	Indirect experience via expert judgement

Table 6.3 summarizes the main differences between the two types. Old movements mobilized with reference to directly experienced issues at the national and lower levels and their gains were always related to democratization at the national level. Risks and/or injustices could be efficiently reduced at the national level.

In contrast, the new/defensive movements (sections 10–12) take democracy at the national level for granted. They direct attention to international risks, specified as three crises of global, international and/or European-wide scope (Table 6.2). Unlike the older ones, they are all 'anti' – against immigration, globalization and waste (greenhouse gases such as CO<sub>2</sub>). They address potential crises from the outside world that threaten the high level of economic development achieved. In the longer run, the new risks may make it harder to sustain the compatibility of capitalism and democracy at the national level.

The old/offensive movements always challenged the reigning state elites with claims that required more democracy and gaining representation and access to government offices, thereby transforming the routine politics of the Nordic states. The new/defensive movements cannot succeed in the same way. The risks they point to are beyond the control of the routine politics of any single national democracy. The reason for contention is not that current routine politics are unable to deal with problems that can be sorted at the national level, but rather that the problems addressed cannot be sorted by any kind of national-level politics, contentious or routine.

For these reasons, the Nordic movements addressing the three contemporary crises are not primarily mobilizing to change national routine politics. To a much larger extent than the old ones, they are eager to work with their nation state

authorities to exert influence at the international level. Working with the state, they gain access to international organizations, the UN in particular. This is their main chance of influencing the great powers that are the crucial actors in the kind of international coordination needed to deal with risks and/or injustices that emerge in relations between states. Operating in the international field, new movements are guided by democratic norms (autonomy, equality, justice) already established in their Nordic homelands. But as we argued in sections 2 and 5, the international level has no full-fledged state that can be democratized. Instead, there are fluctuations between a sequence of phases – regulated internationalization, globalization and fragmentation (Table 6.1). The new movements are thus forced to relate to hegemony in the international system on the basis of democratic principles already secured at the national level.

The stronger focus on international coordination influences the organizational form of the new social movements. Most of them are ‘social movement organizations’, relying more on a professional staff (including their own experts) with extensive networks connected to both the authorities and to relevant expert groups in research and higher education than on the classical displays of worthiness, unity, numbers and commitment that features prominently in Tilly’s (2004b) definition. They refer more to risks and potential crises forecasted by experts (future effects of global warming, another financial meltdown, fears of immigration undermining the welfare state) than to present-day injustice directly experienced in citizens’ daily lives (restrictions on assembly and speech, power exerted at the shop floor or in the family).

Table 6.3 presents a crude dichotomy that is not without exceptions. Certainly, we can find new, contemporary offensive movements, such as the gay or the disability movements. Furthermore, we can also find old, defensive movements. It was briefly noted above that interwar Nordic fascist movements – with their claims for de-democratization – can be seen as a defensive response to a perceived threat to farmers and lower-middle classes by the rising labour movement. Unfortunately, there is no space to pursue such nuances here. We shall stick to the dichotomy and to the selected movements that serve as our cases in this study, convinced that we are on to important differences between the most influential social movements now and before.

We noted (section 3) that social movements make themselves superfluous by successfully taking charge of routine politics. This is largely the case with the old movements in Norden. But at the international level, they still find issues to address. In this respect, they are in the same situation as the new movements: they must work with the democratic state in their country of origin. It can be noted that the classic generation of postwar North-European social democratic leaders were already aware of the increasing importance of the international level. German chancellor Willy Brandt headed a commission on world economic inequalities in 1980, and Sweden’s Olof Palme led a similar commission that reported on ‘common security’ in 1982.



Norway's Gro Harlem Brundtland headed the already mentioned 'common future' UN report (WCED, 1987) that first brought global warming on the international agenda.

We shall briefly analyze a more recent case. The turn in US support for family planning is an interesting illustration of an international challenge to the Nordic women's movement.

One of the first decisions of the present US Trump administration was to introduce a stricter interpretation of the so-called 'global gag rule' (Mexico City policy), which all US republican presidents have enforced since 1985. The rule requires any NGO that receives US family planning funds to promise that they will not perform or promote abortions anywhere in the world. According to the stricter approach, NGOs that disobey this rule will now not only be blocked from US support to family planning projects explicitly referring to abortion as an option, but they will also lose support for all other kinds of health assistance (HIV, primary care, nutrition, tuberculosis, malaria programmes etc.). The US decision allows savings of as much as USD 8 billion on its present development assistance budget. This imposes a real squeeze on third-world health budgets, since international health NGOs – traditionally drawing much of their financial support from the US – play an important role in poorer countries. One main effect is reduced information to young third-world women about contraception and options for cancelling unwanted pregnancies. Researchers predict that the result will be more pregnancies, more abortions and higher infant mortality. One estimate also has it that the cuts will cause 20 000 more women to die every year from complications during pregnancy (The Guardian, 2017).

As noted in section 6, the right to self-determined abortion was an early victory for the women's movements in the Nordic countries. These movements can largely rely on routine politics to defend this right as one element in a Nordic policy package to empower women; however, the consensus is not complete. There are still groups (in fact reaching back to the old religious movements) in national politics that object to this policy and even smaller groups that pursue contentious politics in protest. Also, the relationship to democracy is more complex than in most other issues addressed by the old movements. But the majority in favour is massive.

However, in other countries, for instance in many Latin American countries, rights to abortion are non-existing or highly restricted. Their historical trajectories involved stronger paternalism, reinforced by the Catholic Church. The same is the case in a Baltic country neighbouring Norden, Poland. Following the end of the Cold War, legislation was made much tighter in 1993, and there was again major conflict in 2016 involving a women's strike protesting even stricter proposals (Berer, 2017, p. 21).

In the recent US election, Trump was eager to secure the support of religious conservatives (Davis, 2016, p. 5). Once elected, he was obliged to tighten US family planning support, with the worldwide repercussions surveyed above. Nordic policy responses to the Trump administration's tightening, as reported in the news during the summer of 2017, clearly show the strength of institutionalized 'state feminism'. The Swedish foreign minister for international development promised to support a

campaign to mobilize the funds lost due to the US policy change, and similar messages were voiced by the Norwegian minister. The two Nordic countries converged, despite governments located on different sides of the political spectrum.

While the inclination to engage at the international level in cooperation with their own democratic state is common to both old and new movements as here defined, the differences specified in Table 6.3 still separate them. The struggle for self-determined abortion had succeeded at the national level. But since no democratic deliberation is possible at the international level, the diplomacy of any nation state will have to respect the integrity of other states. Neither the UN nor any other organization or state can directly intervene to change rules and regulations. Family policy reforms, such as in Latin America or in Poland, can only be achieved through nationally based women's movements (Weitz & Joffe, 2007). Nordic women's organizations can at the most provide inspiration, information and coordination, supporting diplomatic efforts by the Nordic nation states. In contrast, the issues addressed by the new movements can only be solved by international coordination.

## 6.14 Conclusion – The Nordic Models in the 21st Century

We set out to investigate whether our three new social movements would be as successful as the older ones. Will their response to the three crises (Table 6.2) provide institutions and routines that sustain the institutional complementarities that have benefited the Nordic models thus far?

It is not impossible to imagine an inward turn with further development of complementarities at the national level: a 'fortress nation-welfare state', control of capital movements and a green economy. The first period of globalization developed into a period of fragmentation (1914–1947, Table 6.1) marked by a preference for self-sufficiency. The social partnership institutions of the Nordic labour markets emerged during that inward-oriented period, as noted in section 4. Is it not possible that we will once again experience such an inward turn – this time hopefully without global war?

We have, however, found that the contentious issues at the core of the present three crises differ from earlier ones in that their solutions depend on coordination between large and influential states in the world economy. Thus, presently, new institutional complementarities that result from successful mobilization at the national level are no longer a guarantee against risks in the longer run. Even if the present globalization period will turn into a new situation of fragmentation, the Nordic countries will not be able to benefit from such a development in the same way as they did in the 20<sup>th</sup> century interwar period. One reason is obviously that they are now among the world's wealthiest economies. They are part of the rich, Western Bloc, and the potential for catching up is less than in that earlier period. But not only that, the features summed up in Table 6.3 also apply. Given that present contentious issues cut across the borders

between states, they cannot be dealt with by further strengthening democracy at the national level.

More than in the 20<sup>th</sup> century period of fragmentation, the future of the Nordic models today will depend on circumstances outside of the nation-state borders. While the new movements may be able to influence organizational structures, regulations and routines at the national level, the critical decisions affecting the three problematic issue areas will depend mainly on present and emerging great powers. Both old and new Nordic movements may try to work with their states to have influence at this level, but in the end international coordination between the strongest actors in the international system is needed to counteract problems such as global warming, financial instabilities and flows of forced immigrants across borders into the richer areas of the world. The Nordic models will be more dependent on world state coordination in an age where such coordination seems harder to achieve than in the early postwar period.

Therefore, the successful performance of the Nordic models during the internationalist and globalization phases of US hegemony is no guarantee of continued success during a coming period of fragmentation. A further deepening of national democracy will not be enough. International coordination between the major great powers is required, and that coordination requires international diplomacy involving the hegemonic state and relevant great powers. These negotiations and accords are not guided by the principles of democracy.

The paradox of the present situation is that it needs such international coordination, while in the history of industrial capitalism thus far, the transition from globalization towards fragmentation (Table 6.1) has been associated with a weakening (and even breakdown) of international coordination. Even if the anti-globalization movement, the environmentalists and the critics of immigration got it their way at the Nordic level, the Nordic models would still remain exposed to risks of international financial instability, of new immigration waves through escape routes into the EU/EEA-region and to climate change resulting from global warming.

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Eva Krick, Cathrine Holst

## **7 Committee Governance in Consensus Cultures: An Exploration of Best Practice Cases in Germany and Norway**

In consensual democracies deliberation partly takes place outside the public sphere, for example institutionalized in public committees where scientists, civil servants and interest representatives participate. Committees of this kind usually contribute advice in the early stages of the policy-making process, that is, before the government puts concrete policy proposals on the table (Christensen & Holst, 2017). Accordingly, they have – at their best – been regarded as vibrant examples of ‘input democracy’ (Goodin, 2004). In the following, two such committees, one German and one Norwegian, are selected for closer scrutiny. Albeit different in a range of respects, they both, in distinctive ways, illustrate dilemmas and tensions in achieving best practice committee governance in consensus democratic cultures.

### **7.1 Two Committees**

12 August 2011, soon after the terrorist attacks on the Government Complex in Oslo and at the Labour party youth camp on Utøya island 22 July 2011,<sup>1</sup> the centre-left cabinet of Jens Stoltenberg created a public inquiry commission to review the attacks, gain knowledge of what happened and recommend better policies for future emergencies and prevention. The 22 July Commission (or the Gjørsv Commission, after its chair, Alexandra Bech Gjørsv) submitted its report a year later (13 August 2012). Embraced by commentators and politicians across the spectrum, it was conceived to set a new standard for national public inquiries of this kind. The report gave a thorough description and background of the events of 22 July and concluded, devastatingly, that the attacks on the Government Complex could have been prevented and that the perpetrator could have been stopped earlier at Utøya that day. Its purportedly ‘most important recommendation’ was ‘that leaders at all levels of the administration work systematically to strengthen their own and their organization’s fundamental attitudes and culture in respect to: the acknowledgement of risk, implementation capacity, interaction, utilization of information and communication technology and result-oriented leadership’ (NOU 2012:14, p. 458). Against this background, a set of more

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**1** In the attacks the far-right terrorist Anders Behring Breivik first detonated a van bomb next to the Government quarter in Oslo, killing eight people, before he shot dead 69 participants at the Utøya camp.

concrete measures were recommended for the police, the Armed Forces, the public health service, the rescue agencies and security and intelligence. Amendments of penal provisions were also proposed. The 22 July report received wide public attention, and its criticism of the existing administrative regime played a role in the 2013 elections, the offshoot of which was the establishment of Erna Solberg's conservative cabinet. The report resulted furthermore in a white paper,<sup>2</sup> more inquiry committees and new legislation<sup>3</sup> and is still a key reference in policy and regulatory discussions.

Finally, the 22 July Commission stands out as a good candidate for a best practice case, not only because it was – and still is – almost univocally conceived to be so but because of its apparent extraordinary participatory and epistemic credentials. The commission and the secretariat were crowded with high-ranking experts. At the same time affected sectors and actors were given access and voice both through representation at the commission table, surveys and interviews conducted by the commission, an unusual openness policy while the commission was still in session and a wide-reaching post hoc hearing among stakeholders.

In Germany, decades of fierce conflicts and deep divides on the question of the final storage of nuclear waste led to the set-up of another advisory committee that was to develop a procedure for finding the safest possible final repository of highly radioactive waste between April 2014 and July 2016. In the hope of reaching closure on these issues the 'Final Storage Committee' ('Kommission zur Lagerung hochradioaktiver Abfälle', in short 'Endlagerkommission') had the mandate to decide on criteria for selecting a final repository, to develop formats for public participation within the site selection process and to evaluate its own statutory basis.

This committee is not the first to tackle the issue of final storage of nuclear waste in Germany but had several predecessors. Yet, none of these inquiry and advisory committees had been able to settle the pronounced conflicts and divides over the issue that go back to the late 1970s, when policy-makers neglected environmental concerns and decided without further public involvement on 'Gorleben' as the German site for final waste storage. Since then, nuclear waste-producing energy firms have invested billions into exploring this site, while its suitability has been heavily questioned particularly by environmental groups and the Green party. In the wake of cross-party agreement on phasing out nuclear power in July 2011, there was a window of opportunity to find a joint way forward by setting up an advisory committee that could review past approaches and build bridges between the deeply divided camps of Gorleben-supporters and Gorleben-opponents. Part of the formula was to limit the committee's mandate to developing *criteria* for the site selection search (not suggesting

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<sup>2</sup> Meld. St. 21 (2012–2013) Terrorberedskap – Oppfølging av NOU (2012:14) Rapport fra 22. juli-kommisjonen.

<sup>3</sup> See for example Prop. 131L (2012–2013). Endringer i straffeloven 1902 og straffeloven 2005 mv. (forberedelse av terror m.m.).

a site for a final repository) and to assume a ‘white landscape’, which neither pre-selects nor precludes the highly contested site of Gorleben. Just as important was an institutional set-up that fulfils the highest democratic standards and emphasizes the role of scientific expertise: the committee was broadly and inclusively composed of interest groups and experts as well as politicians from all kinds of political parties, and its members were jointly chosen by the two chambers of parliament. The committee allowed for additional expert and public input through several channels and maintained an extensive and unprecedented level of transparency. The German media generally complimented the committee’s participatory approach, its exceptional strive for transparency and its attempt to reconcile both academic and societal concerns on the issue.

The 22 July Commission and the Final Storage Committee were different in several ways: they were established as a result of unique lines of events, dealt with different questions and policy areas and had different regulatory mandates and compositions. However, both committees were supposed to develop a consensual trajectory on highly sensitive and contested issues that affected a large range of different agents, and they stood out, as we will see, at first glance at least, as best practice cases. But how successful were these committees actually? And according to which standards? What would it mean to be ‘successful’ and ‘best practice’ in this context?

In this chapter we dig deeper into these questions by means of an investigation of these two committees. More specifically, we provide a reading of the Final Storage Committee and the 22 July Commission as possible best practice instances of a certain consensus-democratic culture and ‘civic epistemology’ that Germany and Norway share. The German and the Norwegian political systems are interestingly similar when it comes to the central logic of both political coordination and knowledge validation. This is reflected institutionally in the two countries’ policy advice systems. Both in Germany and Norway, a certain variant of deliberative consultative body, the so-called ‘hybrid advisory committee’ (Krick, 2015) that assembles a range of different agents – academics, stakeholders, civil servants – has for decades been a site of conflict resolution, knowledge-production and ‘input democracy’ with considerable currency (see e.g. Christiansen et al., 2010; Jasanoff, 2005; Christensen & Holst, forthcoming; Goodin, 2004). On the basis of the overlapping political and epistemological cultures of the two countries, a set of legitimacy criteria can be explicated – standards or parameters of what ‘best practice’ would amount to in this cultural setting.

In our analysis we apply these indicators to the actual practices of our two presumed high-achieving committees, and we ask: *How and to what extent do the outlined consensus culture criteria and actual practices overlap? Which normative tensions and goal conflicts come to the fore, and how can they be understood?*

In the first section of the chapter we flesh out our notion of Germany and Norway as consensual political and epistemological regimes and show how our investigations add value to institutionalist theory and scholarship. The second part of the chapter outlines our analytical framework and spells out the indicators for empirical analysis.



In line with this framework, section three presents a detailed analysis of the two committees. In the fourth and final section we discuss our findings as an expression of internal tensions in these consensual regimes' conception of legitimacy.

## 7.2 Consensus-Oriented Political and Epistemological Systems

Consensus democracies are known to follow a logic of decision-making that is cooperative, consensual and integrative, in contrast to the majoritarian and competitive logic of the Westminster model (Lijphart, 2012; see also Mansbridge, 1983). Such logic or rationale of decision-making is spurred by institutional features of political systems that shape and reinforce political cultures of communication. Norway and Germany interestingly share consensus- and compromise-inducing features on the 'executive-parties dimension' in Lijphart's (2012) model – referring to voting systems of proportional representation that lead to multiparty systems and frequent coalition governments as well as a rather corporatist interest group system. These institutional factors systematically distribute power and lead to a considerable need for coordination and for equivalent mediation mechanisms. The consensual, inclusive *political* cultures consequently tend to produce consensus-seeking *knowledge* cultures in which evidence is validated and objectivity is constructed on the grounds of negotiated, collective reasoning and encompassing representation of all relevant voices and viewpoints (Straßheim & Kettunen, 2014, p. 269f.).

Consensus-seeking systems of sense-making have been described in terms of 'civic epistemologies' (Jasanoff, 2005, 2011; see also Beck, 2012) – that is, as embedded in a particular consensus-oriented culture of public knowledge validation – but recently also as constituting a special kind of 'knowledge regime' (Campbell & Pedersen, 2014), referring to the characteristics of national fields of policy research institutions that produce policy-relevant ideas. Accordingly, we could, and we will here, see 'hybrid' or 'mixed' advisory committees as expressions of a certain agreement-oriented, negotiation-friendly civic epistemology and knowledge regime – as embedded not only in a political consensus culture and system but also in a particular epistemic culture and institutional field of policy-relevant knowledge production directed towards broad compromises across sectors, interests, perspectives and competences.

Importantly, such committees consist of academics and of societal stakeholders such as interest groups and NGOs, often accompanied by representatives from competent governmental departments. Thus they differ substantially from 'purely scientific', 'technical' committees (Brown, 2008). Hybrid committees ideally serve the double function of mediating societal interests and conflicts *and* generating reliable, credible and useful policy advice, and thus potentially providing epistemic *and* democratic legitimacy. While this type of consultative arena has recently come under pressure from expertization trends (Gornitzka & Krick, 2017; Tellmann, 2016), it still

has considerable currency in both countries (Christiansen et al., 2010; Jasanoff, 2005; Krick, 2015).

This focus on public epistemic culture and the organization of knowledge and policy advice contributes to an important empirical widening and renewal of the broad stream of institutionalist scholarship and theory. Much has been written within this branch of literature on welfare and policy-making institutions and ‘varieties of capitalism’ (e.g. Hall & Soskice, 2001; Esping-Andersen, 2009). Yet, without an analysis of the knowledge basis of political approaches and policy solutions and the culture, institutions and mechanisms through which it is shaped, our understanding of both policy and politics, and in the end also of societal developments at large, remains meagre (Christensen, Holst, & Gornitzka, 2017). ‘Knowledge regimes’, argue Campbell and Pedersen, ‘are just as important for modern political economies as policymaking and production regimes at least insofar as knowledge regimes produce the ideas that inform what political and economic elites do’ (Campbell & Pedersen, 2014, p. 6).

More particularly, the investigations and approach of this chapter add value to our understanding of the normative underpinnings of a core institution – the system of hybrid commissions – of consensus-oriented knowledge regimes as we find them in Germany and Norway. The chapter does so by giving flesh to the legitimacy ideals that these regimes are founded on but also by analyzing the varied, tension-ridden ways these ideals play out in practice. In accordance with insights from sociological institutionalism, our contribution thus introduces ‘a cultural turn’ to the study of knowledge regimes, which thus far has been more focused on the organizational features of such regimes than on their ideational basis and moral grammar, reflecting the insight that ‘human behaviour’ is guided not only by ‘formal rules and practices’ but also by the ‘symbol systems, cognitive scripts and moral templates’ that provide its ‘frames of meaning’ (Hall & Taylor, 1996, p. 947).

### **7.3 The Methodological Approach and Analytical Framework**

This study follows the interpretive methodology of comparative case analysis. The Final Storage Committee study is mainly based on data from participant observations and video analyses of committee meetings, interviews with committee members, committee documents, verbatim transcripts of committee sessions, the committee’s final report and policy documents on the committee by civil society actors and media. The study of the 22 July Commission is based on a reading of the commission report, relevant additional regulatory and policy documents, nearly 100 hearing reports, media contributions, independently authored books on the 22 July attack and existing

research on the Norwegian commission (NOU)<sup>4</sup> system and the 22 July incident. In addition, background information has been provided by key actors in this system – top civil servants, committee leaders and central interest group representatives – in ongoing interviews.<sup>5</sup>

In our interpretations we follow a joint analytical framework that specifies categories for assessing the two normative dimensions of the democratic and epistemic legitimacy of policy advice and corresponding indicators (see Table 7.1). First, from a perspective of *consensus-democratic legitimacy* (dimension 1), the inclusiveness and equality of participation of the affected interests within these committees are important (see Fung, 2006; Jasanoff, 2005; Lentsch & Weingart, 2011a, 2011b; Mansbridge et al., 2012; Young, 2000); in structural terms, this is reflected by an inclusive, balanced composition that builds on the notions of *affectedness* (1) and *representativeness* (2). This means, first, that at least all those interests that are ‘seriously’ and ‘constantly’ affected by a policy issue should be included in policy development (see Fung, 2013, p. 247; Goodin, 2007; Rowe & Frewer, 2000; Young, 2000, pp. 5–6) through representation at the committee table and/or in other ways, for instance, in public hearings. Second, it means that those agents need to be generally acknowledged as authorized to speak for their constituency and accountable to those they claim to represent (Urbinati & Warren, 2008, p. 405; Mansbridge et al., 2012; Fung, 2006, 2013). In procedural terms, the equality of participation depends on *fair and inclusive procedures of communication* (3) that are characterized by mutual respect and reason-based deliberation and that give an equal voice to all (Fung, 2006; Mansbridge et al., 2012; Young, 2000). It also depends on *integrative decision rules* (4) that facilitate consensual closure and do not favour competitive majority decisions, such as decisions by the absence of open dissent or by allowing minority statements to accompany an overall joint solution (Krick, 2017; Lentsch & Weingart, 2011a, 2011b; Lijphart, 2012; Olsen, 1972). Although policy advisory committees are institutions that build on delegated participation through societal stakeholders, first and foremost, broad public acceptance of policy advice and thus participatory legitimacy can further be enhanced when these processes allow for *direct and broad access for lay citizens’ input* (5) (Fung, 2006; Jasanoff, 2011; Rowe & Frewer, 2000). While a certain degree of *transparency* of the committee-internal advisory processes is not a normative means in itself, it is conditional to some of the normative qualities that we look at. It certainly is an important precondition of public scrutiny in general and of lay citizen input and the accountability of stakeholders in particular and will thus be considered in these contexts.

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<sup>4</sup> The committees produce reports in the series called Norges offentlige utredninger (Official Norwegian Reports).

<sup>5</sup> The interviews have been conducted as part of the research project *Expertization of Public Inquiry Commissions in a Europeanized Administrative Order* (2016–2020); see <http://www.sv.uio.no/arena/english/research/projects/eurex/>

**Table 7.1.** Normative dimensions, analytical criteria and indicators

Analytical criteria	Indicators
<b>Dimension I: Democratic legitimacy – Inclusiveness and equality of participation</b>	
1. Representation of seriously and permanently affected interests	Those interests that are deeply and permanently affected by the mandate of the committee are represented by at least one agent Absence of public claims to representation by further societal groups
2. Authorization and accountability of stakeholders <sup>6</sup>	Committee members and those giving hearing reports have financial or organizational ties with their constituency: a) Home organization is a membership organization b) Individual has a mandate from the umbrella organization c) Home organization covers a considerable share of those affected by the issue, stands for a general interest or advocates interests that a large part of the population shares d) Home organization is internally democratic (i.e. elects leadership at a grassroots level)
3. Deliberative procedures of collective decision-making	Communicative procedures are characterized by: a) Fair and equal, respectful, open and reasoned debate b) Open dispute and confrontation on all relevant issues
4. Inclusive decision rules	Decision rules that avoid majority voting and facilitate agreement: 'unanimity', 'absence of open dissent', 'nostrification', 'written consent', 'consensus-minus-one', 'minority statements' etc.
5. Access points for lay citizen perspectives	a) Institutionalized possibilities for lay public input exist b) The committee's consultation processes are sufficiently transparent to allow scrutiny c) Lay citizens are selected in a balanced and representative way d) Institutional responsiveness within the committee to these viewpoints
<b>Dimension II: Epistemic legitimacy – The reliability of the expertise</b>	
1. Plurality of expert viewpoints on the problem	A large range of relevant expert positions are given voice: a) Members represent a plurality of expert viewpoints on the issue b) The committee consults further external expertise where deemed necessary

<sup>6</sup> This criterion is not to be applied to academics in advisory committees but to those that can be viewed as stakeholders because they advocate societal *interests*.

Analytical criteria	Indicators
2. Deliberative procedures of collective decision-making	Communicative procedures are characterized by: a) Fair and equal, respectful, open and reasoned debate b) Open dispute and confrontation on all relevant issues (s. criterion I.3) <b>Plus:</b> c) Serious and intensive dealing with experts' opinions in the committee
3. Competent and experienced experts	Members have acquired a professional track record of proficiency and practice in the relevant knowledge domain(s) Relevant knowledge domains are: a) expertise on the respective policy-issue(s) to be regulated and b) political-administrative expertise on procedures, rules, responsibilities and public involvement in policy-making and implementation
4. Academic credentials and independence (of the academic experts within the committee)	a) Academic credentials: 'Academics' hold at least a PhD and work in research, i.e. have a position at a research institution and a considerable and ongoing track-record of peer reviewed publications and research projects b) Independence: An independent academic works at an independent research institution (i.e. one that is not solely financed by a private company, a particular industrial branch or part of public administration) and does not appear to have any private stakes in the policy issues at hand
5. Consensual closure on the result	The committee's results are accepted jointly without open opposition

For *sound policy expertise* in consensus-oriented knowledge cultures (dimension II), it is important to include *all relevant expert standpoints* (1) on the problem at hand and also to allow a *fair and thorough processes of deliberation* (2) within which biases can be dealt with, conflicts and contradictions can be resolved by different forms of reasoning and all relevant voices can be heard (Beck, 2012; Fricker, 1998; Fung, 2006; Goldman, 2001; Jasanoff, 2005; Lentsch & Weingart, 2011a, 2011b; Mansbridge et al., 2012; Young, 2000). To have epistemic authority, the advisors themselves need to be *competent and experienced* (3) vis-à-vis the issue of contestation – that is, they need to provide a professional track record of proficiency and practice in the particular knowledge field that the committee addresses (Goldman, 2001; Holst & Molander, 2017; Lentsch & Weingart, 2011b, p. 361). Within hybrid advisory committees, this standard is not only applicable to participants with an academic background but also to stakeholders who often provide important policy-relevant information and can fulfil the double role of expert and representative within these committees (Krick, 2015). The *academic* experts in advisory committees should furthermore be scrutinized in terms of their autonomy from private interests and their academic credentials (4),

for which affiliations at universities and research centres as well as a track record of academic publications and research projects can be indicators (Goldman, 2001; Lentsch & Weingart, 2011a, 2011b). Finally, group approval or *consensual closure* (5) at the end of the committee's consultations can be seen as a further indicator of particularly reliable expertise from a consensus-oriented perspective on validity claims (Fricker, 1998; Jasanoff, 2011, p. 31; Lentsch & Weingart, 2011a, 2011b).

In the following section an analysis and review of the two committees are presented indicator by indicator: In what respects can they be regarded as 'best practice'?

## 7.4 Case Analyses

### 7.4.1 The Final Storage Committee

The Final Storage Committee was composed of 34 members, out of which two took turns in chairing the committee, eight represented the first chamber of parliament (Bundestag), eight represented governments of the German constituent states (Länder), eight represented academia and eight represented societal interests. These groups are stipulated in the committee's statutory basis, the Site Selection Bill, which further determines that the last group consists of two representatives each of environmental associations, religious communities, industry and trade unions. The representatives of Bundestag comprised all parties with seats in parliament at the time of set-up in proportion to their factions' size. The two-headed chair was made up of members of the two largest parties, one Social Democrat and one Christian Democrat, who did not hold an office or parliamentary mandate during the phase of committee consultation.

The structure of the committee was a result of public claims during the legislative process that led to its set-up: A 'civil society forum' had been heard during the legislative process that led up to the Site Selection Bill, as a result of which the political agents in the committee-to-be (i.e. Bundestag and Bundesrat representatives) were stripped of their voting rights, while their number, as well as the number of academics, was raised. Early in the process, environmental groups and the anti-nuclear movement decided not to take part in this civil society forum, neither as members of the committee nor as experts in the committee's hearings.<sup>7</sup> As a result, the two committee-seats reserved for environmental groups were not resumed within the stipulated period but instead

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<sup>7</sup> This joint decision reflects a very conflictual and long history of the problem of nuclear waste storage that was for a long time characterized by the neglect and arrogance of the elites towards environmental concerns and obviously resulted in a complete loss of trust of advocates of these concerns towards state institutions.

with some delay after all other members had already been appointed by Bundestag and Bundesrat and only after the governing parties together with the Greens formally appealed to the environmental groups to participate in April 2014 (Bundestag, 2016).

The stakeholders in the Final Storage Committee on the whole represented interests that were especially affected by the issue, yet with some limitations: First, the particular affectedness of the churches and their members by the issue of final waste storage is not immediately apparent. One could however argue for their status of representing a majority of 'the people', with 60% Christian affiliation in Germany; moreover they have traditionally been called upon in Germany to speak on behalf of ethical concerns. Second, in comparison to the economic interests of the employees and managers of energy companies, the 'general public' and future generations were underrepresented given the high risks related to the issues the committee had to deal with, the time horizon and the comparatively small share of committee members that can reasonably be understood as acting on behalf of the whole society and its common health and security concerns (i.e. environmental groups, political parties and, with reservations and from a certain perspective, the churches).

The committee anticipated further claims to representation by arranging workshops that specifically targeted potentially affected regions and municipalities as well as younger adults. Yet, while these participatory formats gathered input, their contribution did of course not in any way come close to committee membership rights.

The majority of stakeholders in the committee were well authorized and accountable and can be deemed legitimate representatives of the interests they were supposed to advocate. Some were directly authorized by and accountable to their constituency, such as representatives of the trade unions, parties and the government, one of the church representatives and one of the representatives of environmental associations (BUND). Yet, 50% of the interest groups' representatives were characterized by accountability deficits: they either did not have any affiliation with the organization they were supposed to speak on behalf of (Georg Milbradt for the churches), simply represented the management of one private company (delegates of Eon and RWE) or spoke on behalf of a foundation ('Deutsche Umweltstiftung').

Open and fair deliberation was fostered and achieved to a considerable extent within the Final Storage Committee. Judging from video and minutes' analyses of selected sessions as well as four interviews with committee members (interviews A, B, C, D), the debates were generally characterized by an equality of voices, general mutual respect, a certain joint commitment and rational arguing styles – speakers were usually not interrupted or otherwise discriminated against. The chairs encouraged open debate and the voicing of concerns throughout, even by personally addressing individuals they considered to have an air of discontent. Apart from a very few personalized and slightly aggressive attacks against individual positions on the most controversial issues, the interaction was characterized by respect – the legitimacy of contrasting opinions was never openly undermined, and the interaction was characterized by politeness. The rationale to achieve joint and preferably consensual

decisions accompanied the process, and all members showed a relatively strong commitment to this goal and made an effort to build their positions on arguments.

Yet, since the dividing lines between Gorleben-opponents and Gorleben-supporters were old and pronounced and since the committee's composition followed a Gorleben-parity (with roughly 50% against and 50% in favour of Gorleben as the final repository) (see interview A, B, C; Bürgerinitiative Umweltschutz, 2016), only a few participants adjusted their original positions during the deliberations, and one can assume that the arguing style covered underlying bargaining rationales; genuine trust between the camps did not develop.<sup>8</sup>

Open dispute was allowed to a large extent in the committee; the expression of concerns was legitimate throughout and often encouraged, and conflicts were rarely openly suppressed. If strong discord prevailed, the chair would usually postpone the debate or transfer the development of a solution to a subgroup. Yet, there were two major taboos, one of which was addressed finally – the site of Gorleben – while the other, financing questions around nuclear waste disposal, was transferred to another arena, the 'Nuclear phase-out financing commission' ('Kommission zur Überprüfung der Finanzierung des Kernenergieaustiegs').

The committee applied a complex mixture of decision rules, with informal rules often replacing the codified ones: Formally, the committee aspired to avoid voting and decide consensually (Bundestag, 2016), but due to solid camps and irreconcilable conflicts this goal was not achieved, and there was formal, explicit majority voting with a two-thirds quorum on all sections of the final report. Voting went through three readings; the third reading excluded the 'politicians', in committee parlance, on the grounds of the Site Selection Bill that only attributed formal voting rights to the representatives of 'academia' and societal interests. From a democratic perspective, granting formal voting rights to only one half of the committee members undermines the inclusiveness of the committee's decision rules, particularly since the excluded agents – members of parliament and the Länder governments – have a high status of authorization and accountability and advocate relatively large shares of the concerned public. Effectively, however, these 'second class members' decisively shaped the report during the process, took part on an equal footing in the working groups and voted on all issues during the first and second readings (committee sessions on 02.10.2015 and 20.06.2016; interviews A, B).

On the final outcome, the committee used a 'nostrification' procedure – that is, it rounded up its decisions by one concluding decision. Nostrification was facilitated by allowing dissenting opinions on single aspects of the final report, a possibility that was used by seven members. When one member nonetheless withheld his/her

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<sup>8</sup> Yet, in the end, a compromise was found that conciliates the two camps to a certain degree: In the final report, Gorleben is neither excluded as a possible site nor is it given priority, and the outcome is supported as a package by all but one of the committee's members with voting rights.



approval to the final report as a whole, the committee de facto applied a consensus-minus-one rule by calling this result ‘consentaneous’, a ‘sweeping consensus’ and an achievement of its consensual goal, regardless of the dissenting voice (Final Storage Committee, 2016a, p. 30).

An array of different participatory formats accompanied and contributed to the committee’s consultations, including several online tools and a range of face-to-face, deliberative tools as well as document analyses of statements of the so-called ‘critical public’ (the anti-nuclear movement) that had not been reached by any of the direct participatory formats. The large number of different, accumulating arenas of citizen participation that allowed open access and deliberation originate in a participatory approach, which two external service providers developed by order of the commission in July 2017 (Final Storage Committee, 2015). Due to the considerable transparency of the committee’s consultations and its materials, one of the preconditions of meaningful citizen participation was fulfilled. Yet, while the amount of transparency was indeed remarkable compared to the usual practice in Germany and seemingly well-intentioned overall, effective data access was still often limited at surprising and sensitive points. One example is the practice of making every comment in the online fora’s debate tools subject to administrative clearance, which heavily undermined lively debate. Another example was the maintenance of the committee’s website, which was supposed to contain all data on the committee. For instance, videos of the committee sessions were regularly not available there for download, and online streaming was very error-prone.

Since access to the participatory arenas was open, the rounds of participants were subject to self-selection, and accordingly they were not descriptively representative of the public at large. Only few ‘ordinary’ or ‘lay’ citizens participated in the face-to-face arenas and online forums, while stakeholders, organized civil society, business representatives and experts dominated (Final Storage Committee, 2016a, pp. 417ff., 2016b; Interview B). The committee itself declared its online forum a failure (because it was barely made use of and later misused for unrelated entries) and attributes this to technical minutiae, such as the belated activation of comments and to the complete lack of public promotion of these tools (Final Storage Committee, 2016a, p. 422). At the end of the process, prior to the final adoption, public debates (both online on [www.endlagerbericht.de](http://www.endlagerbericht.de) and in a face-to-face event) on the draft result of the committee’s proposal had been planned. Yet, only small fractions of the report were available in draft versions as basis for discussion, and these final public assessments therefore had to focus on ‘key messages’ and the less contentious issues.

For all participatory formats, institutionalized transmission mechanisms between the participatory arena and the committee had been provided for, which were meant to assure the responsiveness of the decision-making committee members. For instance, in every face-to-face format, two committee members participated as ‘ambassadors’ of the public input and were to act as bridges. The input of all participatory formats was dealt with in the committee on the grounds of systematic

assessment and evaluation by both external service providers and the committee's office. Yet, the amount of different participatory arenas led to a great deal of external input that was very difficult, if not impossible, to channel, process and respond to. Besides, the additional participatory rounds never included representatives of the anti-nuclear movement, who were fundamentally opposed the committee's overall approach, including its participatory fora.<sup>9</sup> Failure to include and to pacify these key actors is very likely to preclude real and lasting societal conciliation and closure on the issue.

As for the epistemic legitimacy of the advisory procedure, a large range of relevant experts' positions were given voice within the committee. The members of the committee reflected no doubt a plurality of different expert viewpoints on the issue and particularly both sides of the Gorleben-divide in parity. The committee further invited domestic and international academics and lawyers as well as experts from public agencies and state departments to a range of different hearings on issues such as the public appraisal of large infrastructure projects or the retrievability of nuclear waste. In addition, the committee consulted about 100 reports from external experts from state agencies, state-funded companies, independent research centres and universities and a handful of private engineering companies. The reports comprised studies on a broad range of mainly technical but also legal and political issues.

The fairness and thoroughness of the deliberative procedures described above as criteria for the democratic legitimacy of the procedures are also conducive to the epistemic quality of the deliberations, particularly open debate and confrontation, but also an emphasis on argument and inclusiveness in the communication. In addition, the handling of expert input within the committee needs to be considered here. Several indicators imply that the committee overall seriously engaged in debates with external experts. From the outset, such as by following the expert hearings, expert opinions were seriously discussed. Directly after the individual hearings reports of approximately 15 minutes, committee members asked clarification questions and made a few critical remarks; after all presentations had been held, the committee members entered into debate with the invited experts and critically scrutinized their information and/or asked for further explanations or transfer to different settings.

When looking at the committee members' track-records of competence and experience, one can speak of an overall high proficiency and pronounced practice related to both the policy problems that the committee focuses on and in terms of political-administrative experience. On the side of the members of Bundestag and the

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<sup>9</sup> The movement criticizes the committee mainly for having offered nothing more than token participation, for not excluding Gorleben as a possible site, for enacting the site selection law before the committee was set up, for focusing solely on the *highly* radioactive kind of waste and for neglecting alternatives to the deep geological storage option (Bürgerinitiative Umweltschutz et al., 2016, pp. 5ff., pp. 25ff.).

societal stakeholders, however, policy-related experience was somewhat restricted, with about half of each of these two groups showing little of such expertise.

Yet, as a group, several committee members in the role of ‘academics’ fall short of academia-internal standards. Only a small majority of them actually hold a PhD, and only one has a current, credible track record of relatively recent academic publications and research projects. The independence of these agents is limited because only a minority is affiliated to independent research institutions; however, in the majority of cases, there is no evidence of private financial stakes in the issue.

Upon the end result, complete consensual closure could not be accomplished. One member with voting rights, the representative of the environmental association BUND, withheld his approval of the final report as a whole (Final Storage Committee, 2016a, p. 497). Additionally, six further members, two of whom also had voting rights, published dissenting opinions. Only one, the statement by the representative of the party ‘die Linke’, who did not have voting rights, can be read as a further fundamental rejection of the report as a whole, however.

#### **7.4.2 The 22 July Commission**

Central and clearly affected interests were represented in this 12-member commission: the police, the public health sector, the Armed Forces, the communication and transportation sector and the Norwegian Red Cross, a highly relevant civil society actor. Balance in gender and multiple geographical backgrounds among members was also ensured. Moreover, the hearing process contributed significantly to increased representativeness, with a range of civil society organizations and public sector units responding and contributing in addition to the commission’s ongoing exchanges and communication with ‘different audiences and those directly affected’ during their work (NOU 2012:14, p. 40). A survey organized by the commission, consisting of seven sub-surveys adapted to different groups of the affected, had nearly 4000 respondents.

Yet, there were some clear limitations to representativeness. Apart from the Norwegian Red Cross Vice President, and the fact that some of the public health and police sector representatives had previous interest group experience from their sectors, civil society organizations had no representation in the 22 July Commission. Rather, members were academics, civil servants and/or recruited from public or private sector management. The commission leader herself was a lawyer and former business executive in Norsk Hydro, a large Norwegian industrial company. No active or former parliamentarians were included to ensure the inclusion and balance of different political-ideological views.

A more detailed characterization of the representativeness deficit needs to be assessed in relation to the commission’s mandate. The commission itself argued that its mandate was limited to narrowly reviewing the role of the ‘secondary prevention’ of terror, ‘after the basic problem has occurred’ (NOU 2012:14, p. 71), that

is, after ‘one or more persons have been radicalized and are willing to use violence to achieve their political goals’. Even within these boundaries, however, one could have expected the representation of unions in the police and rescue sector at the commission table and a reflection on recent controversial public sector reforms (NPM etc.) that have affected the emergency and prevention sectors (Christensen, Lægreid, & Rykkja, 2015). Furthermore, hearing reports reveal more concrete tensions among stakeholders around weapon policies and the government’s choice of information and communication technology system for emergency situations. Yet, these lines of conflicts were also left uncovered by the commission’s composition.

The commission could moreover have given a wider interpretation of its mandate and included in its review the more ‘basic problem’ of how societal structures, political culture and policy can contribute to foster, or prevent, radicalization and terrorism in the longer run, as raised by civil society stakeholders, the media and independent authors. With such a broader approach, the range of relevant and affected stakeholders would of course have increased drastically, including actors from the public school system, social services etc.

A review of the interest groups and civil society organizations that participated in the 22 July Commission process reveals overall high scores on authorization and accountability criteria. However, as already indicated, apart from the National Red Cross, none of these groups and organizations had direct representation through commission membership. To be sure, there were commission members affiliated or formerly affiliated with organized interests and civil society groups. Their commission membership was however granted them in the capacity of their current or previous executive positions.

Due to the closed nature of the committee’s proceedings, insights into the fairness of procedures rely on sources such as the reading of the general regulations of the work of Norwegian public commissions,<sup>10</sup> information from interviews with key actors in the NOU system, the commission’s self-reporting of its procedures, existing research, media coverage and procedural comments in hearing reports. There are few signs that the deliberative atmosphere in the commission was experienced as an obstacle by participating parties. The media scrutiny of the commission’s proceedings was quite extensive, and it is likely that heavy conflicts and substantive misgivings among commission members would have come to the fore. Yet, limited time and early deadlines for hearing reports were mentioned by various stakeholders and are likely to have influenced negatively on the deliberative quality of the process.

The commission furthermore reached agreement on all points. In general, NOU commissions are expected to produce consensus reports, while minority statements

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**10** See Instructions for Official Studies and Reports, <https://www.regjeringen.no/en/dokumenter/Instructions-for-Official-Studies-and-Re/id107582/>.

are allowed and voting serves as a last resort. Within the 22 July Commission, however, there were few signs of high conflict levels, and the committee reached unanimity.

This being said, given the composition of the 22 July Commission, the lack of minority statements does not necessarily indicate that all conflicts surrounding the issue had been solved. After all, a set of stakeholders did not have seats at the commission table, and academics and civil servants participating in NOUs tend to have a higher threshold for dissenting in deliberations (Tellmann, 2016).

The commission allowed access not only to survey reports, expert reports and hearing reports but also to several internal documents, including substantive parts of the commission's correspondence with affected actors and informants. It seems likely that transparency of this kind fosters more informed deliberations and scrutiny.

The 22 July Commission received individual citizens' direct input not least through conversations, interviews and a range of meetings with affected actors. Independently authored books on the 22 July attacks were also included in the report's reference list. In addition, the hearing round included individuals – engaged citizens without official institutional affiliations – who reported their concerns, in particular opposition to the commission's recommendation to ban semi-automatic weapons and critical views on what some saw as the commission's 'blind trust' in the reliance on responsible agencies' far too optimistic assessments of the current emergency net ('Nødnett'). Lastly, the commission's large (N = 3700) survey arguably compensates – although only in part – for more direct lay citizens' access points. It increased representativeness in the process but added less from the perspective of democratic deliberation, since in surveys, citizens participate as respondents, not as deliberators, and the potential for mutual learning is obviously limited (Lafont, 2015).

Generally, the limited representation of stakeholder and civil society expertise and parliamentarians' competence and views, already elaborated upon in terms of a participatory deficit, also reduced the epistemic legitimacy of the 22 July Commission. The fact that the commission included less than thorough discussions of highly relevant value conflicts and normative dilemmas, including possible conflicts between terror prevention and protection and values of 'openness and democracy' – a dilemma explicitly mentioned in the commission's mandate (NOU 2012:14, p. 38) – and the commission's not unreasonable, but far from obvious, narrow mandate interpretation, can be connected to this lack of representativeness. The liberal dilemmas raised by security and prevention policies and the question of the deeper causes of radicalization were raised in hearing reports from civil society, and the issue of public sector organization and funding were addressed by central unions and heavy-weights among the national agencies in the rescuing and emergency sector, but none of these had seats around the commission table. In sharp contrast to this, some responsible ministries delivered only half- to one-page hearing reports without real substance, referring to 'ongoing internal evaluation processes in the ministry'. This reluctance among some of the central actors can be due to the early hearing deadline, but the fact that hearing processes are surrounded by a level of publicity

that internal ministerial evaluation processes are not may also have played a role. Lastly, in an ongoing research project, the Gjørvi commission has been accused of blaming individual police officers and leaders for mistakes generated by system-level flaws (Renå, 2016). One could easily imagine how shortcuts of this sort, as far as these accusations are founded, would less easily occur had police and rescue sector unions been more strongly involved in the commission's work.

Different kinds of academic and sector expertise were, however, included in the committee, and national and international<sup>11</sup> and civil society and interest group expertise was provided *post hoc* through a set of thorough stakeholder hearing reports, which corrected factual mistakes or inaccuracies (about hospital and rescue procedures, police work, weapon and weapon regulations etc.) and added new concerns and perspectives. One could argue that the bureaucratic and regulatory expertise among commission members could have been higher, given the commission's focus on scrutinizing public administration procedures, leadership and restructuring. The ideal type central administration top-level civil servant, typically found in other NOU committees (Christensen & Holst, forthcoming) was actually not included in the 22 July Commission. However, several commission members did have administrative and regulatory expertise as part of their portfolio. The secretariat, completely dominated by public and private firm lawyers but led by political scientist and business executive Bjørn Otto Sverdrup (Statoil), moreover added profoundly to the commission members' competence, also in this area. However, strikingly, even in the secretariat, servants from the national ministries or agencies were absent. Yet, the exclusion of these actors can also be given an epistemic justification as it arguably facilitated unbiased scrutiny of the role and responsibilities of governmental units and politicians, which the commission's report ended up criticizing heavily for a lack of adequate procedures and leadership.

As for the representation of academic disciplines, the domination of lawyers, both among commission members and in the secretariat, supplemented by a couple of historians but at the expense of social scientists with experience from organizational and public administration research, has been claimed to result in a narrow focus on legal regulations and obligations and on 'attitudes and culture' instead of on structure and organization, funding schemes etc. (Christensen, 2013). Christensen (2013) links this bias also to the somewhat surprising centrality of business sector background and management expertise in this commission as well as in the secretariat.

As mentioned, there is reason to think that the commission proceedings were relatively deliberative. The delivered commission report itself was generally written in an argumentative mode, providing and presenting evidence, discussing the limitations and validity of evidence, weighing conflicting points of view etc. in

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<sup>11</sup> Among the commission members were Stefan Gerkman with an earlier career in Finnish public administration, and Hanne Bech Hansen, previous police executive in Copenhagen.

a reason-oriented way. The deliberative qualities of the hearing reports varied, obviously, but a majority followed up on the argumentative style that we find in the commission report. A guiding principle for the Gjørv commission was furthermore, no doubt, to draw on and base its discussions and recommendations on updated relevant academic, professional and regulatory knowledge. Twelve expert reports on issues of high relevance to the commission's mandate were frequently referred to throughout the report; the large N survey was made in accordance with standard scientific procedures; informant interviews were systematically pursued, reported and archived; and relevant references and literature were referred to in the commission report's background chapters. However, the commissioned expert reports, as well as their listed sources and references, confirm the epistemic bias of its composition. Once more, we see how this commission, despite having an analysis of public sector and administration performance at the core of its mandate, to a limited extent relied on scholarly literature by academic experts or expert input on this exact topic. The 22 July Commission's sketchy treatment of normative questions and possible value conflicts also depart from the deliberative mode characteristic of the report at large.

As for the experts that were in the end included as commission or secretariat members or relied on as external experts, a review of their track records indicates consistently high levels of competence and overall relevant previous and present positions in and experiences from relevant public and private organizations, bureaucracy and/or academia. This goes as well for the academics participating – all highly esteemed and all connected to independent academic institutions.

Finally, the Gjørv commission managed the task of providing consensual closure. Not only were no members dissenting, but the conflict levels exposed in hearing reports were also relatively modest. Except for some controversy, not least around weapon policies, nearly all hearing reports 'bought' the commission's package of recommended policies. Excluding some actors' non-trivial reservations when confronted with the commission's analysis of events and conceptualization of the public sector's prevention and emergency challenges, the overall impression from the hearing round is consensus and embracement. The vast majority of hearing reports praise the report's 'importance', 'clear-sightedness', 'thoroughness', 'impartiality' etc., and it is repeatedly suggested that this report sets – as one hearing report puts it – 'a new standard' for public inquiries. When criticism is raised, it is raised carefully, and often implicitly.

The consensual closure and the authority of the commission have moreover shown a striking stability over time. Despite some critical voices in the research community and clearly mixed assessments of the commission's achievements, not least in the justice and police sectors, the public image in the media and among politicians and commentators is still very much that Gjørv told us 'what happened' 22 July. This closure, and the tendency, so far at least, to in effect put the 22 July Commission 'beyond politics' somehow, is obviously related to the strong sense of national togetherness and 'meaningful community' that occurred in the aftermath of

the horrible terror attacks and senseless killings (Rafoss, 2015) and that still seemingly influence how 22. juli is talked of, framed and reflected upon.

## 7.5 A Condensed Normative Assessment - Overall Scores, Limitations and Tensions

Summing up the case analyses, our first set of questions is: How good was the practice in the two cases on the whole? Where do we see a lack of fit with the normative criteria we developed, and why did it occur? Which tensions and trade-offs are observable?

Recapitulating the achievements of the Final Storage Committee, this committee invited public scrutiny and broad societal participation by allowing an unprecedented amount of insight into internal documents and its procedures and additional public involvement through participatory formats, and it reached a considerable degree of pacification within the committee report on the most critical questions that span the deeply divided camps on the issue of nuclear waste storage. One of the main political advocates of Gorleben-criticism, the Green party, agreed to the report in the end, although the compromise that was found did not preclude Gorleben. Yet, the committee member representing Germany's environmental movement could not be convinced to back the results, and this clearly undermined the amount of conflict resolution. The Final Storage Committee suffered from some structural 'birth defects' that limited its democratic potential: the number of representatives of the general public was low in comparison to other proponents and in relation to the issue that was dealt with. Most importantly, the committee did not include the most active and deeply sceptical societal interest groups in the field, the anti-nuclear movement, nor were these groups incorporated through the additional participation formats. By transferring a key conflict to another, strongly political forum, the nuclear phase-out financing commission, the participatory credibility of the committee was further undermined. At second glance, the committee's claim to superior transparency was also restricted in several minor ways.

Arguably, the participatory approach of the committee highlights one of the internal tensions of citizen participation, the inequality dilemma of participation (see e.g. Fung, 2006; Lijphart, 1997) that is exacerbated when open access to participatory arenas is allowed: the more input the committee invited in response to public demands for more substantial and more meaningful involvement, the more voice it gave in effect to those that were already involved – interest groups and experts – without reaching to a sufficient extent those that had been excluded – the social movements, the younger generation and the 'ordinary' lay citizen. Yet, in comparison to usual committee governance practice in Germany, the committee worked in a very transparent way and was relatively inclusive. This, however, came not only at the price of incomplete consensual closure – a range of dissenting opinions and even one vote against the report as a whole – but also of limited scientific credibility: the committee



members had been chosen very carefully on the grounds of several selection criteria, the most important one being ‘Gorleben parity’, but regional representation and party political affiliation also played important roles. The ‘scientific excellence’ of the committee came obviously second.

This trade-off between epistemic standards and participation can be argued for from a perspective of governance since the most difficult issues were rather political and came down to making ethical judgements and assessing risks. While the committee had to consider technical information, there was no shortage of it given the large amount of written and oral reports from external experts, the long history of the conflict and also the considerable experience on the side of the (non-academic) committee members, which had for the largest part worked on the issue for decades. The practice of persistently emphasizing the alleged objectivity and scientific credentials of committee members was obviously used to facilitate open and reasonable debate, to overcome divides and to legitimize the results epistemically by borrowing the authority of scientific knowledge.

In accordance with what would be expected from a presumed best practice NOU, the 22 July Commission was firmly characterized by ‘consensus and competence’, to quote an experienced NOU contributor and administrator (Interview E). There were no minority statements and limited conflict levels within the committee itself, but also during hearings, and a variety of high-level professional, administrative and academic expertise was included both around the commission table and through the composition of the secretariat. In addition to ‘consensus and competence’, the 22 July Commission provided participatory opportunities for stakeholders and affected, through extensive consultations, interviews and large-N surveys while in session, a post hoc hearing with wide reach and, generally, the adoption of an openness policy that encouraged public interest and scrutiny. However, the high transparency level may also have contributed to reduced engagement among key actors, such as the responsible ministries, which kept their hearing reports vague and short.

The other side of this is that limitations to openness, not least the commission’s closed doors meeting policy, standard for NOUs, most likely facilitated its success in terms of closure, as it allowed parties to make concessions without losing face or having to check back with their constituencies (Chambers, 2004; Lentsch & Weingart, 2011). Yet, the committee’s unanimous deliverance must also be read as a result of the limited representation of conflicting views. The relatively narrow composition resulted in a relatively narrow and technical interpretation of the mandate, and controversial aspects pertaining to descriptions of events, analyses of societal and public sector challenges, conflicting normative concerns and policy recommendations were not addressed or were addressed in a limited way. The expertise involved also had some biases, in part due to the participatory deficit partially due to the relative dominance of some disciplines and professional backgrounds, in particular law and management, which also seem to have influenced report features.

The exclusion of party politicians and the responsible ministries and agencies that can be considered as powerful stakeholders with strong self-interests in regard to the issue may very well have contributed to a more thorough and unbiased scrutiny and better deliberations and thus be justified from an epistemic perspective. Yet, while it is a characteristic of stakeholders to have firm and potentially bias-producing interests, their exclusion from the committee is unusual for the NOU system, at least as this system has traditionally worked. This particularity of the Gjørv commission is of course not unrelated to the extraordinary incident – 22. juli – that it was to investigate and assess the implications of. Previous to, during and after the commission proceedings, parliamentarians and media commentators stressed, repeatedly, the utter importance of an unbiased scrutiny of the role of responsible governmental units and politicians. This contributed no doubt to disqualifying certain interested actors that under different circumstance would have been obvious candidates for the committee.

## 7.6 Conclusion

When assessing the degree of overlap between our consensus-cultural criteria and the observed advisory practices, it can be stated that the two committees may not be considered ‘best practices’, but they certainly qualify for *good* practice measured against a rather ambitious set of indicators. Moreover, they illustrate pronounced tensions in modern consensus democracies between stakeholder inclusion and interest reconciliation on the one hand and modern pressures to base public policies on evidence and expertise on the other (see Fischer, 2009; Gornitzka & Krick, 2017; Straßheim & Kettunen, 2014).

Arguably, this points to what seems to be a more fundamental conflict between epistemic and democratic concerns (see Holst & Molander, 2017), to which they provide two distinct and somewhat inverted answers: whereas the 22 July Commission is an example of ‘consensus and competence’ that reached limited interest mediation, inclusion and transparency, the Final Storage Committee is characterized by ‘inclusion and transparency’ yet had shortcomings in terms of the scientific credentials of its members and consensual conciliation. The tensions in these two cases played out in quite different or even opposed ways. Yet, the underlying trade-off mechanism is the same: in both cases, the inclusion of conflicting views contravenes consensual closure, detached assessments and scientific competence.

A fuller explanatory analysis of the less-than-ideal features of the advisory processes we have studied must be left for another occasion. However, we contend that they are closely related to inherent tensions in our indicator set that reflect the fact that particularly *epistemic* and *participatory* concerns can pull in different directions. Acknowledging this, it is perhaps not so much noteworthy that our cases in the end did not achieve full scores as best practice but rather the various ways they

handled the internal tensions of the epistemic and political culture in which they are embedded.

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Sveinung Legard

## **8 Translation and Institutional Change: What Happened when Participatory Budgeting Came to the Nordic Countries?**

'Participatory budgeting' (PB) is a term used for the proposal that ordinary citizens and not elected politicians should decide on how to spend public funds. The idea and practice of PB emerged in Brazil in the early 1990s but has since travelled to thousands of municipalities across the globe, among them cities such as Paris and New York. As it has spread, however, its content and form have altered. Whereas PB originally denoted reforms that challenged representative political institutions, it now stands for schemes and projects that seek to strengthen them. This is because PB has been *translated* and given new meanings in the places it has travelled to. Today, PB is normally presented as a form of 'good governance' or citizen consultation and not as a comprehensive reform to alter local political institutions. The practice has also changed. In the original PB all municipal investments were distributed through a participatory process, but in cities like New York and Paris only a fraction of the funds are set aside for local residents to decide.

In Nordic countries, PB has been introduced as a project that encourages particular segments of the population to engage in conventional politics. This translation has not led to fundamental institutional change but has rather only added layers to pre-existing arrangements. There are at least two explanations for this. One is that the conditions that nourished PB in the first place are absent in the Nordic countries. PB was born at a time when the Brazilian public had very little confidence in state institutions, and there existed a massive popular movement that advocated participatory democracy as an alternative to the status quo. In the Nordic countries, to the contrary, confidence in public institutions is relatively high, and most movements work within the established institutional order. The other explanation is that settled institutions exert a strong pressure on how imported ideas and practices are translated. The rules that regulate representative democracy are very strict in the Nordic countries, and those who defend them are well situated to block challenges to existing institutional arrangements. In this chapter I will illustrate these two explanations for the trajectory of PB in the Nordic countries by looking at Fredrikstad – a mid-sized city in southeast Norway that introduced PB in 2009.

### **8.1 Translation, Institutions and Change**

First some words on the analytical perspective that informs this study and the method used to conduct it. The travel of ideas or policies – like PB – is often studied within 'policy diffusion' or 'policy transfer' frameworks (Dolowitz & Marsh, 2000; Simmons,

Dobbin, & Garrett, 2006). These are concerned with the mechanisms with which policies travel or with the structural forces underlying their diffusion but also with how they are implemented in new places. Such research rarely argues that foreign institutions and practices are adopted *in toto*. Cut and paste transitions are seen as exceptions, and hybridized combinations of outside and local knowledge are more common. Local differences may alter the speed, scope and extent to which outside practices are incorporated. Some actors are always more interested in pushing transfer processes, and certain actors are more receptive to them than others (Marsh & Sharman, 2009, p. 279). But what these perspectives lack is often a view of how ideas themselves change as they travel from one place to another (Mukhtarov, 2014). As Bruno Latour writes, ‘the spread in space of time of anything – claims, orders, artefacts, goods’ is in ‘the hands of people’ who ‘may act in many different ways, letting the token drop, or modifying it, or betraying it, or adding to it, or appropriating it’ (Latour, 1986, p. 267). That is why ideas are not simply received, rejected, resisted or accepted – they are *translated* (Latour, 1991, p. 116). To understand the changes that occurred with PB as it came to the Nordic countries, I therefore turn to what is called *translation theory* in ‘Scandinavian institutionalism’ (Czarniawska & Sevón, 1996; Røvik, 2016; Sahlin & Wedlin, 2008; Scheuer, 2008a; Wæraas & Agger Nielsen, 2015).

When ideas and practices travel they are first decontextualized from their original location and then recontextualized into a new one. This opens the idea to a great deal of interpretation and alteration. Translation theory emphasizes that these interpretations and alterations are not arbitrary but rather bound by certain rules. Røvik speaks of three modes of translation with associated rules. The *reproducing* mode of translation refers to deliberate attempts to replicate practices in the source context. *Copying* is the rule within this mode. These are actions ‘that aim to replicate in a recipient context certain practices and/or results found in a source context. Thus, copying denotes attempts to achieve a success similar to that observed in the source context by using the exact same means in a new location’ (Røvik, 2016, p. 8). The *modifying* mode of translation is more pragmatic and happens where translators both try to include central elements of the desired source practice in the translated version as well as to adjust them to work within the recipient context. There are two rules in this mode: addition and omission. *Addition* involves adding elements to the source version when it is being translated to a new context. *Omission* refers to toning down or omitting certain aspects of the source version in the recipient context. Both rules can be applied in the same settings since source and recipient contexts might be similar in certain aspects but different in others. The *radical* mode of translation takes place when translators consider themselves relatively unbound by the prototype when they implement a new practice in their own context. The editing rule within this mode is *alteration* – the ‘comprehensive transformation and mixing of one or more source versions of a practice, leading to the creation of a unique version in the recipient organization’ (ibid., p. 9). The use of these rules is

decided by certain conditions, such as how embedded the practice is in the source context or how transformable the transferred knowledge is. The most important condition in this discussion, however, is the degree of similarity between the source and recipient contexts. If they are very similar, copying is the most appropriate rule. If they are moderately similar, adding or omitting is common. If the contexts are very different in variables crucial for the functioning of the practice, it is more likely that the transferred idea is domesticated and presented as an innovation rather than an imitation or modification (ibid., p. 14). As I will show, the content of PB has slowly changed as time progressed and as PB has moved to new contexts that lack the factors that were crucial for its implementation. PB as practised in the Nordic countries and Fredrikstad is a product of this journey.

Another important concept in translation theory is that of an *editing infrastructure*. People who wish to introduce a new practice in their organization or community can seldom do so by replication. They have to relate to the conditions in the field (Scheuer, 2008b, p. 161). These conditions are partly bound to the way people are thinking and the norms for behaviour. As Sahlin and Wedlin write, when ‘reforms and experiences are accounted for and narrated, they tend to be framed and presented in familiar and commonly accepted terms so that they will make sense to a reader or listener. [...] These concepts, references and frameworks form the infrastructure of editing and they restrict and direct how the accounts are given’ (Sahlin & Wedlin, 2008, p. 225). Translators have to align their projects with certain ‘master rules’, position them within existing categories and thought-schemes and draw upon available discourses to make them meaningful to others (Hardy & Maguire, 2008, p. 208). The editing infrastructure refers to what Scott has called the cognitive and normative pillars of institutions. The cognitive pillar emphasizes how institutional rules make up frames through which meaning is made, and the normative pillar describes how these rules define values, roles and appropriate forms of behaviour (Scott, 1995, pp. 37–38, 40). As I will show, the cognitive and normative pillars of representative democracy exerted a strong influence on the translation of PB to Fredrikstad.

What the concept ‘editing infrastructure’ should also include is what Scott calls the regulative pillar of institutions. This has to do with processes that ‘involve the capacity to establish rules, inspect or review others’ conformity to them, and as necessary, manipulate sanctions, rewards or punishments’ (ibid., p. 35). This is the hard power of institutions – something that translators are expected to adapt to if they are to succeed in introducing a new practice. The opportunity for success depends, for example, on the strength of the veto power of those who defend the established institutions and the possibility for bending its rules (Mahoney & Thelen, 2010, p. 18). If budgeting rules are malleable or the political establishment is weakened, it could be possible to introduce a radical version of PB. If not, the translation most likely to succeed would be a more moderate one. This does not necessarily mean that change is impossible within such a setting. Revolution



and the displacement of existing institutions with brand new ones is not the only form of change that can occur. Small-scale, gradual and unnoticeable change can occur when new institutions or rules are added alongside existing ones. Mahoney and Thelen call this *layering* and argue that even though powerful veto players can protect old institutions, they cannot necessarily prevent the addition of new elements to them (ibid., p. 20). The introduction of PB in the Nordic countries must also be understood to occur within such a setting, which effectively narrowed down its range of possible translations.

A weakness with this perspective is that it can easily send the impression that a translation is preordained, depending on the field in which it is implemented. Institutional fields are not totalizing phenomena. They are riven with inconsistencies and conflicts, something that provides opportunities for institutional change (Hardy & Maguire, 2008, p. 203). The form and content of translations cannot therefore be decided a priori but instead are ‘primarily an empirical question to be resolved by studying the introduction of a practice into a particular context’ (Wæraas & Sataøen, 2014, p. 245). The task of the researcher is therefore to describe the translation, identify what rules are used and seek explanation for them. This is what I do with PB in Fredrikstad in this chapter. The method I have used is text analysis. I have identified documents where the translation of PB appears and analyzed these using the tools discussed above. The documents studied are both internal and external and encompass a PB-brochure, flyers that encourage citizens to participate, website definitions, contributions to newspapers from municipal staff and PowerPoint presentations given to other municipalities or official institutions. Translations in larger organizations are normally objectified in written documents (Sahlin & Wedlin, 2008), and people who want to change institutions mainly communicate with audiences through the production, distribution and consumption of texts (Hardy & Maguire, 2008, p. 208). The strength of the text analysis is that it captures this official translation work. The weakness of it is that it may miss out on the unofficial and oral translations that go on in such settings as well as the political and organizational play of the field actors that lies underneath the translation process.

One final note on my approach is that I do not look to judge how true or untrue the translation of PB in Fredrikstad is to the original version that emerged in Brazil in the early 1990s. According to some definitions (see for example Wampler, 2012) most examples from the Nordic countries would probably not count as PB. I have been myself walking the streets of Oslo collecting signatures to introduce PB in my city, and I can understand the pain that many feel when they see what they perceived as an emancipatory project be translated into something radically different. In this analysis, however, I follow Spinoza’s dictum of *non ridere, non lugere, neque detestari, sed intelligere* (not to laugh, not to lament, not to curse – but to understand) and leave the politics aside for another occasion. What is crucial here is to understand why PB has been translated as it has.

## 8.2 From Porto Alegre to Fredrikstad

Before it came to the Nordic countries and Fredrikstad, PB had already undergone a long journey. It was first initiated in Porto Alegre in southern Brazil when a socialist alliance led by the Workers' Party (PT) won the municipal elections in 1989. Together with community organizations and local social movements, the new municipal administration pursued a participatory democracy model inspired by socialist ideas of workers' councils and Christian Base communities from the progressive branch of the Catholic Church. In its original format participatory budgeting meant that all adult citizens could participate directly in allocating *all* of the municipality's investments. Typical projects would range from connecting neighbourhoods to the running water network, paving roads, upgrading sanitation systems, renovating schools or establishing a health clinic, computer lab or kindergarten. The new budget institutions combined direct participation and representation. The direct participation took place in open assemblies where residents would come forth with investment proposals and vote on how to prioritize the money. The participants would then elect delegates and councillors to represent them in negotiations with the municipal administration and the make-up of the final investment proposition. The new budgeting rules never formally supplanted the representative political institutions in Porto Alegre, but they undermined the authority of the local legislative assembly. PB was commonly perceived as more transparent and just than the patron-client relations that up until then had dominated local politics. The opposition was also weakly organized and not able to veto the outcomes of the budget process (Abers, 2000; Baiocchi, 2005; Goldfrank, 2011; Gret & Sintomer, 2005).

The PB institutions transformed Porto Alegre. They improved government transparency and reduced corruption (Goldfrank, 2011, pp. 231–237) and redirected public resources to working-class neighbourhoods and marginalized sectors of the population (Marquetti, 2008). Segments that previously were disengaged from politics – like women with low income and little formal education living in the outskirts of the city – became mobilized to participate actively on budget issues (Fedozzi et al., 2013). These changes received worldwide attention. Development agencies such the UN and the World Bank adopted PB as a best practice of urban good governance. The global social movement gathering 'World Social Forum' hosted by Porto Alegre gave participatory budgeting an iconic status to the international Left. It was also widely studied and disseminated in academic circles where it was described in very positive terms as a 'redistributive democracy' (de Sousa Santos, 1998), a case of 'empowered participatory governance' (Fung & Wright, 2003), an 'empowered participatory regime' (Baiocchi, 2005) and even a 'real utopia' (Wright, 2010).

One of the reasons why Porto Alegre became an emblem of participatory democracy was that it not only consulted citizens but also gave them real power in deciding the distribution of municipal funds. According to Baiocchi and Ganuza (2014) it had both a communicative and an empowering dimension. The communicative dimension

rested on public forums that were established to discuss the budget, whereas the empowering dimension was based on institutions that ensured that the outcomes of these deliberations were realized by the municipality. The empowerment dimension, however, is rarely found in any of the thousands of cases of PB found on a world-wide basis today (Dias, 2014; Gilman, 2016; Sintomer, Herzberg, & Röcke, 2008). In Paris, for example, the municipality has allocated €500 million from 2014 to 2020 to projects that have been proposed and elected by citizens. In New York, city districts are allowed to initiate PB if they set aside \$1 million for the process. These funds are extremely small compared to the overall investment levels in these cities, and they have not been accompanied by wider reforms to transform the administrative structure of the government to ensure that the outcomes of citizen deliberations become policies. In general, the version of PB that has travelled the world has been one with a focus on 'good government' rather than institutional change and is often found in 'piecemeal fashion or as an overly simplified template for citizen consultation, devoid of any broader radical agenda to transform state-society relations from below, or even to fundamentally alter resource distributions' (Peck & Theodore, 2015, p. 214).

The type of PB that was introduced in the Nordic countries came at a time when the concept had already undergone substantial alterations. Sweden was first among the Nordic countries to initiate what they called 'citizens' budgets' in several municipalities at the local level starting around 2006 (Sveriges Kommuner och Landsting, 2011, Ch. 4). This was followed by several local initiatives in Denmark (Bregenov-Larsen, 2016), one undertaking in Finland (Oikkonen, 2012) and also in Reykjavik, the capital of Iceland (Grímsson & Bjarnason, 2016). PB came to Norway when an alliance of left-wing groups and community associations in Oslo petitioned the city government to do a PB-trial (Bystyret i Oslo, 2005). Even though it was unsuccessful, it was soon followed by other advocates. In 2009, a Cabinet Minister from the Socialist Left Party (*Sosialistisk Venstreparti*) co-authored a book claiming that participatory budgeting would make Norwegian politicians more accountable and improve budget priorities (Lysbakken & Skjerve, 2009, p. 204). The centre-left government of which he was part also encouraged municipalities to experiment with participatory budgeting as a way of facilitating increased participation from citizens in local issues (Regjeringen Stoltenberg II, 2009, p. 30). The Norwegian Association of Local and Regional Authorities (KS) has stated that participatory budgeting is a policy tool they recommend as long as a portion of the budget is specifically set aside for this purpose (Kommunesektorens organisasjon, 2013, p. 31). Participatory budgeting has even been adopted by conservatives. The current right-wing government refers to it as a good practice to engage citizens in small towns who merge with others to form larger municipalities (Regjeringen.no, 2015). Fredrikstad, however, is the only municipality in Norway that has explicitly introduced PB. Although PB did not come by accident to the Nordic countries – as the relatively broad outreach of PB in political debate in Norway and the many cases in Sweden and Denmark illustrate – it did arrive in Fredrikstad partly by coincidence. In 2008 the municipality was invited

to join an EU-funded project with Uddevalla – a Swedish town that took interest in Fredrikstad’s community funding scheme. The aim of the project was to experiment with new methods to engage citizens in municipal politics. Through this cooperation, Fredrikstad was included in a network of Swedish municipalities which received training from European experts on how to implement and organize PB.

This led to the implementation of three different PB projects in Fredrikstad over a six-year period. The first took place quite soon after Fredrikstad joined the PB network. In 2009, youths aged 13 to 19 were invited by the municipal administration to propose ideas on how to spend 200,000 NOK (around 22,500 euro) on projects for youngsters in the city. The ideas were transformed into workable projects by the youths themselves and then put to a vote among all pupils at the city’s lower and upper secondary schools. The winner was a so-called ‘LAN party’ – a gathering where kids can bring their own computer equipment and play multiplayer games. A total of 61 per cent of the city’s pupils voted (Fredrikstad kommune, 2010, p. 6; Oliveira & Allegretti, 2013, pp. 17–19). In 2013 a similar process was initiated for active skateboarders. The municipality gave the local skateboarder association 200,000 NOK to construct new ramps in their skate hall. The municipality facilitated a participatory process where skaters elaborated the design proposals and voted on them online (Syversen, 2013; Ystgaard, 2013). The most recent PB event took place in 2015 when residents in a local community surrounding a city square – including children from the kindergartens and the primary school – were invited to propose how the square should look after it was renovated. The municipality gave 800,000 NOK (around 91,000 euros) to the renovation. In total 260 people from the local community participated in designing the proposals, and 235 people voted. More than two-thirds of the voters were less than ten years old (Eidsvold, 2014, 2016; Holøien, 2015).

These projects did not lead to fundamental institutional changes in Fredrikstad. As Scheuer (2008a, p. 112) argues, travelling ideas can have institutional impacts in a recipient context if they are translated into objects, then to actions and finally to institutions if the actions are repeated regularly. However, PB in Fredrikstad did not happen on a regular and predictable basis but instead remained on an ad-hoc action level. At no point did these actions challenge the established political institutions. The youth and skateboard projects hardly used money from the municipal budget. In the city square renovation project, which was the most ambitious of the three, the elected politicians had already decided that the 800,000 NOK should go to the renovation. What the participating community members could decide was how the park should look. The rule that municipal budgeting is the responsibility of elected officials in the city council was never replaced. On the other hand, the PB projects can be said to have opened up the opportunity to also handle public funds in a participatory fashion – opportunities that had not been formulated and only partly utilized in Fredrikstad before they became aware of the concept of PB. As such, the PB in Fredrikstad can be understood as a form of layering, where new informal rules of how to handle public money were added to pre-existing formal ones. This feature is shared by the other

Nordic countries, where PB is now and then used to give certain communities extra influence in regard to how money is spent within certain public works or services. The only exception from this is Reykjavik, where the inhabitants have been able to distribute around €1.9 million annually since 2012.

### 8.3 A Toolkit Version of PB

Fredrikstad's PB looked very different from the original experiences in Porto Alegre because it was translated to mean something else as it came to the city. One thing shared by all translations is that ideas and practices are objectified and turned into accounts or materializations when they travel (Sahlin & Wedlin, 2008, p. 225; Scheuer, 2008b, p. 161). Part of this objectification consists of turning the idea or practice into a linguistic artefact such as, for example, a label (Czarniawska & Sevón, 1996, p. 32). To make objects transferable, time- and space-bound features are excluded. If the source and recipient contexts are very different, local prerequisites are omitted. The practice is distanced and decoupled from time and space (Sahlin-Andersson, 1996, pp. 85–86). The story of how and why the idea or practice came about in the first place is reconstructed. What might have been very chaotic, incidental and diffuse is presented as rational. Previous experiences are scientized or theorized. Actors are described as purposeful and procedures and effects as logical outcomes of their intentions (Sahlin & Wedlin, 2008, p. 226).

In Fredrikstad, PB was labelled 'Deltakende budsjettering' – the labelling underscored by the use of the capital 'D' (which equals 'Participatory budgeting' with a capital 'P' in English) (Fredrikstad kommune, 2010, 2013). Instead of being understood as a particular model or set of reforms – as was the case in Porto Alegre – it is rather understood as an umbrella term for a range of methods that include citizens in decisions regarding tax money. A central document describing Fredrikstad's PB emphasizes that it is not necessary to include the whole investment budget in the process to qualify as PB. It is sufficient to use only a certain portion, regardless of how big it is. Nor do decisions regarding this portion need to be binding. They may only be advisory. Thus, the document does not single out only one method as PB but states that it involves a range of solutions and possibilities. The analogy which is used is a tool kit with a variety of tools (Fredrikstad kommune, 2010, pp. 1, 3; 2013). This definition opens up for a very wide range of practical expressions of PB, and it also frees those who want to adopt it from any bonds to previous experiences.

Translations are often dramatized as they are introduced into new settings: concepts, categories, examples, references and ideological frameworks are used to structure, narrate and make sense of the ideas or practices that are translated (Sahlin & Wedlin, 2008, pp. 226–227). In Fredrikstad, the concept of 'Deltakende budsjettering' was repeated in internal as well as external communications – in brochures, on the city's website, in presentations to other authorities and in contributions to newspapers

as well. The dramatization of PB is that of a policy invention with global success. The story that is told is that PB used to be tied to a certain context, but because of its great achievements it spread out to ever more regions and was transformed in such a way that it became suitable to any place that wishes to develop democracy further. Several examples are used to underscore this point. One is the Bertelsmann Foundation's prize to the 'world's best municipality', which was awarded to a town in New Zealand that involved its inhabitants in deciding budget priorities. Another is the fact that PB is now utilized in 'a majority of European countries' and that even the British parliament issued a report 'inviting all public enterprises' to introduce PB (Fredrikstad kommune, 2010, p. 3).

The success story not only has its heroes but also villains in the form of dangers that can be realized if PB is not adopted in the right manner. Lobby groups, for example, can attain too much influence, public expenses can increase, decision-making processes may be drawn out and irrelevant themes and priorities can be put on the agenda. However, these are classified as only possible pitfalls or 'challenges that have to be handled', and research comes to the rescue with certain guidelines (or success factors) for what to do (*ibid.*, pp. 4–5). There is also a story of local success told in the document, which is the one of the implementations of PB in Fredrikstad. After going through different PB projects in other parts of the world, the document turns its attention to the first PB experience with the students in the city. It claims that 'nowhere in the world has there been a youth project where Participatory Budgeting has been used as a method where the voter turnout has been so high' (*ibid.*, p. 6). Moreover, it is noted that even though PB is an idea imported from abroad, it already has a predecessor in Fredrikstad in the community-funding scheme. This adds an element of familiarity to PB, which might disarm criticism that it is something foreign that does not fit into Norway – it is not so different from what we are already doing after all. As a whole, the translators used what Sahlin and Wedlin (2008) call rules of logic and formulation to decontextualize PB and to tell a success story of an innovation that could easily be adopted in a Norwegian city.

## 8.4 Modifying a Pre-Existing Translation

One of the reasons why this toolkit version of PB had to be presented as a near universal was that the conditions that nourished the original PB were absent in Fredrikstad. The research literature on Porto Alegre (as well as other Brazilian cities) points to a number of factors that were necessary for its successful implementation and persistence. These included the extensive decentralization of fiscal powers to the municipal government, an ideological commitment among the leading political party to establish a new form of government, a strong mayoral government that gave the municipal administration power over elected politicians, civil society organizations who shared the vision of a new society and were able to educate and mobilize citizens

to become empowered participants in the new institutions and very low levels of public confidence in established institutions (Abers, 2000; Baiocchi, Heller, & Silva, 2011; Goldfrank, 2011; Wampler, 2007). All of these factors combined constituted a very peculiar combination that existed only in some cities in the south of Brazil in the early 1990s (Avritzer, 2006). Virtually all of these factors were absent in Fredrikstad when PB came to Norway. The spending of the municipality was heavily directed by national policies and regulations, no major political party was committed to transforming the local government, the mayor and the municipal administration were subordinated to the elected politicians and civil society organizations did not mobilize large number of citizens nor demand anything like PB. The only faint similarity was that confidence in the local government was fairly low. Among other things, a majority of the population felt that the politicians disrespected the view of the citizens and that special interests were prioritized over common interests (Kommunesektorens organisasjon, 2010).

Since the contexts were very different on variables that were crucial for PB, the translation was radically different compared to Porto Alegre. Thus, alteration might seem to be the rule applied in Fredrikstad. The translators were unbound by the prototype in Porto Alegre and did not describe it as a model for Fredrikstad. Instead Porto Alegre and other examples from Latin-America were framed as part of the prehistory of PB in a different and developing part of the world (Fredrikstad kommune, 2010, p. 7). The municipality in Fredrikstad did not target all citizens as in Porto Alegre but rather specific groups such as the youth and skateboarders. They also used external funds or only a small fraction of the budget for participatory projects as opposed to all municipal investments in the original format. But to say that alteration was the rule in Fredrikstad only makes sense if the translation was done directly from Brazil to Norway. It was not. The Fredrikstad experience is better understood as a product of a long chain of translations that started in Brazil, moved on to other countries in Latin-America and finally came to Europe and the Nordic countries. The content and meaning of PB had already been altered on this journey because these contexts were already very different from that of Brazil. PB-advocates in Fredrikstad did not do the translation work by themselves but instead together with other municipalities inside the Swedish PB network. The main PB document in Fredrikstad is largely a copy of a PB fact sheet from this network, where the focus was on places other than Brazil. The examples used in the publication were from Portugal, where a municipality involved young people improving their school environment, as well as Sweden, where a suburb to Stockholm allowed citizens to vote on how to spend money to upgrade their physical environment (Sveriges Kommuner och Landsting, 2010). The network also organized tours to other municipalities with PB, and representatives from Fredrikstad went to Seville in Spain to see the practice for themselves (Oliveira & Allegretti, 2013, p. 19).

The disembedding of PB from Porto Alegre and Brazil had, in other words, already been done by others before Fredrikstad. Moreover, the diverse set of practices that used the PB term had already provided a very different basis to translate from than if

the focus had been on Brazil. It is therefore more appropriate to say that Fredrikstad moved within the modifying mode of translation, where the translators tried to both include central elements of the source practice in the translated version and to adjust it to fit within the recipient context. The most important source practices for Fredrikstad were not those found in Brazil but rather the examples found in Europe. In addition, they could also look to the many other Swedish municipalities who implemented PB simultaneously (Sveriges Kommuner och Landsting, 2011, pp. 21–54). These examples, however, had not been described in detail, which meant that there were many *non-explicit aspects* in these practices that the translators in Fredrikstad related to. This opened up the possibility to add elements to the model – such as specific target groups that politicians and administrative staff found it important to reach – or pre-existing concepts like ‘Youth Entrepreneurship’, which was used to develop investment ideas into feasible projects. Due to the many models and examples to choose from there was no need to tone down or omit aspects of specific source versions. Instead, this was indirectly done through selecting those that were most convenient for Fredrikstad. The toolkit definition of PB that Fredrikstad inherited lent it easily to additions and omissions: as long as some part of the population was involved in discussions about the use of public funds, it was not so important *how* they did it. Lastly, the differences between the contexts of other European PBs and that of Fredrikstad were not especially significant. This made it easy for the translators in Fredrikstad to identify with the motivation for introducing participatory budgeting – such as the emphasis on developing democracy further and creating more effective administrations – but also to add elements that were specific to their own context. One of the most important aspects that was added was the inclusion of the pre-existing community funding scheme in the description of what could be called PB.

## 8.5 Supporting Representative Democracy

The success of translations depends on the number of people acting on their behalf (Scheuer, 2008a, p. 127). Translators need to mobilize other groups and individuals to support their proposal, and one way to do so is to present ways of thinking that can get people to act together. This is often referred to as ‘collective action frames’ (Tarrow, 1998). Such ways of thinking typically consist of the following elements: *punctuation* identifies a problem and defines it as important, *diagnosis* elaborates the problem and describes who or what is responsible for it, *prognosis* describes what is required to correct the problem and finally *motivation* encourages actors to participate in the change (Hardy & Maguire, 2008, p. 208). Here, the concept of editing infrastructure comes in. On one hand translators wish to introduce something new, but they also need to do so in a way familiar enough for people to gain their support – they have to relate to underlying concepts, categories, values etc. One way to do so is to frame the proposals within the cognitive and normative pillars of established institutions.



The main translation document in Fredrikstad should be understood as an attempt at this. The document defines decreasing participation, sinking party membership and increasing distrust in public institutions as the main problems that have to be solved (punctuation), and it indirectly puts the blame on the lack of dynamism in the political system (diagnosis). At the same time it emphasizes that there are innovations such as PB that create win-win situations for everyone involved – not least the municipal administration and local politicians (prognosis). Finally, the document tries to evoke fear in those who read it that the state of democracy can evolve into a much graver situation if nothing is done and uses the global success of PB as a hope for a more optimistic future (motivation). This way of framing PB does not challenge the established institutions but rather speaks about upgrading and neutralizing the threats to them (Fredrikstad kommune, 2010). It is directed to an internal audience in the municipality – elected politicians and the municipal administration – and tries to convince them that PB is a good idea.

But the editing infrastructure cannot be understood as one unitary system of facts and values dictated by established institutions. Institutional fields are not totalizing phenomena but are rather riven with inconsistencies and conflicts. Translators must bear in mind these tensions when they try to mobilize support (Hardy & Maguire, 2008, pp. 203–204). Only providing one version of the translation might be risky if support from various groups is needed in order to be realized. One such inconsistency is the difference in values and ways of thinking about democracy. Democracy can mean different things for different groups in society and be associated with a diversity of discourses and values. It is likely that politicians and administrative staff primarily associate democracy with representative institutions, whereas citizens at large associate democracy with the right of everyone to be heard and affect outcomes. Politicians are likely to attach values such as reliability and responsibility to representative institutions, whereas as the general population are prone to attach other values such as responsiveness and effectiveness to them. These differences might be a source of tensions. One example is a survey conducted in Fredrikstad where 88.7 per cent of the politicians agreed that elected officials considered the views of the inhabitants, and only 36.8 percent of the general population thought the same (Kommunesektorens organisasjon, 2010, p. 20). The external communication was framed differently than the internal documents. Instead of focusing on the perceived benefit for the municipality or its political system, it focused on the right of individuals and communities to be heard in the political process. In the youth project, for example, the participants were encouraged to suggest something that could make Fredrikstad ‘more fun,’ ‘nicer,’ ‘more environmentally friendly’ or ‘safer’ for themselves. As a group, they were asked to come up with new ideas to enhance the life quality of the youth in the city (Fredrikstad kommune, 2009). In the square renovation project the municipal administration emphasized that the park belonged to the residents. They acknowledged that nearby residents had wanted to improve it and that they would be affected by noise and logistical problems while the renovation

was going on. Thus, as the municipal organizer told the residents in a communication to a local newspaper, ‘that it makes it even more important to have a place that is your own. Because you will decide about the square’ (Eidsvold, 2014). Nevertheless, even though the external communication spoke to a different set of values and ways of thinking about democracy, at no point did it dispute the legitimacy of the representative institutions. It rather underscored that representative institutions could be supplemented by other modes of engagement without antagonism. As such, the concept of PB and the way it was framed moved well within the cognitive and normative pillars of representative democracy.

## 8.6 Layering as the Best Available Option

Translators also need to adapt to the regulative pillar of institutions if they are to succeed in introducing a new practice. Two important aspects here are how flexible the rules of the established political institutions are and how strong the position of institutional defenders is (Mahoney & Thelen, 2010). In Fredrikstad the translators found themselves in a situation where there was little room to interpret the rules of how budget decisions should be made and where it was not possible to allow any slack in enforcing them. These rules are regulated by law in the national Local Government Act, which does not leave any room for discretion. The act states that it is only the municipal council that consists of elected politician who can make decisions on how to allocate the city budget. How strict these rules are can for example be observed in the reactions from government institutions when they perceive threats to the budget authority of the municipal council or sub-municipal councils which may also decide a portion of the budget according to the law. In 2008 a city-district in Oslo, Norway’s capital, told the city government that they wanted to introduce PB. They asked for a statement from the juridical department of the city government but got as a reply that it is illegal to give decision-making powers over public funds to popular assemblies and that it would not allow it. Furthermore, the city district was told that even if it wanted to try out the method with merely a small sum of money, they nevertheless had to apply to the national government for a temporary exemption from the Local Government Act. All continuation of this work had to be stopped until such permission was given (Kallmyr & Andersson, 2008). Although Fredrikstad is not a city district that has to wait for statements from the city government, it is still overseen by higher state authorities and could be sanctioned if it deviates from the rule that only the municipal council can make decisions regarding the local budget. Instead, the advocates of PB in Fredrikstad are better understood as a small group of institutional entrepreneurs trying to bring about change in the municipal administration from within.

This is related to the veto power of institutional defenders. In the case of Fredrikstad these had access to the juridical system that can prevent municipalities

from breaking national regulations. Closer by, however, was the sanction power of the municipal council in Fredrikstad itself. When the youth PB project was executed, the only political party that actively supported PB in its programme – the Socialist Left party (SV) – had just two representatives on the municipal council. The institutional defenders were therefore in a majority in Fredrikstad, and any proposal to change the rules of how the budget was made would have easily been vetoed locally. In such a situation institutional change is a hard feat to achieve. One way to do it could be for the challengers to go head-on with their opponents and attempt to displace the existing budgeting institutions and replace them with PB. Such a confrontation would require a huge support base, similar to what led to the introduction of PB in Porto Alegre in the first place. But this was absent in Fredrikstad. There was no movement or organization demanding PB from outside the municipal administration nor anyone mobilizing people behind PB once initiated. Given the strictness of the budgeting rules, the strong position of the institutional defenders and the small number of people acting on behalf of the idea, *layering* became the best available option. PB in Fredrikstad became an addition to representative democracy.

## 8.7 A Common Pattern – With One Exception

Fredrikstad inherited a translation of PB that was radically different from the version that originated in Porto Alegre. The meaning of PB had changed because it moved to places where the conditions that nurtured it in the first place were absent. This was the case in Europe and in particular in the Nordic countries. In Sweden, Denmark and Finland – and in Fredrikstad – the predominant version of PB was as a makeshift addition to conventional politics, where small sums of money were allocated by special target groups through participatory methods. Although the translators in Fredrikstad slightly modified the version they inherited, they by and large kept it intact. Just as in the other Nordic countries this version fit well with the circumstances under which PB was introduced: there was no movement challenging representative democracy with new values or alternative ways of thinking, the budgeting rules of the established political institutions were strict, the institutional defenders were strong and the change agents were in the minority.

The exception from this pattern tells a great deal. In Reykjavik, Iceland, the only place among the Nordic countries with PB as a regular feature, a scheme called ‘Better neighbourhoods’ was established in 2011 and has been going on ever since. The scheme basically consists of citizens making proposals to a central website of public works that they wish to see implemented in their neighbourhood and subsequent periodical voting to single out the most popular proposals. The municipality has committed itself to implementing a certain portion of the top demands, and since its inception around 200 public works have been initiated this way. The demands encompass community improvements such as benches, footpaths, lighting, playgrounds etc. (Grímsson &

Bjarnason, 2016; Participedia, 2016). Even though Reykjavik's PB concerns only a small share of the budget, the scope of the practice still exceeds that of any other Nordic country. The reason why this was possible was that the institutional defenders in the established political parties had lost support, and thus also their veto power in the municipal council, in the wake of Iceland's financial crash in 2008. In addition, new organizations and movements arose that demanded that citizens should have a direct say in political decisions on Iceland's debt negotiations, general policies at the city level in Reykjavik and even the drafting of a new constitution. Those two conditions were absent in Fredrikstad and in the other Nordic countries at the time of the introduction of PB.

When thinking about institutional change, it is easy to fall into the trap of thinking only of social upheavals that turn the existing social order upside down or the complete replacement of old institutions with new ones. This might close our eyes to other forms of more subtle, almost indistinguishable change, like the addition of PB to the existing representative political order. In itself, PB has not changed the way conventional politics is conducted in the Nordic countries. On the other hand, it has been consonant with a series of institutional developments in local democracy. Layering by adding new institutions and practices to the existing political institutions has been the normal way of dealing with claims for increased participation in decisions on and the delivery of services and threats from oppositional movements as well as falling support for representative democracy in the Nordic countries. Councils for immigrants, the disabled and the elderly are found at all levels of governments today as well as representative organs for patients, parents and other user groups in welfare state institutions (Kjølsrød, 2003). Legislation that gives communities the right to participate in planning has been added as a response to claims by oppositional movements on the left (Amdam & Amdam, 1990) and consumer-oriented management reforms as a response to oppositional movements on the right (Sahlin-Andersson, 2001). In addition, multiple new forms of citizen involvement, participation and deliberation have been initiated by state and local authorities in attempts to counter lower voter-turnouts, falling confidence in government and declining recruitment to political parties (Skivenes & Eriksen, 2000). This has resulted in what Aars (2012) calls a 'cloudy bundle' of public engagement schemes – especially at the municipal level. Although PB has not changed anything by itself, the added effect of all of these layers has resulted in significant transformations of political institutions in the Nordic countries. Whether this has or has not led to more democracy must be the topic of another chapter.

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Mari Teigen

## 9 Can Descriptive Representation be Justified outside Politics?

A gender balance norm for representation in democratic decision-making has spread globally in only a few years, as witnessed in the tremendous development of gender balance in national legislatures from 2000 till today.<sup>1</sup> In 2000 the Nordic countries topped the rankings of gender balance in parliaments: Sweden in first place, followed by Denmark, Finland, Norway, the Netherlands in between, and then Iceland in sixth place. In 2016 the picture was quite different. At the top of the list we find Rwanda, followed by Bolivia and Cuba; Iceland snaps into fourth place, Sweden at sixth, Finland 11<sup>th</sup>, Norway 14<sup>th</sup>, and Denmark squeezes in among the top 20 countries in 19<sup>th</sup> place. Throughout this period, women's representation in parliaments in the Nordic countries has been stable at around 40 per cent; it is the increased representation of women in national legislatures in countries of the global South that has led to rotations in the positions between the countries.<sup>2</sup> In this chapter, my area of interest is however not limited to gender balance in politics but is also in the parallel diffusion of the gender balance norm across institutional contexts, from the political organization to the corporate world – with a particular interest in similarities and differences in arguments for gender balance.

Hanna Pitkin's seminal work on representation focuses on the abstract criteria of what representation entails and makes a distinction between descriptive, substantive and symbolic representation (Pitkin, 1967). In this chapter the attention is drawn to descriptive representation. In political organizations, descriptive representation – that the social background of representatives mirrors, at least to some extent, the social background in the electorate – has been central (Norris & Lovenduski, 1993; Phillips, 1995; Mansbridge, 1999; Childs & Lovenduski, 2013; Allern et al., 2016). It is descriptive representation of gender that is approached in this chapter, but clearly if arguments for the descriptive representation of gender are valid, other aspects of descriptive representation could also be valid, such as ethnic background, regional background etc. Hence, although sometimes contested, the descriptive representation of gender – gender balance – is considered a central norm for the composition of political institutions.<sup>3</sup> From this point of departure I explore the relevance and

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<sup>1</sup> <http://www.ipu.org/wmn-e/arc/classif010916.htm>

<sup>2</sup> The representation of women in the national parliament in place 20 changed from 23,5 % (Seychelles) in 2000 to 37,3 % (Netherlands) in 2016.

<sup>3</sup> Keeping in mind that 'gender is not a synonym for women' (cf. Murray, 2014), it is most typically the overrepresentation of men that is at issue (Bjarnegård, 2013).



validity of arguments for gender balance in political institutions and ask whether they also are relevant and valid in another institutional context: economic life.

Nonetheless, in other institutional contexts, such as in the labour market, and in the corporate world in particular, although gender skewed power structures have been highlighted, it has been less common to argue that gender balance should be a norm for the composition of decision-making bodies. Until recently continued male dominance in economic top positions has primarily been addressed in terms of causes and effects; policies and regulations to achieve gender balance have been less in focus. In contrast, the prevalent dominance of men in political organization has been much debated in terms of policies, with a particular focus on gender quotas to get more women elected to political office (Dahlerup & Freidenvall, 2005; Krook, 2009; Franceschet & Piscopo, 2013; Bjarnegård, 2013; Krook, 2014; Murray, 2014). The emphasis on the descriptive representation of gender in political organizations relates to the prominent status of group-based inclusion in democracy and thus to legislatures (Dahl, 1998). In economic life executive as well as non-executive positions, where very few people make it to the top, have remained in a market-logic discourse of ‘profit & loss’ (Chandler, 2016, p. 445). However, currently male dominance in top positions in the corporate world is now firmly on the public agenda.

At the global level the Beijing Declaration and Platform for Action – the UN’s 4<sup>th</sup> world conference on women in 1995 – established the principle of equal participation of women and gender balance for the first time (Lépinard & Marin, forthcoming). One goal of gender balance included social, political and economic decision-making, although the pivotal role of political decision-making was emphasized in particular.<sup>4</sup> Gender balance is further ascertained in the recent *European Commission Strategic Engagement for Gender Equality 2016–2019*, where the descriptive representation of gender in decision-making is addressed as a broad concern for several social areas. Under the heading *Promoting equality in decision-making* the strategy pinpoints the following areas as important for the goal of better gender balance: non-executive directors (board members) of companies listed on stock exchanges; executive directors of major listed companies (and in the talent pipeline); research organizations; political decision-making bodies; and public life, including sports.<sup>5</sup> In other words, political decision-making is presented as an area for the promotion of gender balance of equal status with other society areas. The gender balance norm comes forth as equally important to a range of social spheres.<sup>6</sup> The expansion of the critical role of gender balance to a broad spectrum of areas (political, social and economic) addresses

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<sup>4</sup> Beijing Declaration and Platform for Action, 186, page 80 <http://www.un.org/womenwatch/daw/beijing/platform/>

<sup>5</sup> [http://ec.europa.eu/justice/gender-equality/gender-decision-making/index\\_en.htm](http://ec.europa.eu/justice/gender-equality/gender-decision-making/index_en.htm)

<sup>6</sup> Descriptive representation of gender and gender balance will be used interchangeably. Another synonym would be gender parity, much used in the politics and gender literature.

the question of whether and on what grounds the descriptive representation of gender is a pressing concern within different institutional contexts. Thus, in this chapter I aim to explore the institutional specificity of arguments for the descriptive representation of gender and whether such arguments are equally valid and relevant in the institutional context of economic decision-making, specifically in relation to corporate boards, as in the institutional context of political organizations.

The analysis takes as a point of departure the fundamental assumption within discursive institutionalism that ‘ideas matter’: ‘Ideational power as the capacity of actors (individual or collective) to influence other actors’ normative and cognitive beliefs through the use of ideational elements’ (Carstensen & Schmidt, 2016, p. 321). The basic assumption is that actors with power engage in policy debates with the ambition to succeed in promoting certain ideas at the expense of other ideas. The following analysis emphasizes arguments in favour of the descriptive representation of gender. The counter-arguments are largely my concern, as my interest is with reasoning for gender balance across societal areas and not arguments for and against gender balance (see Holst, 2016).

In the first part of the chapter an institutional perspective on the difference between political and economic decision-making is presented, including the tendency towards institutional confusion. In the second part I draw on representation theory and present some central arguments within the political science literature in favour of the descriptive representation of gender in political organizations. In the third, I present the main arguments for a descriptive representation of gender in economic decision-making, more precisely arguments for corporate board gender quotas as they were put forward in the Norwegian policy debate (by the government, consultative bodies and in the parliamentary debate) prior to the historic adoption of corporate board gender quotas by the Norwegian parliament in 2003. I then discuss the arguments in favour of the regulation of gender balance in corporate boards in light of the main arguments central in the political science literature for the descriptive representation of gender in political structures.

## 9.1 Politics and the Economy – An Institutional Perspective

Politics and economy refer to two institutionalized organizational types: political organizations and companies (Brunsson, 1994, 2009). The ideal institutional types of the political organization and the company differ in regard to how they are organized internally and externally; moreover, political and economic (companies) organizations both need legitimacy, but they are founded on different sources. The environment of political organizations consists of citizens, characterized by a variety of interests and demands. It is the mechanism of democracy that secures the representation of the interests and demands of the citizens. The environment of the company comprises customers, characterized by much more specific or

limited demands. It is the mechanism of competition that secures the legitimacy of companies. If the customer is not satisfied with the company, she takes her business elsewhere (Brunsson, 1994, pp. 324–325).

This differentiation of organizations categorized as political and economic (company) organizations entails ideal types. Organizations are typically constructed in ways that combine elements from different institutional types. Companies are politicized and political institutions are company-ized. Neoliberalism is often used as the name of an ideology that has pervaded political institutions and government administrations with company-ized principles, hailed by key international institutions like the World Trade Organization (WTO), the International Monetary Fund (IMF), the World Bank and the European Central Bank. The politicization of companies implies that companies take on some of the characteristics of political organizations, often in an effort to demonstrate legitimacy – for instance by creating and supporting values widely held to appear decent, just, rational, effective and modern.

The increasing political attention to gender balance for corporate boards, as well as the diffusion of the actual legal regulation of the gender balance of corporate boards, can be interpreted as an expression of the politicization of companies. However, interestingly, companies have become politicized not as a result of internally driven processes but as a result of state-imposed regulations. In a sense it appears counterintuitive that regulations of gender balance diffuse in a time characterized by neoliberalism and deregulation. However, as argued by Vogel, deregulation often combines liberalization with re-regulations, ‘Hence we have wound up with freer markets and more rules’ (1996, p. 3).

The politicization of companies and the company-ization of political organizations have been called ‘institutional confusion’ (Brunsson, 1994, 2009; Olsen, 1998). Institutional confusion refers to changes where the autonomous institutions characterized by relatively clearly defined boundaries of power and authority are threatened by an increasing tendency of institutional boundaries becoming blurred. Reform processes may produce institutional imbalances as governance principles are transferred from one institutional context to another with a lack of responsiveness to the characteristics of institutional distinctiveness. Institutional confusion may be caused by organizations adapting to changes in their environment, such as for instance state regulations (Brunsson, 1994, p. 333). Hence, corporate board gender quotas may be interpreted as politicizations of companies, conceptualized as ‘institutional confusion’ (cf. Olsen, 1998; Brunsson 1994, 2009).

In this chapter the perspective on institutional confusion does not engage with the consequences for institutions; rather the perspective is more curiosity-driven. The diffusion of gender balance regulations from politics to the economy in

several countries, and as debated in the proposed EU directive,<sup>7</sup> may well illustrate institutional confusion. What I have set out to explore is to what extent arguments for the descriptive representation of gender in political structures appear also valid and relevant in the context of economic decision-making and to contemplate similarities and differences according to institutional context.

## 9.2 Gender Balance and the Concept of Representation

Political representation is pivotal in democratic political systems, where the capacity to speak and act on the behalf of other persons is central to our understanding of democracy (Norris & Lovenduski, 1993; Dahl, 1998). Hanna Pitkin (1967) defines representation through the concept's original linguistic meaning, as the act of 'making present again'. Hence political representation refers to the activity of making citizens' voices, opinions and perspectives 'present' in policy-making processes. Political representation is commonly understood as concerning the relationship between voters and representatives. Representation is then about the transmittance of power from the population to elected assemblies that are set to express the will of their citizens. What we mean by 'representation' more precisely is often either not explicated or contested (Mansbridge, 2011).

A main distinction within representation theory is between those emphasizing the need for recruiting representatives of competence and those emphasizing representative democracy's need to resemble – 'mirror' – the main divisions in the population by gender, ethnicity etc. The first strand emphasizes a concern for the competence of those elected to represent the voters' preferences, opinions and beliefs. The second strand points out that to represent the political interests, perspectives and views of the electorate, those in elected office need, to some extent, to 'mirror' the social composition of the population. This latter view is widely known as 'descriptive representation' and means that the representative in some sense is typical of the larger class of persons they represent.

Phillips has coined the distinction of the two strands in representation theory as a distinction between a 'politics of ideas' and a 'politics of presence' (Phillips, 1995). Her idea of a politics of presence, in which democratically representative

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<sup>7</sup> The European Commission's Proposal for a Directive of the European Parliament and of the Council on improving the gender balance among non-executive directors of companies listed on stock exchanges and related measures planned to introduce a binding objective of at least 40 percent of board members of each gender by 2020 for non-executive directors, based on the argument that board directors have a crucial role in the appointment of the highest level of management and shaping the company's human resources policy. The directive proposal has not been adopted but expresses a strong political will for imposing gender balance on corporate boards in Europe. <http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1441109473231&uri=CELEX:52012PC0614>

decisions require the participation of key groups, has been highly influential on the development of and contemplation over descriptive representation and in particular on the importance of political assemblies to represent both genders.

However, among those arguing for the descriptive representation of gender, descriptive representation is often connected to the need for competence selection – or as argued by Murray (2014), that the overrepresentation of men implies restrictions in the talent pool for recruitment to political positions.

### 9.3 Arguments for Descriptive Representation of Gender in Political Organizations

A broad body of political science literature has contributed extensive analysis of arguments for the descriptive representation of gender (cf. Phillips, 1998; Dovi, 2007; Wängnerud, 2009; Childs & Lovenduski, 2013). In the following I present five central arguments for the importance of the descriptive representation of gender: the justice argument, the difference/overlooked interest argument, the role model argument, the legitimacy argument and the pragmatic argument.<sup>8</sup>

*Justice* arguments for the descriptive representation of gender simply maintain that it is unfair for men to dominate political decision-making (Phillips, 1998). The insufficient descriptive representation of women – or the overrepresentation of men (cf. Murray, 2014) – is viewed as an indication of exclusion, where the judgements of gatekeepers, that is within the party system, is presumed to hamper the likeliness of the nomination of women and other marginalized groups. Measures to promote the descriptive representation of gender, notably gender quotas, have been justified as remedies to reduce gender dynamics that tend to exclude women from political office (Krook, 2006; Nanivadekar, 2006). Gender quotas in politics have strongly been advocated in terms of justice – for example, that gender quota procedures are necessary to counter gendered dynamics in recruitment processes to political office (Krook, 2006). In her study of the impact of gender quotas in German politics, Davidson-Schmich (2016, p. 137) finds that quotas lift the women who join parties into eligibility, and as a result they are just as willing to accept nomination to parliament. Murray (2014), however, turns the discourse and argues for ceiling quotas for men.

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<sup>8</sup> These arguments mainly build on Childs and Lovenduski's (2013) categorization of three arguments for why women should be represented in political institutions: justice, pragmatism and difference; and Dovi's (2007) six arguments for the adequate representation of women: the role model argument, the justice argument, the legitimacy argument, the trust argument, the transformative argument and the overlooked interest argument. Dovi's six arguments expand on Anne Phillips's (1998) four arguments: overlooked interest, justice, revitalized democracy and the role model argument.

*Difference* – or overlooked interest – arguments for the descriptive representation of gender emphasizes first and foremost women (and men) as heterogeneous groups, which need to be roughly equally represented to have their differences represented. In addition, women can be argued to bring something different into politics, in terms of style, approach and interests, in political structures monopolized by men.

The difference argument for the descriptive representation of gender is outcome-oriented and lends itself to the idea that the descriptive representation of gender in political structures yields substantive outcomes. Substantive representation is typically understood either in an essentialist manner, where men and women are treated as two main groups that are systematically different in opinions and interest; or the substantive representation of gender can be argued in a more non-essentialist manner, where the multiple interests, opinions and perspectives of women (and men) are stressed, and hence the descriptive representation of gender is necessary to achieve adequate representation of citizens' voices, opinions, interests and perspectives (Dovi, 2007, p. 315).

The key question is whether the inclusion of women in formerly male-dominated political structures makes a difference. A main assumption has been that the gender composition of elected bodies will have an effect on policy outcomes. Arguments in line with the 'politics of presence' have been that the presence of women is necessary for the representation of women's interests – and that the number of women elected affects the representation of women's interests (Wängnerud, 2009). Thus the descriptive representation of gender is regarded as necessary for the interests of women to be adequately represented. Interests resulting from gender differences in the labour market, wage inequality, women's larger care responsibilities and exposure to violence and sexual harassment, among other things, supposedly have the implication that some policy issues are of higher priority to women than men (Phillips, 1995).

*Legitimacy* as an argument for gender balanced political representation claims that equal representation of both genders increases the legitimacy of democratic institutions because the presence – or absence – of formerly excluded groups symbolizes a historically and socially embedded meaning of who are recognized as fit to hold political power (Mansbridge, 1999). If only a few women are elected, the impression that politics is only for men may be reinforced and thereby discourage women from coming forward and standing for election (Sapiro, 1981; Norris & Lovenduski, 1993; Phillips, 1995; Wängnerud, 2009). Jane Mansbridge (1999) argues that descriptive representation increases legitimacy and related aspects in the way it facilitates adequate communication in contexts of mistrust, enhances the articulation of uncrystallized interests and counters historical subordination by creating a social meaning of the 'ability to rule'. In other words, gender-balanced political assemblies

may lead to the revitalization of the public's faith in the political system (Baldez, 2006).<sup>9</sup>

The *role model* argument for gender-balanced representation emphasizes symbolic aspects. Seeing women top politicians within male-dominated structures sends the message that these positions are also open to persons with non-dominant descriptive characteristics (Wolbrecht & Campbell, 2007; Gilardi, 2015). The descriptive representation of gender is assumed to enhance motivation because it symbolically indicates 'belonging' for citizens who share those same characteristics. The simple claim is that the presence of more women in male-dominated areas has an important motivating effect on other women, that they become more motivated towards careers in male-dominated areas as a consequence of the existence of women role models.

*Pragmatic* arguments for the descriptive representation of gender emphasize the importance of political parties to be perceived as more woman-friendly to attract more women voters. The presence of more women representatives appears then as an approach to appeal to women voters. The creation of a dynamic of party competition has been a major explanation of why the descriptive representation of women increased rapidly in some countries during the 1980s, as illustrated in Norway. Broad similarities in patterns of the integration of women as party representatives indicate that competition has worked to the advantage of women (Skjeie, 1991). In line with this, it is argued that the increased representation of women signals inclusiveness and may change stereotypical views about politics as a male domain (Franceschet et al., 2012).

The arguments presented above of course do not catch all variants of the arguments that have appeared in the literature for the descriptive representation of gender in political structures. Still, I argue that they capture the breadth of reasoning for the descriptive representation of gender in political decision-making. In the next section I survey the main arguments in favour of gender balance in economic decision-making, or more precisely, in corporate boards, as they emerged in the Norwegian policy debate prior to the adoption of corporate board gender quotas.

## 9.4 Arguments for Descriptive Representation of Gender in Corporate Boards

The relative absence of women in top-management positions has been debated for more than four decades (cf. Kanter, 1977; Davidson & Burke, 2000; Cotter et al., 2011;

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<sup>9</sup> Phillips (1998) and Dovi (2007) separate the transformative argument. The transformative element implies that democratic institutions are improved by a more equal representation of men and women and that having more women promises more basic changes to the political system (Dovi, 2007, p. 309). Transformation may be distinguished as an autonomous argument or as related to legitimacy and difference.

Ely et al., 2014). The debate was reignited by Norway's introduction of corporate board gender quotas in 2003 (Teigen, 2015).<sup>10</sup> In this section the main arguments in favour of a descriptive representation of gender in corporate boards will be presented through an analysis of the Norwegian debate prior to the introduction of corporate board gender quotas (see also Teigen, 2002; Sørensen, 2013; Engelstad, 2015; Teigen, 2015). This analysis is based on a recent study of the main arguments presented in the government's consultation proposal (2001), the consultative bodies' responses (2001)<sup>11</sup>, the government proposition to the parliament (2002–2003) and the debate in the parliament over the government proposition to regulate gender balance on corporate boards (2003).<sup>12</sup> The government's consultation with affected parties, mainly social partners, civil society organizations, public administration entities etc., was sent to 225 consultative bodies, of which 83 responded, 19 of these without comments. The organizations that argued against gender quotas are mainly employers' organizations and industry organizations.<sup>13</sup>

#### 9.4.1 Main Arguments in Favour of Gender-Balanced Corporate Boards

The following analysis presents the main arguments in favour of corporate board gender quotas that came up in the political debate prior to the adoption of gender quotas for corporate boards in the Norwegian parliament in 2003.

A central argument in the debate on the regulation of gender balance in corporate boards emphasized such policy to be necessary to further gender equality. The strong male dominance in Norwegian economic decision-making and in corporate boards in particular is posited as unacceptable and as a possible indication of the unfair treatment of women. This argumentation is expressed through an argument that a gender-equal society is a society where gender balance is the norm, particularly in the distribution of positions of power. In line with this it is emphasized that economic

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**10** Gender quotas for corporate boards apply to a wide range of companies, including the boards of public limited companies (PLC), inter-municipal companies and state enterprises. Cooperative companies and municipal companies were included, respectively, in 2008 and 2009. The numerous private limited companies, however, often small, family-owned businesses, were not subject to gender quota legislation.

**11** The arguments for corporate board gender quotas were less developed in the consultation process than the arguments against, indicating that the proponents assumed that the majority government's proposition would be passed in the parliament.

**12** Christina Stoltenberg at the Institute for Social Research has been responsible for the gathering, coding and preliminary analysis of the policy documents.

**13** Other analyses of the public media and political debates on gender quotas for corporate boards have informed the analysis of the consultation process (see Cvijanovic, 2009; Teigen, 2002; Evenrud, 2010; Engelstad, 2012; Sørensen, 2011, 2013).



decision-making concerns the management of societies' resources, hence decision-making bodies should 'mirror' the population. In the consultation statements a typical approach to justifying the gender quota proposition as being about justice is to express a general support for gender balance and gender equality:

'(...) YS believes this highlights the responsibility the labour market actors have to promote gender equality in a positive way'. (Consultation statement, YS [the confederation of vocational unions])

'The gender equality concern is regarded as important and should be applied to public limited companies and cooperative companies. Representation of both genders on the boards of such enterprises will therefore be an important political goal'. (Consultation statement, Oslo Bispedømmeråd [Oslo Diocesan Council])

The rather abstract support for gender equality as a goal in itself, as expressed in the quotes above, typically presents the idea of gender balance as a matter of democracy. Arguments on democracy are the most typically pointed out in the parliamentary debate.

'It is therefore an important democratic principle that both women and men are represented where important decisions are being made. I am convinced that a better and more equal gender balance will contribute to increased value, because half of those who use their services and are buying goods, are, in fact, women'. (Committee Chair, Sonja Irene Sjølie, the Conservative Party [Høyre])

'The goal and vision of the majority to increase gender equality and democracy will move us yet another step in the right direction!' (Rapporteur [saksordfører] Eli Sollied Øveraas, the Centre Party [Senterpartiet])

'The proposition under debate does in other words join the ranks of measures that are meant to improve the balance of descriptive characteristics on all levels of society. This also concerns important democratic principles in our society'. (Member of Parliament, Ole T. Lånke, the Christian Democratic Party)

Arguments in favour of the regulation of gender balance on corporate boards simultaneously emphasizing gender balance and gender equality appear to see these to be basic concerns in a just and democratic society, although the link between gender balance and gender equality on one hand, and justice and democracy on the other, is typically little explicated.

More explicit are the arguments for the regulation of gender balance on corporate boards contending that gender balance will lead to a better utilization of women's competences. The general argument is that the underrepresentation of women means a weak utilization of the talent pool. The argument lends itself to a classic argument

of human capital maintaining that since the total talent potential of a population is distributed fairly evenly between women and men, male dominance in corporate boards indicates an under-utilization of women's talent and skills and that gender balance will enhance companies' profitability.

The argument that more women on company boards will be 'good for companies' was central in the proposition sent out to consultation by the Ministry of Children and Family Affairs:

'It is clear that both genders are able to fill the relevant positions in business life equally well. It is by most taken for granted that women's education and competence is not inferior to men, even in areas particular for business. It is therefore a paradox that women continue to not be found in management positions in business life. This must mean that Norwegian business life is not utilizing the valuable competencies of women. Rules on gender representation will provide the resources so that women's business-relevant competences are better utilized, which will strengthen the management of business life'. (The Ministry of Children and Family Affairs, consultation proposal, 2001)

Arguments concerned with the utility and productivity advantages of gender balance in economic life in general and in corporate boards in particular are strongly emphasized by several actors in the debate, as particularly clearly expressed in the consultation statement from the Centre for Gender Equality:

'The fact that women are not elected to boards is a problem, also for competent women, but first and foremost for companies that exclude half of the country's resources, competences and impulses. It becomes a national problem in the sense that Norway will in the long run have a business sector that is unable to meet the needs of their customers, deal with competition and respond to demands for restructuring in a time where this is crucial. Positive action for women in companies' boards is therefore a question of profit and not a negative regulation imposed on the companies'. (The Centre for Gender Equality)

The Centre for Gender Equality argues strongly in favour of regulating gender balance in corporate boards in terms of the utilization of 'half the country's resources'. They also hint in the direction of women's special contribution: 'a business sector not able to meet the needs of the customers, competition or demands to restructure...', indicating that more women in economic decision-making is believed to provide diversity in perspectives that will improve the decision-making of corporate boards.

Reasoning concerned with the full utilization of men's and women's competences and resources is also emphasized in the parliamentary debate.

'The majority agrees that an average proportion among the regular board positions of only 7,3 per cent women is too low and unfortunate. If we are to promote a society development that accepts and utilizes both women's and men's competence, it is necessary to intervene. It is often difficult to understand why women are not to the same extent as men considered when board members are being appointed'. (Rapporteur [saksordfører], Eli Sollied Øveraas, the Centre Party)

‘The low proportion of women in the boards of Norwegian companies is unfortunate, and it is consequently necessary to intervene to further a development of a society that recognizes and utilizes the competence of both men and women’. (Committee Chair, Sonja Irene Sjølie, the Conservative Party)

‘In my view competence, education, age, experience and geography are often of great significance for the total competence in a board. My point of departure is that large societal resources were not utilized when the proportion of women in boards was 6–7 per cent’. (Minister of Trade and Industry, Ansgar Gabrielsen, the Conservative Party)

This line of argumentation emphasizes how the economy in general will benefit from a better utilization of women’s talents and competences. Thus gender balance is reasoned through arguments adjusted to the rhetoric of business life. It is clear, however, that the ‘utility of women’ is not maintained as an alternative to the more general commitment to a gender balance norm, as described earlier in this section. It appears more to be an additional argument for the necessity to adopt gender quotas.

The assumption that gender-balanced corporate boards will lead to more women coming forward as role models and by this motivate more women to proceed with careers in economic life is also mentioned as an argument in favour of gender quotas for corporate boards.

JURK (organization for legal aid for women) maintains that gender quotas for corporate boards will have a positive role model effect. In addition they argue that more gender balance will reduce network recruitment:

‘JURK believes that the legislative proposal and a general commitment to the area will lead to more female Norwegian leaders in the long term. Recruitment to many positions, also leadership positions, happens through networks. JURK believes that if one reaches a certain percentage level of women in leadership positions and on executive boards, it will work as a catalyst for the whole female population. More women will seek positions, and more employers will wish to utilize the competence of women’. (JURK)

A better utilization of the talent pool stresses the positive gains of gender balance, but a more negative reasoning is also present in the debate in favour of gender quotas for corporate boards, such as when it is argued that more women will provide more candidates to choose from to counter the problems of equality in Norwegian business life.

‘As of today the situation is that a few key people sit on the boards in company after company, which undermines the trust in the companies’ governing bodies. By legislating gender representation on corporate boards there will be more candidates to choose between, which can subsequently make it easier to avoid nepotism. (TEKNA,<sup>14</sup> the Norwegian Society of Graduate Technical and Scientific Professionals)

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<sup>14</sup> TEKNA was called NIF at the time they responded to the consultation.

An argument of a somewhat different character emphasizes a kind of nationalistic concern. The reasoning is about Norway's position as a 'world-champion' of gender equality, which does not fit with the prevalence of male dominance in top positions in economic life:

'KrFK wants to highlight that it is about time that this field is regulated. It is embarrassing that Norwegian business life lags so far behind other countries by having such a low share of women in leadership positions'. (KrFK, the women's branch of the Christian Democrats)

Although it is not often expressed as clearly as in this quote, Norway's position as a forerunner in furthering gender equality is mentioned by several, and thus strong male dominance in economic decision-making is seen as paradoxical to the general image of a gender-equal Norwegian society.

My analysis of the main arguments in the Norwegian policy debate prior to the adoption of gender quota regulations for corporate boards of course shows differences between various actors in terms of which main arguments are front-and-centre and which are less emphasized. Nonetheless, the differences between the actors appear as a result of strategic assessments more than expressions of differences or disagreements about what the central arguments are in favour of gender quotas for corporate boards. It is more like the general support for gender equality and gender balance as mutual concerns for a just and democratic society constitutes the baseline in reasoning for gender quotas for corporate boards. When other arguments emphasize what is good for business, and even to some extent problems in the economy that may be bettered through gender quotas, are added to the baseline arguments, these arguments appear to be strategically chosen additional arguments.

## 9.5 Institutional Variation in Arguments for Descriptive Representation of Gender

In the following I discuss the previously presented arguments in favour of the regulation of gender balance in the Norwegian policy debate leading up to the adoption of gender quotas for corporate boards in 2003 in light of the main arguments central in the political science literature for the descriptive representation of gender in political structures. The aim is to examine the relevance and validity of justifications of gender balance according to institutional contexts and to contemplate the differences and similarities. The arguments under consideration include the justice argument, the difference/overlooked interest argument, the legitimacy argument, the role model argument and the pragmatic argument.

The core of the *justice* argument, as presented in the political science literature on the descriptive representation of gender, is that male dominance is unfair and an indication of the discrimination of women. The argumentation for gender quotas in

the policy debate prior to the adoption of the gender quota legislation saw justice as a baseline concern, although considerations of justice were mainly implicitly formulated. Gender balance in positions of power came forth as essential for a just and democratic society, and thus deviations from the gender balance principle needed to be remedied through the introduction of measures. In the debate, justice and democracy were viewed as two sides of the same coin, where gender balance appears as a proxy for both.

Justice arguments understood as a principle of anti-discrimination are obviously relevant irrespective of whether the institutional context is political structures or economic decision-making. Justice and democracy are of course linked in political structures, while the close association between justice and democracy that is established in the reasoning for gender quotas on corporate boards is less straightforward in connection with economic decision-making. In one way or another, political representation concerns a mandate to represent the electorate, consisting of half women and half men. The extent to which gender balance in economic decision-making concerns democracy is less clear. On one hand, gender balance in economic decision-making is not necessarily about democracy – that is, board members are elected among shareholders and the employees of the company, not by the population in general. On the other hand, the role of large corporations cannot necessarily be limited to the administration of the interests of the company and its owners but must also be seen in a broader context as a matter of the company's role in society and for the common good (Engelstad, 2015). Hence, these arguments relating to companies' wider role in society can also be seen as addressing the descriptive representation in economic decision-making positions. Yet, an expanded understanding of big corporations' role in society that includes expectation in regard to the gender composition of company boards can also be seen as an illustration of the politicization of companies and thus of institutional confusion.

The core of the *difference/overlooked interest* argument is that to secure the presence of both women's and men's (heterogeneous) interests both women and men need to be adequately represented. The basic claim is that the gender composition of political structures will have an impact on the content of decisions (substantive representation). Difference arguments are less relevant to the institutional context of economic decision-making and have not been central in the policy debate on gender quotas for corporate boards, although the Gender Equality Centre hints in this direction as they maintain that a male-dominated business life 'will be unable to meet the needs of their customers'. However, although economic decision-making basically is not about representing gendered interests, a persistent argument in debates on corporate board gender quotas has been that more women will strengthen diversity and thus be economically beneficial (cf. Chandler, 2016). Parts of the consulting industry have

been eager to argue that gender balance and diversity is good for business,<sup>15</sup> which is also argued in parts of the research literature (see Terjesen et al., 2009; Torchia et al., 2011). Studies that analyze gender difference in economic decision-making find that women take fewer risks in ways that positively affect financial performance (cf. Barber & Odean, 2001) and that more women in male-dominated contexts enhance innovation (Torchia et al., 2011). A recent study shows that gender-balanced boards monitor and prevent corruption and other kinds of economic behaviour on the side of ethics (Einer et al., 2016).

Diversity as difference was however not a central argument for introducing corporate board gender quotas in the Norwegian case. It was rather the sameness of men and women, and hence the need to utilize the talents and competencies of both men and women, that played a key role in the policy debate. A human capital argument for gender balance has been particularly strongly advocated in relation to the regulation of gender balance in corporate boards, where the underutilization of women's advancements in the education system are seen as a problem with possible implications for a well-functioning business life. This reasoning is adjusted directly to economic decision-making, although it is also relevant for political structures. The simple claim that gender balance is necessary to secure the full utilization of human talent and competence has been the most typical for first-past-the-post systems, where meritocratic recruitment arguments generally have been stronger. Hence, although the utility argument has been the most strongly advocated in connection with gender balance on corporate boards, it can to some extent be argued to be similarly valid and relevant to political organizations. Basically the utility argument is a logical, numerical argument, stating that if the pool of relevant candidates is selected more or less from only half the population, the most talented and competent candidates will not be chosen. Thus, this argument applies in principle to any vertically skewed distribution of men and women in all institutional contexts.

In other words, although the difference argument is of evident relevance for political decision-making, a vaguer diversity argument has also been applied to fit economic life.

The baseline of the *legitimacy* argument in connection with gender-balanced political representation is that the equal representation of men and women increases the legitimacy of democratic institutions as the environment of political organizations consists of citizens characterized by a variety of interests and demands. The legitimacy of economic decision-making and individual companies is typically argued to rest on the more limited demands of their customers and their capability to successfully perform economically and sustainably operate. Nonetheless, in particular in the

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<sup>15</sup> See the McKinsey report from 2015 *Why Diversity Matters?* <http://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>

parliamentary debate, the persistent and pervasive male dominance in top positions in economic life was argued to contradict the image of Norway as one of the most gender-equal societies, and through this the legitimacy of male dominance in economic decision-making was questioned. The point made was that male dominance in economic life is in disharmony with general gender-equality advancements in Norwegian society. Thus, continued male dominance was argued to symbolize gender-equality shortcomings that would not be in step with Norway's position as a gender-equality forerunner. Whether this constitutes a legitimacy problem for companies is in fact another question. Considerations of the problematic association between continued male dominance in top positions in economic life and legitimacy actually come forth as a problem for the state more than for individual companies. To some extent this line of argumentation can be interpreted as an illustration of institutional confusion, where factors important for the legitimacy of the political system expand and become important for the legitimacy of other institutional spheres. However, sources of legitimacy are not fixed but fluid. To the extent that gender balance in central positions is associated with institutional legitimacy, or more specifically the more male dominance is associated with lack of institutional legitimacy, the more considerations of legitimacy may be relevant within different institutional contexts.

The relevance of the *role model* argument for gender balance is more straightforward. The role model argument simply says that more women in male-dominated areas have an important motivating effect on other women, that they become more motivated towards careers in male-dominated areas as a consequence of the existence of women role models. The role model argument was mentioned but was not central in the policy debate prior to the adoption of gender quotas for corporate boards. The relative absence of the role model argument may be due to the fact that the advocates of gender quotas were more concerned with male dominance as a result of an ignorance of women's talent potential – and thus implicit discrimination – more than with whether the supply of talented women was sufficient – or whether relevant women needed to be motivated.

At the heart of the *pragmatic* argument for the descriptive representation of gender in political structures lies a concern for how gender balance may be argued as important in party politics to attract women voters. Party competition over voters has favoured the inclusion of women candidates, being particularly effective in electoral systems of proportional representation (Lovenduski, 2010). It is less obvious in what way the pragmatic argument could be applicable to companies. The number of companies is numerous, and thus a gender-equality 'competition mechanism' is more difficult to imagine being initiated; for instance how the gender composition of the top management of companies could have an effect on traders' willingness to buy company shares or consumers' willingness to buy their products.

## 9.6 Conclusion

Claims for the descriptive representation of gender have diffused across countries and across institutional contexts from political organizations to the corporate world. This diffusion provides the context for the present exploration of the extent to which arguments for gender balance in political organizations are valid and relevant for economic decision-making, in particular for corporate boards. In this chapter the Norwegian policy debate leading up to the adoption of gender quotas for corporate boards in 2003 is evaluated and discussed in light of the main arguments central in the political science literature for the descriptive representation of gender in political structures.

I conclude that some of the arguments that have been developed for the descriptive representation of gender in political structures are even relevant and valid in relation to economic life and in particular as arguments in favour of gender balance for corporate boards. This applies in particular to the justice argument, where anti-discrimination indeed has relevance for other institutional contexts. The same clearly goes for the role model argument, which is equally relevant as an argument for including the underrepresented gender in political structures as in economic decision-making to motivate candidates to come forward. The arguments for gender balance emphasizing difference/overlooked interests and legitimacy also appear in versions adjusted to economic life: diversity and difference have some similarity in that gender balance as essential for legitimacy is also found in connection with gender balance in economic life. However, it appears to be more of a concern for the legitimacy of the state than for individual companies. The pragmatic argument is primarily concerned with political life.

The single most important argument in the Norwegian policy debate on gender quotas for corporate boards emphasizes gender balance as a question of the full utilization of the talent pool. This argument is also of some relevance for political structures, especially in first-past-the-post systems, where the merit selection of political representatives is often more strongly underscored.

The caveat is that the validity and relevance of arguments for the descriptive representation of gender in political structures often involve a certain degree of creative adaptation of arguments to fit with economic decision-making. The question remains as to whether the difference between arguing for the gender balance of political organizations is basically different from arguing for gender balance in corporate boards – if for no other reason because political organizations generally represent the humanity of a nation, half men and half women, while the representative mandate of companies, of corporate boards, at least in a minimalist conception, is to serve the interests of the company and its owners.

In spite of the obvious difference between political and economic organizations, a motion towards claims for gender balance in decision-making assemblies irrespective of institutional setting can be interpreted as an expression of the diffusion of the



gender balance norm and hence the increased importance of the gender balance norm for institutional legitimacy. Suk (2012) maintains that there was a turn in the arguments for gender balance around 2000 in many European countries, from gender balance being important for securing the representation of women to a rhetoric more concerned with gender balance as necessary to secure the democratic legitimacy of states (Suk, 2012, p. 455). We may understand this to imply that the perception of the economy as one-sidedly governed by the market logic of ‘profit & loss’ is changing – or at least that gender-balanced decision-making is widely recognized as crucial for institutional legitimacy in democratic societies.

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Åsmund Arup Seip

## 10 The Battle over a Fair Share: The Creation of Labour Market Institutions in Norway

'For there is not ordinarily a greater sign of the equal distribution of anything than that every man is contented with his share'. (Thomas Hobbes, *Of the Natural Condition of Mankind as Concerning Their Felicity and Misery, Leviathan*)

Thomas Hobbes is an appealing starting point for a discussion on how power is institutionalized in society. According to Hobbes, the state of nature contains no sustainable foundation for peace and society. It offers man only fear and a solitary life and leaves him in a state of war. For Hobbes, and for many political philosophers after him, the solution to an end to this war, created by nature, was for man to enter into a social contract or agreement, in which power and wealth could be shared. The institutions of society can be regarded as such a social contract. Institutions rest partly on power, partly on the acceptance and support of members of society. Their purpose is to create peace and order and to distribute benefits and burdens. When the institutions fail to fulfil these ends, there is a risk that society falls back into a state of war.

Norway was one of the first countries in Europe to pass a labour law regulating industrial action. The *Act relating to labour disputes* of 1915 defined and enforced a stable system of working-life institutions which continues to function today, 100 years after the Act was passed. The basic structures of these institutions were developed over a period of 30 years prior to the regulation. A study of this process can give us an understanding of the mechanisms behind institutional change and stability.

### 10.1 The Elements of a New Institutional System

Riots and strikes were the first visible signs of the radical change the industrialization of Western societies brought. The new way of production led to demands for a new distribution of wealth as well as the regulation of rights and duties in the labour market. In 1889 over 300 female workers at a matchstick factory in the Norwegian capital, Christiania, went on strike in protest against horrific and health-damaging working conditions and reduced wages. Like the similar strike in London the year before, the matchstick workers' strike in Norway became an awakening for the broader society. The famous writer and social commentator Bjørnstjerne Bjørnson expressed many people's resentment at a public meeting: 'This Strike and the Strikes hereafter, and all the following Strikes, they shall force the Employers to do right. [...] Now the Matchstick Girl's finger is knocking carefully. But next Time it will be a Man's Fist,

and again next Time a Sledgehammer'.<sup>1</sup> The exposure of poor working conditions justified the strikes in the eyes of the public. In broad circles, striking was recognized as a legitimate way to protest and put pressure on greedy or irresponsible employers.

The emergence of industrial action and the building of trade unions were closely connected. The first modern trade unions in Norway appeared around 1870, including the unions of typographers and carpenters. These unions expressed interests common to those of the workers and united and transformed their members' demands into collective action. Although many strikes could rise spontaneously and be 'unorganized', like the one in the matchstick factory, trade unions tried to develop a structured procedure for their collective industrial action. From 1886, the Scandinavian Labour Congresses warned against strike actions outside the unions' control and recommended the use of strikes only in cases where it had proven impossible to reach a 'peaceful solution' to disputes (Ormestad & Arbeidernes faglige, 1906; Voldgiftskomiteén, 1909). As the number and size of the trade unions grew, employers organized or reorganized older associations in defence (Nilsson, 2001, p. 158). By the turn of the century both workers and employers had established confederations of industry-specific organizations and were able to strengthen cooperation and operate at the national level through The Norwegian Confederation of Trade Unions (LO) and the Norwegian Employers' Confederation (N.A.F.) (Olstad et al., 2009; Petersen, 1950). Stronger organizations led to more predictable industrial action and larger strikes and lockouts.

Neither disputes or negotiations, nor strikes or riots, were new phenomena. What was new was the objective of the unions: to obtain a collective agreement with the employer or the employer's organization. It is difficult to establish when the first collective agreement was settled in Norway. As all kinds of matters could be disputed, such as wages, working hours, competence, dismissals or harassment, it may be difficult to establish whether an agreement existed or not, whether it was written or unwritten or who the parties to the agreement were. A dispute was often settled by the employer entering into an agreement with each individual worker. Many enterprises or trades had for a long time had a common wage scale and a regulation of working hours, but these were established by the employer alone. When the unions became stronger, they demanded agreements on wages and working conditions on behalf of their members. In the beginning the employers resisted, but eventually they gave in. In 1889 the union of typographers in Christiania and The Book Printer Association entered into one of the first collective agreements in Norway on wages and other regulations between two member organizations (Ording, 1932, p. 85).

This was four years after a similar collective agreement was signed in Denmark (Nilsson, 2001, p. 160). The emergence of the collective agreement was a gradual process

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<sup>1</sup> Bjørnstjerne Bjørnson in Christiania Arbeidersamfund (cit. Olstad, Hansen, & Aaslund, 2009, p. 16). My translation.

that took place in many countries and involved the exchange of ideas across borders. In Scandinavia, unions and socialist parties in the three countries coordinated their policy and strategy in biannual Scandinavian Labour Congresses starting in 1886. The Danish labour movement dominated in number and achievements (Nilsson, 2001, p. 160). When strikes became an international phenomenon in the 1880s, Norwegian newspapers broadly covered strikes in other countries, and the unions exchanged experiences and support with unions abroad. The international flow of impressions and ideas, and the organized collaboration across borders, can explain similarities in institutions and synchronous development in different countries. Not until the unions were well-organized and able to enforce the maintenance of the collective agreements did they attain a *de facto* legal significance. This was the case in England around 1890 and in Scandinavia the following decade. In Germany and France, collective agreements became common at the beginning of the 20<sup>th</sup> century (Alsos, Seip, & Nygaard, 2016, p. 28).

If strikes were the first, then collective agreements were a second element in the institutional system that took form in the labour market. In Norway, as in other countries, these agreements had no direct link to the existing legal regulation. They were extrajudicial and were in the beginning adhered to only as far as the parties were able to enforce them. In England this was stated in the 1871 Trade Union Act, and in Sweden, some legal scholars at the end of the 19<sup>th</sup> century regarded collective agreements not legally binding (Adlercreutz, 1954, p. 2; Berg, 1930, p. 157).

Through these agreements, a third element was constituted: the organized parties to the agreements. Until collective agreements came into use, the only nexus between employer and employee went through individual contracts. This placed workers in a vulnerable position. The collective agreements, on the other hand, constituted agents in the labour market, with significant influence on the cost of labour and the ways of production. The parties to the collective agreements on both sides did as much as they could to get control over the means of industrial action, and to a certain extent they were able to guarantee peace on behalf of their members.

The three elements together – industrial action, collective agreements and organized parties to the agreements – established an institutional system for the regulation of the labour market, with a potential to become a dominant factor in industrial society.

### 10.1.1 Collective Agreements as a Road towards Industrial Peace

Today we take collective agreements for granted. In the first decades they were in use, one could not. One of the reasons was the uncertainty that followed the legal status of collective agreements (Adlercreutz, 1954; Undén, 1912). In Scandinavia, the first significant collective agreement between two organizations was signed in Denmark in 1885 after a five-month-long lockout. The newly started organization

of iron manufacturers had to acknowledge the right of the workers to organize and the unions' right to sign agreements on behalf of the workers (Due, Steen Madsen, & Strøby Jensen, 1993, p. 67f.). In return employers got peace. There was, however, no guarantee that the peace would last. According to what right could a union sign on behalf of its members? Who was bound by a collective agreement, and what happened if one of the parties decided to take industrial action to alter an agreement? No one had a clear answer to such questions, and the system rested on the parties' will to stick to the agreements. However, the function of the collective agreements was to secure industrial peace and fixed wages during the validity period of the agreement. Hence, the peace duty had been the core object of the signing parties from the beginning (Undén, 1912, p. 187).

The institutional framework in the Norwegian society, the existing legal structure with its laws and legal courts, did not correspond fully with the industrial action and the collective agreements. Strikes and lockouts were not regulated as collective action. The contract law regulating individual employment contracts proved insufficient when unions applied mass resignations and blockades. Legal uncertainty connected to whether and how a collective agreement was binding prevented the parties from bringing disputes concerning existing collective agreements before a legal court. Society did not offer any proper means to solve disputes over collective agreements, and could therefore not contribute to peace in the labour market.

Private arbitration was a solution widely discussed in Scandinavia as an alternative to legislation. The Swedish Trade Union Confederation was against the use of arbitration courts. In Denmark however, such institutions were set up in connection with agreements in different trades and industries, and in 1899 the Danish LO and the Danish employers' association established an arbitration court as part of the so-called September Compromise (Septemberforliget) (Due et al., 1993, p. 80). Three years later, in Norway, LO accepted an invitation from its employer counterpart, N.A.F., to conclude an agreement on mediation and arbitration. The 1902 agreement between LO and N.A.F. imposed mediation at the organizational peak level before industrial action was taken and gave the parties an opportunity to bring a dispute before an arbitration board with representation from both sides and a neutral leader. In disputes concerning a valid collective agreement, arbitration was to be compulsory (Alsos et al., 2016, p. 42). The agreement was terminated in 1905, but the provisions on arbitration were continued in the different collective agreements.

The use of arbitration to prevent disputes over existing agreements from ending in strikes or lockouts was a goal for the employer federations in both Norway and Denmark (Martin & Swank, 2012, p. 61). For the unions, the support for arbitration came out of weakness (Olstad et al., 2009, p. 40). In the early years of the 20<sup>th</sup> century, the Norwegian LO was weak and lost battles to the employers. In absence of legislative regulation of the collective bargaining and the agreements, an agreement on arbitration to resolve legal disputes was a second best option.

In the state of war between unions and employers, collective agreements were a temporary truce. This made the agreements socially acceptable and even desirable. Since the legislation could not contribute much to the maintenance of the truce, the labour market parties used collective agreements to regulate action on the battlefield as well. This was the case in the Danish September Compromise, and it was the case in the agreements of 1902 on mediation and arbitration in Norway. However, the system rested on the balance of power between the parties. This led to a consolidation of power under peak organizations on both sides, and by 1910, the Norwegian LO and the N.A.F. represented a considerable part of the industrial workforce and industries. The N.A.F. had taken important control over the collective agreements on the employer side, and LO had established a grip on the strike funds on the labour side (Alsos et al., 2016, pp. 33ff.). Although the strikes and lockouts became more predictable, following renegotiations of agreements, the industrial action grew in size and impact. In the summer of 1911, 44,000 workers were directly affected by lockout or strike. This was more than 70 per cent of the workers employed in N.A.F.'s member enterprises.

During the 1911 industrial lockout Norway was in a state of war. The liberal and socially oriented politician Johan Castberg reacted to the comprehensive lockout and strikes affecting workers as well as families and children during the summer. He wanted society to 'create [legal] institutions [...] instead of this wild war' he saw between unions and employers (cit. Alsos et al., 2016, p. 50).

## 10.2 The Role of the State in Institution Building

In the academic discussion on the role of the state in the construction of industrial relations institutions, Chris Howell has thrown light on the importance of state intervention through legislation and mediation in the case of England. After more than a decade of judicial court intervention in industrial action, hostile toward trade unions, a liberal government granted unions immunity for actions taken in connection with a trade dispute in the 1906 Trade Dispute Act (Howell, 2007, p. 62). Howell sees this and other state measures as significant to the construction of what he calls *The Collective Laissez-Faire System* of British industrial relations between 1890 and 1940. This was a laissez-faire system based upon industry-level bargaining, often described as a voluntarist system without state intervention. However, Howell argues that the system was actively conducted by the state, 'either indirectly through persuasion and mediation during disputes, or directly [...] through trade boards' (Howell, 2007, p. 80). In England, the state promoted the construction of bargaining structures rather than a legislative framework for industrial relations.

Until the summer of 1911, it looked like Norway would follow the same path as England, perhaps lagging a bit behind. The Norwegian Parliament (*Stortinget*) failed in 1903 to adopt a law that recognized and protected the unions, and the only regulation of the existing bargaining system was the remains of the 1902 agreement



between LO and N.A.F. concerning the principles of compulsory arbitration in legal disputes over collective agreements.

Two factors shaped a development in Norway different from the one in England. Nationwide industry-level bargaining did not exist before 1907. The first nation-wide collective agreement in Norway was signed by the Norwegian Union of Iron and Metal Workers in 1907 and became a model for agreements in other industries. However, the system of geographically divided agreements was maintained, and this made room for federations to grow on both sides. LO became the coordinating actor on the employee side, whereas N.A.F. deliberately seized control of the trade organizations on the employer side. In the beginning LO had competition from some of the larger unions, but in the course of a decade, LO and N.A.F. gained control of the organized labour market, and by 1910, there was no external threat to the two.

Yet, from inside LO a radical opposition appeared in late 1911. That year had brought the largest labour market conflicts ever in Norway. The employers wanted a comprehensive but short conflict in order to drain the union's strike funds in one big sweep. Over 44,000 workers were affected in several lockouts during the spring. This was more than 70 per cent of the workers covered by collective agreements in Norway (Justisdepartementet, 1912, p. 7). Political mobilization from left to right forced the prime minister to engage the parliament as mediator in the conflict between LO and N.A.F. A settlement, based on mediation and arbitration, was accepted by the unions, but not without resistance. It lifted to the surface an opposition to the whole system of collective agreements and regulated industrial action inside LO itself. The Trade Union Opposition of 1911 (*Fagopposisjonen av 1911*) publicized its programme in November 1911. It wanted to abolish collective agreements and concentrate on industrial action rather than negotiations (Bjørnson, Kokkvoll, Sverdrup, Jensen, & Bull, 1990). The opposition was from the beginning geographically based in industry and trade around Trondheim, but received support especially from mobile construction workers and workers in newly established industrial towns. Hence, LO and the labour movement had to deal with an internal opposition with a programme pointing toward revolution.

The existence of two large umbrella organizations, LO and N.A.F., representing what was regarded as the interests of two classes in society, and an emerging revolutionary opposition in the trade unions, were by moderate politicians seen as an opportunity and a cause to end the rising level of industrial conflict by state regulation. After the turbulent spring of 1911, with no end to the conflict before the state intervened and mediated a settlement, the Storting asked the government to introduce a bill on compulsory mediation and arbitration in labour conflicts (Justisdepartementet, 1912, p. 2). The topic had already been scrutinized in a report commissioned by the government, published in 1909. When the liberal judge in the Maritime Court, Paal Berg, in 1911 was commissioned by the government to write the proposal, he could build on the report from 1909. The government and the Storting had decided to search for a solution where the state could play an active role in the war between labour and capital.

### 10.2.1 Three Problems and the Search for a Political Solution

The political debate in Norway on state intervention and regulation of the disputes between labour and capital circled around three main problems: a power problem, a social problem and a democratic problem.

The power problem concerned cohesion and control over the unions and the employers. Should the state engage in the struggle between the social classes? And if so, would the parties in the labour market show commitment and have capacity to comply with a regulated system of collective agreements? How should the state establish a third-party function that could bring stability to the dispute settlement?

Industrial action was seen not only as wage disputes, but was regarded as a social problem as well. Social despair originated from the consequences of industrial production and labour's share of profit. An increasing part of the population had low income and lacked social security. The large strike conflicts added misery to the families and third parties affected by the fights. Politicians, like Johan Castberg, saw social instability as a threat to society and wanted to use the state to bring an end to the fighting. This view found wide support. Others were critical and wanted to leave the market forces in business untouched. If the state should contribute to arbitrations in wage disputes, a highly relevant question was whether social aspects, like living conditions, should have relevance for wage-setting in a market. To what extent could the state intervene in the labour market to create social justice without causing market imbalance or social upheaval?

The question concerning state intervention also raised a democratic problem. Who were the legitimate representatives of the workers and employers in the labour market? To what extent should the larger organizations be given preference over minor actors? Should collective interests have primacy over individual interests? These questions addressed the democratic problem of identifying legitimate interests in a labour market.

There were no easy solutions to the three problems, and it proved difficult to create a political majority in the Storting behind a strategy to regulate industrial action. The liberal party, Venstre, was a heterogeneous party with support from different social layers and with a legacy in social politics. The party had a left-wing sister party (Arbeiderdemokratene) which led in social matters. The idea of a state taking a position above the class struggle was central to the party. In Venstre we find the greatest supporters of state intervention. This view often went together with a fundamental trust in the judicial system and belief that the courts could be used as a key to create social justice. Venstre supported the use of compulsory mediation and compulsory arbitration in disputes of interests to prevent industrial action (Aasland, 1961, p. 36; Alsos et al., 2016, p. 49). When in government in 1908, Venstre commissioned, as mentioned above, the first report on the issue (Voldgiftskomiteén, 1909).

The conservative party, Høire, did not support the use of compulsory arbitration in labour conflicts. The party was in general sceptical to state intervention in business and did not want to support anything that could strengthen the position of the trade unions (Alsos et al., 2016, p. 333). However, Høire lent its ear to the employer organization and in the end supported the policy for a law regulating compulsory mediation.

At the left side of politics, Arbeiderpartiet, the Labour Party, was gaining support. In 1912 it got 26 per cent of the votes in the general election. The party's representation at the Storting increased from 5 to 23 members, and Arbeiderpartiet became larger than Høire. The party was closely connected to LO, where all union members were jointly registered as members of the party. Consequently, Arbeiderpartiet defended the right to organize and to take industrial action. It did not refuse all state intervention and regulation, but sought a regulation which left the right to organize and strike untouched (Alsos et al., 2016).

When Paal Berg started the work with the government proposal for a new act relating to labour disputes in 1911, he built upon a report from Voldgiftskomiteen (the arbitration commission). LO and N.A.F. had taken part in the commission's work, and the opinions of the labour market parties were clear. LO and N.A.F. supported the introduction of a mediation institution and would welcome arbitration in disputes of law, concerning the validity, interpretation or existence of a collective agreement. However, LO and N.A.F. dismissed the idea of arbitration used in disputes of interests. The distinction between disputes of interests and disputes of law was essential to the two parties.

Paal Berg followed their view. In his work on the bill, he decided to introduce two arbitration boards rather than one, one for disputes of interest and one for disputes of law. The former should be engaged if the two parties to a dispute voluntarily brought the dispute forward; the latter should be engaged if one of the parties experienced a breach to an agreement. The settlements of disputes of law were better handled in a court-like institution, Berg argued. Decisions could then serve as a precedent, and the labour law could develop over time. This required a permanent court with appointed judges, not an ad hoc arbitration board (Justisdepartementet, 1912).

In the 1912 bill on the regulation of labour disputes, the government proposed establishing a mediation institution to help the parties reach understanding before industrial action were taken and also a labour court that could judge in disputes of law. This was in line with the wishes of the labour market parties. However, the two organizations did not support the proposition and complained that they were not heard before the bill was finished. In LO, the radical wing had grown, and its supporters did not want a labour dispute law at all. LO therefore went against the law introducing a labour court. On the employer side, the organization had objections to how the mediation should be organized.

The lack of support from LO caused Arbeiderpartiet to oppose the bill. So did Venstre, but for another reason. The current bill failed to establish a permanent

arbitration board for use in disputes of interests. Only this could bring down the number of large industrial conflicts, the liberal party argued (Alsos et al., 2016, p. 74). The Storting decided in 1912 to postpone the law, and it took three more years, and several proposals, before an act relating to labour disputes was eventually passed in 1915. It did not happen without conflict, however. The liberal government tried to force through a law that included compulsory arbitration in larger labour conflicts. LO threatened with general strike. With an election ahead, the government gave in and took the arbitration clause out of the proposal. A labour dispute act was then passed with support from all parties in the Storting (Alsos et al., 2016, p. 84).

### 10.2.2 The Law and the Institutions

The Act relating to the labour disputes of 1915 recognized collective agreements and defined them legally. The parties to a collective agreement were now bound by it by law, and the collective agreements were given primacy over individual employment contracts. A peace obligation was introduced in cases of disputes of law, and industrial action became prohibited as long as a collective agreement was in force and until compulsory mediation had taken place. This was a legal recognition of the existing labour market organizations and institutions, and it was a *de facto* acknowledgement of the organizations' right to industrial action.

Furthermore, the Act introduced compulsory mediation by an official mediator before any industrial action was taken. From its start in 1916 this institution would become very important for the negotiating parties, with between 100 and 200 disputes mediated every year during the first decade (Nergaard, 2016, p. 33).

In accordance with the commission report of 1909 and the earlier law proposals, the Labour Dispute Act of 1915 built on the important distinction between disputes of interests and disputes of law. A dispute of interest was defined as a dispute concerning 'the regulation of terms of employment or wages or other matters relating to employment which are not covered by a collective agreement' (Labour Dispute Act 1915, § 6). As mentioned, the organizations strongly opposed the use of compulsory arbitration in such cases, and the liberal government did not succeed in incorporating an arbitration board for disputes of interests into the law in 1915. However, a temporary arbitration law was passed the following year, justified as a wartime regulation, but was reintroduced several times until 1922 (Alsos et al., 2016, p. 130f.). At irregular intervals, state intervention and the use of arbitration has since then been part of the Norwegian wage-setting system, handled as *ad hoc* regulations separated from the labour dispute legislation.

To handle disputes of law, what the act defined as disputes 'concerning the validity of a collective agreement, interpretation or existence of a collective agreement, or demands founded on a collective agreement', a labour court, *Arbeidsretten*, was set up with judges appointed by the government. The leader of the Labour Court should

have the qualification of a justice of the Supreme Court. The other two judges should be appointed after a nomination by the major labour market parties. Hence the court would bear resemblance to an arbitration board (Labour Dispute Act 1915, §§ 6–12).

The first ten years, the chairman of the court was the only member not nominated by LO or N.A.F., and his vote was often decisive in the cases. The chairman was Paal Berg, the same judge who wrote the first draft of the government's proposal of a labour dispute law in 1911. In 1927, the court was extended with two neutral judges in an amendment of the Labour Dispute Act. With three neutral judges, the court's decisions became more difficult to challenge. Nevertheless, from the first day of the court's work, the chairman managed to give rulings that set precedence for subsequent cases; hence the court's rulings were often unanimous (Alsos et al., 2016, p. 118).

### 10.2.3 Central Power and Fringe Battles

One consequence of the Labour Dispute Act was that the central power of LO and N.A.F. increased. The control over unions and employers was strengthened when the agreements were legally regulated. This was a first step towards a solution to the power problem. The collective agreements were a valuable asset to the organizations and in many ways their *raison d'être*. The act invested the two parties with power when the collective agreements were legally acknowledged and subordinated state jurisdiction.

The right to nominate judges to the Labour Court, given to LO and N.A.F., invited commitment to and responsibility for the institutional system. The imposed peace obligation did of course bind the umbrella organizations LO and N.A.F., but at the same time it made it much easier for the two to control and coordinate the individual unions and employers. In the two decades following the act, this became a central task, not least for LO.

The social problems, created by industrial action, were not solved by just passing a law. However, the recognition of the labour movement and its means through the legislation, promoted social inclusion and trust in the system; collective agreements became a legitimate instrument through which to establish fair wages. The regulation of the industrial action through peace duty added an element of regularity and predictability to the labour conflicts. It was, however, the use of state intervention and arbitration that contributed most to labour peace during the years with high inflation under World War I and the years of deflation that followed. The times of hunger and poverty were not ended by legislation, and radical and revolutionary thoughts held a grip on many Norwegians during the two decades after 1915.

The democratic problem concerning representation of the parties in the labour market was partly solved through the Labour Dispute Act. The Act acknowledged the two central organizations as legitimate representatives of interests in the labour market. This was a *de facto* political recognition of class interests where the collective

interests were given primacy over individual rights. Nor should the corporatist element in the legislative process be neglected. LO and N.A.F. were highly involved in the preparation of the law, and their resistance to state intervention in disputes of interests was heard, although overruled temporarily in periods. This collaboration between the state and organized interests in the establishment of labour market institutions in Norway became later a modus for legislative process and state ruling in other sectors as well.

The legislation soon appeared to support centralization. Even the radical opposition inside the trade union confederation LO came to shift policy. The Trade Union Opposition of 1911 had grown rapidly, nursing the contempt for class collaboration and, after 1917, a dream of revolution. In 1917, the opposition demanded the abolishment of collective agreements, which were seen as a ‘disaster’ brought upon the workers when the right to self-determination of the unions was ‘sold ... for years at a time’.<sup>2</sup> The year after, the men of The Trade Union Opposition took over the leading positions in the Labour Party and in two major trade unions.<sup>3</sup> By 1920, they had taken control over the secretariat of LO, although the former moderate leader, Ole O. Lian, retained his seat. What is noteworthy is that LO and the large unions for the most part continued to defend collective agreements and the legally based institutions throughout the turbulent 1920s. Year by year the Labour Court had to handle industrial conflicts. Many of these were illegal and organized ad hoc outside the formal trade unions to prevent the trade unions from becoming liable for damages. The leadership of LO had to balance between acting responsibly and according to the legal regulation on one hand and silently or indirectly supporting strike-willing members on the other to keep the ranks intact and avoid division. These fringe battles could be significant, and at times the confidence in the labour market institutions could be challenged (Alsos et al., 2016, p. 133). But LO stood by the Labour Court, and when necessary its leader met with the leader of N.A.F. incognito to sort out the problems. Well into the 1930s, the internal tension in LO was coloured by the front between communist-oriented members and members supporting the social democratic Labour Party. When the Labour Party formed a government in 1935, LO was well embedded in power. The leader of LO’s legal office, Trygve Lie, was appointed Minister of Justice, and the close tie between the trade union confederation and the party leadership was now a link to the government. But this was a link that went the other way as well. The Labour Party did not look forward to governing a country where minor groups could jeopardize the

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<sup>2</sup> ‘Ulykken med den gamle fagbevægelse er at den gennem bindende avtaler har solgt arbeidernes organisationsmæssige selvbestemmelsesret for aaremaal ad gangen’. Mindretallets indstilling, Fagorganisationen. Dens formaal, former og taktik, Innstilling fra 15-mandskomiteen, s. 70, trykket i A.F.L., Ekstraordinær kongress 1917, Dagsorden og protokoll.

<sup>3</sup> The Norwegian Arbeidsmandsforbund and The Norwegian Union of Iron and Metal Workers (Alsos et al., 2016, p. 116).

labour market and create divisions among voters (Bjørnhaug, Halvorsen, Hansen, & Aaslund, 2009, p. 62). The party had an interest in strengthening LO's central power.

In 1935 LO and N.A.F. signed the Basic Agreement. This was an agreement on topics not regulated in the Labour Dispute Act. For some years, the employers and the government had put pressure on LO to accept the regulation of referendums in connection with wage settlements. The Basic Agreement addressed this concern and introduced a regulation on how to handle disputes and the unions' representation in the workplace as well. The two organizations wanted to regulate their interaction in agreement rather than have the state regulating the bargaining system by law. Some researchers have seen this agreement as a 'turning point' in the relation between LO and N.A.F. and as an institutional displacement where the battleground of disputes was replaced by cooperation (Falkum, 2015, p. 63). Others have emphasized the importance of more acute political problems and the way the Basic Agreement functioned as a tool to stabilize the different interests inside the labour movement. While workers in export industries found it difficult to strike and weaken their company's relative position in relation to competitors in the world market, workers in sheltered industries could paralyze a whole industry through strikes without putting jobs at risk. This imbalance weakened LO but could be overcome by centralization and central bargaining (Moene & Wallerstein, 2006, p. 18f.; Terjesen, 2010, p. 80). When Labour came to power, it became important to the party that LO strengthened control over the unions. The Basic Agreement has been seen as a first step in the labour movement's subordination to the Labour Party and its policy (Olstad, 2010, p. 54). The Basic Agreement brought nothing essentially new but helped LO to take control and eased the centralization and cooperation between LO and N.A.F. that developed during the five years of German occupation in World War II.

### 10.3 Why New Labour Market Institutions?

Labour market institutions were not a new discovery in the late 19<sup>th</sup> century. Labour relations had been structured through different institutions developed over time. The collective agreement, however, was a new invention. When brought into use, it structured the relation between labour and capital in a different way. To explain this institutional change, we have to search in the historical context for factors influencing the action that shaped the unions and the employers as parties to collective agreements (Abbott, 1997, p. 1154). This institution was brought about by both the development of context and choice by actors.

### 10.3.1 Preconditions for the Institutional Change

The driving forces behind the strikes and the growth of unions were fuelled by an individual and collective will to oppose individual or class-related oppression created by a change in mode of production as industrialization spread. Economic change, following the rapid growth of the Norwegian economy from 1835 to 1875, displayed an altered distribution of wealth and power and created discontent.

The struggle against oppression was, after the early riots, shaped into a political and economic movement aimed at changing the distribution of wealth under the new way of industrial production. In Max Weber's words, a belief (*Vorstellung*) in a legitimate order took form (Weber, 1964, p. 124). The ideas and ways of this movement were exchanged across borders. This strengthened the force of the movement and made it possible to gradually force employers to accept a system of collective agreements to set wages and working conditions mutually.

Liberal thoughts and ideas, central to 19<sup>th</sup>-century political thinking, opened a conceptual framework for the forces that drove the building of labour market organizations. In the economic sphere, the abolition or repeal of state privileges and guild regulations opened up the economy for free enterprise (Pollard, 1981, p. 159). Agreements between free citizens became a recognized tool for the regulation of interests. The ideas of economic liberty influenced political and economic thinking in Norway and led to liberalization and growth in the Norwegian economy throughout the 19<sup>th</sup> century (Bergh & Hanisch, 1984, p. 42f.). On the political scene, the liberal ideology opened the way for political liberties such as the right to associate and to conclude agreements. These rights legitimized a new political party system and directed the action of the workers through politics and unions. Liberal thoughts and ideology were preconditions for the institutional system that took form.

### 10.3.2 Social Struggle and the Role of the State

When explaining the creation and maintenance of labour market institutions, we shall not underestimate the importance of social struggle. For decades battles were fought in workplaces in different industries before the parties agreed to a collective agreement and proclaimed a truce. The use of power through strikes, dismissal and lockouts made workers and employers defend themselves and turned their actions into bureaucratic structures in the form of organizations. The open use of force made individual and local disputes visible and publicly known. Social problems became part of the political discourse in society and this shaped the political ideas of the labour movement and its political opponents as well. We might say the open political discourse gave the industrial action 'positive feedback' and meaning (Pierson, 2004, p. 19). For each new strike there was a new opportunity to discuss its causes and its effects, and the possibility to explain strikes as something anomalous dwindled away.



Steadily the organizations gained ground and power. The creation of the first labour market institution in Norway was an ongoing process and not a product of a single crisis.

Even though the open social struggle became a path in institutionalizing the parties' roles in industrial relations, it also became a threat to the system. How long could the society let a battle go on in its midst without using the force of the state? Either by intervention or by ignoring industrial action, the form state regulation took influenced the development of industrial relations systems in industrialized countries (Howell, 2007, p. 41). In Norway the social consequences of industrial action became a significant political topic in parliament starting around 1895. At first, the rising labour movement and radical liberals wanted to use legislation to protect the unions and introduce compulsory mediation in labour disputes. When the strategy failed in 1902, a broad coalition of liberals and farmers looked to the use of state intervention and compulsory arbitration to stop large-scale industrial action. Although direct state intervention did not become a permanent part of the Norwegian industrial relations system, it is still used ad hoc and must be regarded as an important element in the institutional system. By the turn of the 20<sup>th</sup> century the idea of using state intervention in labour disputes aligned with the new economic view on the labour market and unemployment. Rather than explaining unemployment as caused by individual factors, it could now be recognized as a result of economic fluctuations. Involuntary unemployment could lead to both suffering and immorality, it was argued, which made it both legitimate and necessary to use state power to moderate the market forces and mend the consequences of economic conditions (Seip, 1981, p. 64). State intervention in the labour market became a potential tool in Norwegian economic policy for those who wanted to fight capitalism as well as for those on the other side who wanted to fight the causes of socialism.

When the state eventually intervened in the labour market with legislation on labour disputes, it was after decades of political discussions on the topic. Unfulfilled political programmes were put aside, and legislation was introduced that codified the ideas and practices chiselled out by the two head organizations.

The regulation of labour disputes in Norway was at the same time an institutionalization of cooperation between state and centralized organizations and the beginning of an open corporatist development. The organizations were from the beginning involved in commission work through representation, and through public debate and lobbying, the two major labour market parties made their views heard during the long period of preparation of the law. The inclusion of the organizations in the judicial system through the right to nominate judges to the Labour Court, committed them. Loyalty to state regulation was strengthened during the interwar period. Both workers and employers were at times sceptical. However, efficiency of the judicial system rested upon the parties' commitment. Only organizations could file a case before the Labour Court, and only organizations could be subjects of a lawsuit. The Labour Court was a tool at their disposal, and if the organizations

lost faith in it, they could decide to negotiate or strike instead of letting the court decide. But the umbrella organizations stuck to the Labour Court, partly because it strengthened their own power and at the same time could take the blame for their own shortcomings.

From an economic point of view, Mancur Olsen has described how large organizations acquire interests that are different from smaller ones (Olson, 1965, 1982). He labelled them *encompassing* and described why action is changed by size (Olson, 1990, p. 58f.). The collective action of the organizations in Norway and England might thus have developed differently. The establishing in Norway of large organizations with significant influence over the labour market gave the organizations reason to take macro-interests into consideration and power to restrain unions with a narrower view on their members' interests. This made cooperation with the umbrella organizations more relevant to the state, and over time, a nexus between state and corporate interests was established. In England, the absence of a strong central organization made the coordination of interests between unions in different industries more difficult. Hence, the state became more of a mediator between unions through the wage boards than a mediator between labour and capital.

A manifestation of the encompassing interests of LO in the interwar period was the continuation of LO's commitment to comply with the collective agreements and observe the decisions by the Labour Court, despite the fact that the LO leadership was taken over by the radical opposition, which in its programme had rejected the collective agreements and the Labour Court. The opposition became the defender of the system, although it should be mentioned that in many unions at the industry level, the opposition to the established institution continued to live.

## 10.4 Were There Alternatives?

Were there alternatives to the institutional development of the labour market in Norway? Was the institutional development a self-reinforcing process creating path dependency, or could the organizations and the political actors change its path at any point during the period from 1885 to 1915 (Pierson, 2004)? Even though the development in Norway, which went through stages, made up a path difficult to deviate from, there were occasions where other institutional solutions could have been chosen or where other policies could have won support from the majority.

The Trade Union Opposition of 1911 presented in its programme an alternative to the existing industrial relations institutions. It rejected collective agreements and was against the establishment of a labour court, which it labelled a 'class court' (Alsos et al., 2016, p. 122). From 1918 and 1920, this radical opposition took over the leadership of Arbeiderpartiet and LO, and from the ideology alone, one could expect a policy shift in LO and hostility towards the prevailing labour market institutions.

But there came no institutional breakdown. The power that LO derived from the labour market institutions was too good to refuse, and LO's leadership continued to support collective agreements and comply with the decisions of the Labour Court. The radical opposition in the trade union movement continued, however, in different forms to advocate a policy against class collaboration until after World War II.

The policy of the Liberal Party (Venstre) represents another alternative institutional path. Against the will of LO and N.A.F, it spoke in favour of a ban on industrial action and the use of compulsory arbitration to solve disputes over interests between labour and capital. This policy did not become institutionalized in the 1915 legislation on labour disputes and is today not part of the legislation. Nevertheless, as mentioned, compulsory arbitration was introduced by the Liberal Party in 1916 and was later used temporarily or as ad hoc legislation. This practice gives the Norwegian bargaining model a different institutional element than, for instance, the Swedish bargaining model, where compulsory arbitration is almost non-existent (Nergaard, Alsos, & Seip, 2016, p. 53). In the long run, the use of arbitration in Norway did not become the solution for ending larger battles of industrial action, as the Liberal Party had thought. After 1929, the state has used compulsory arbitration in understanding with the larger organizations, not to control them. Compulsory arbitration has been used mostly to bring down minor strikes initiated by small organizations outside LO's control and, in later years, public sector disputes (Stokke, 1997, p. 117; Seip, 2013). The policy of state intervention can be seen as an alternative institutional strategy to voluntary bargaining where the power of the state is actively used to make settlements and preserve peace in the labour market. In Norway this task was for the most part left to organizations and voluntary bargaining. The reason was, probably, that the organizations were highly centralized and capable of exercising power and, to a certain extent, to keep control.

The two umbrella organizations were given a key role in the institutional system established in 1915. This was welcomed by many but regarded as undemocratic by some. Should not smaller organizations or organizations outside LO be represented? In the first proposal of the new law, drawn up by Paal Berg, Berg mentioned the two organizations by name in the proposal. This was later criticized and changed in the next proposal. Instead, the law required a certain number of members to qualify for the right to nominate judges to the Labour Court. This effectively gave the same result. LO was dominant in the private sector and until 1982 was the only organization on the employee side in the private sector that nominated judges (Alsos et al., 2016, p. 375). In the public sector, where a variety of organizations were present and where LO was weaker, a more strictly regulated bargaining system was introduced in 1958 to obtain the centralization. There is reason to believe that the act of 1915 would have institutionalized industrial relations in a slightly different way had LO and N.A.F. not been able to control and coordinate such a large part of the labour market.

## 10.5 Industrial Action and Industrial Peace

Labour market institutions came as a result of the economic change following industrialization. The same development of organizations and industrial action took place almost simultaneously in many countries. This was a battle over a fair share of production in the new economy. However, the ways in which these battles were carried out could vary, and so could the response of the state (Crouch, 1993).

The first institutions were built by the parties in the labour market. They took the form of a contract on wages and working conditions between unions and employers: a collective agreement. This was not only a settlement of benefits and burdens but a temporary stoppage of war in which each side agreed with the other to suspend aggressive actions. Collective agreements were a road towards peace in the labour market.

When the state decided to regulate labour disputes it was in order to strengthen this aspect of collective agreements. Compulsory mediation and a labour court were introduced in accordance with the wishes of the two head organizations. Hence, trade unions and employer organizations were seen as legitimate representatives of interests in the labour market, and collective agreements were recognized as a tool to regulate wages. This institutional arrangement has prevailed with only minor amendments over 100 years. In concertation with the labour market parties, the state has sought to support the large organizations and has used them as an instrument to implement public income policy and stabilize the economy (Nergaard et al., 2016). This cooperation has not brought a final end to war in the labour market. However, the system has produced a fairly equal distribution of wages in Norway and widespread trust in the existing labour market institutions (NOU 2013:13). This indicates that these institutions fulfil their function and, to rephrase Hobbes, share power and wealth in a way that keeps most men contented with their share.

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## **11 Workplace Democracy: Representation and Participation Gaps in the Norwegian Labour Market Model**

Employee participation and cooperation are core elements institutionalized in the Nordic model of labour relations as well as in the Nordic notion of a democratic working life. We term this participation/cooperation the 'one leg' in the model. The right to participate has been morally justified on the basis of two different but interrelated arguments: it is democratic, and it is efficient. In a European setting, where loss of trade union power and influence is part of an ongoing discussion, the Norwegian case might be seen as a robust one when studying important institutional features such as participation and cooperation at the company level. Nevertheless, taking a deeper look into the presence of institutional arrangements and the activity of employees' representatives we find variation across industries. In this chapter we discuss whether this variation could be understood as a process of drift or a failed institutionalization of the Norwegian model of labour relations in part of the labour market.

### **11.1 Stability or Change?**

Participation is essential for democracy. Carole Pateman (1970) emphasized the workplace as an important arena for political training to develop and secure democracy. In Norway, the establishment of the Basic Agreement between the main labour organizations in 1935 is usually referred to as a historical class compromise (Habermas, 1984), which marked a shift towards a more democratic working life. Further, Ragnvald Kalleberg described the Norwegian Working Environment Act (WEA) of 1977 as a 'participatory democratic reform' (1983, p. 162). The basic agreements as well as the WEA promote representative participation. This form of participation is seen as crucial to neutralize the asymmetrical power relations between capital and labour at the central, sector and company level and to secure a democratic working life. The asymmetrical power relation can be neutralized through power resources such as high union density within the company as well as strategic competence (Borum, 1995). Furthermore, it is believed that representative participation ensures not only a democratic working life but also has a positive influence on the efficiency and productivity of undertakings (Bungum et al., 2015; Nergaard, 2014a; 2016; Nergaard & Trygstad, 2012; Hagen & Trygstad, 2007; Heiret, 2003; Engelstad, 1999). Lastly, in a multi-employer bargaining model, such as the Nordic one, the articulation (Crouch, 1993) or vertical coordination across levels, participation is crucial (Traxler

et al., 2001; Marginson, 2014). Arguing from an efficiency or productivity perspective participation gives the sector and cross-sector organizations of employers and trade unions the capacity to act strategically and commit their members.

### 11.1.1 Research Questions and Outline of the Chapter

According to statutory law and collective agreements, employee representatives shall collaborate with management at their level in the company. In this chapter we aim to identify the degree of participation as well as of cooperation between the parties across industries through the following research questions: i) To what extent are decision-making arrangements present at the workplace, and ii) do local trade union representatives (TU reps) make use of formal and informal decision-making fora? Our findings will tell us if a representation gap and/or a participation gap exist(s) at the company level. A *representation* gap is a gap between what regulators see as important bodies of representative participation and what actually exists. A *participation* gap describes a situation where TU reps fail to make use of co-determination arrangements at the local level even though such participation, according to regulators, is meant to take place. The absence or presence of a representation gap as well as of a participation gap indicate the standing of the Norwegian model of labour relations in different parts of the organized labour market.

Our analysis is limited to the organized part of the Norwegian labour market – that is, companies bound by a collective agreement. However, lower trade union density and weaker traditions for collective institutions in the given industry might affect those bound by collective agreements. The standing of the model of labour relations at the company level may therefore vary in different parts of the labour market, and varieties can be analyzed through two different lenses. Firstly, a possible weak standing could be explained as a failed institutionalization or as a process decoupled from the Norwegian model of labour relations in parts of the labour market. A decoupling strategy occurs when a formal structure is disconnected from practical action (Meyer & Rowan, 1977, p. 352; Johansson, 2002, p. 4). Secondly, a weak position could also be seen as signs of ‘institutional drift’. Institutional drift refers to a more polarized change process. In this process collective bargaining institutions together with the justification of representative participation erode in parts of the private service sector, while union density, membership in employer associations and the notion of a democratic working life are still in place in manufacturing and the public sector (Thelen, 2014, p. 14). Regardless of the lenses in use, the result could nevertheless be dualization – a situation where the cooperation between the local parties is strong and vital but exists in the context of a distinct narrowing in the number of firms and workers covered under the resulting arrangements (Thelen, 2014, p. 14). The model may appear stable from above but fragile when viewed from below.



In the following section we discuss central elements in the labour market model before we look at participation as a basic element in democratic working life in section 3. In section 4 we give a brief presentation of our methodology. The findings are presented in sections 5 and 6. In section 7 we discuss whether our findings indicate a decoupling of the Norwegian model of labour relations or a drift and whether weak or absent co-determination at the company level jeopardizes the model.

## 11.2 Background – A Robust Case?

Central statutory labour regulation, the WEA and collective agreements such as the Basic Agreement between employer and trade union confederations are institutional features built into the Nordic as well as the Norwegian model of labour relations. These institutional features regulate representation at central, industry and local levels. The industrial relations system is a multi-tiered system distinguished by high rates of organization among employees and employers, centralized bargaining coordination, a strong company tier of negotiations and participation, low wage dispersion and a culture of trust and cooperation among social partners (Kjellberg, 1992; Traxler et al., 2001; Løken et al., 2013; Andersen et al., 2014; Dølvik et al., 2014, Nergaard, 2014b). The trade union density in Norway is fairly high, 52 per cent on average (2013), albeit lower than in Denmark and Sweden due to the Ghent system.<sup>1</sup> However, the situation in Norway differs from the situation in several European countries where scholars identify a shift towards dualization in working life (Emmenegger et al., 2012; Thelen, 2014; Palier & Thelen, 2010; Thelen & Kume, 2006). In these countries elements of collective bargaining institutions such as union density and membership in employer associations are eroding in parts of the private service sector, while they are still in place in manufacturing and the public sector. Norway has not faced the same abrupt decline in the level of unionization and collective bargaining coverage as some neighbouring and European countries, and at the macro level the situation seems quite stable.

This stability may however mask significant variation and changes locally. When studying the model from below, Norwegian researchers have tended to focus on large companies in manufacturing. Less attention has been paid to other parts of the labour market where tradition and the climate for participation can be different. Norway has along with other European countries faced a growing private service sector and a shrinking manufacturing sector since the 1970s (Statistics Norway). An important explanation is the outsourcing of services from manufacturing to the private service sector, such as inter-office services in regard to canteens and cleaning.

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<sup>1</sup> A model where trade unions have the main responsibility for unemployment benefits and other welfare systems, which can be found in Denmark and Sweden.

In this chapter we include industries belonging to the private service sector that have wide differences between them. Employees in manufacturing (as well as employees in the public sector) are more likely to be members of a trade union than those in the private service sector. When it comes to collective bargaining coverage, the pattern is repeated. On average, the collective bargaining coverage is around 70 per cent.<sup>2</sup> While all employees in the public sector are covered by a collective agreement, the same goes for around half of the employees in the private sector, with manufacturing having a higher coverage than the private service sector (Nergaard, 2014a).

## 11.3 Participation as an Institutional Arrangement

Although the Norwegian model of labour relations has changed during the last 100 years, Heiret (2012) argues that working life institutions have been noticeably stable (*ibid.*, p. 62). Collectively agreed participation arrangements emerged in 1945, and they grew stronger in subsequent decades. However, only small changes have taken place since then (Byrkjeland, 2000). Statutory regulations were introduced in the 1970s, and even though the scope of representative participation has been expanded, no major amendments have taken place since this formative phase. In other words, the institutional arrangements have been in place for decades and have remained stable (Engelstad & Hagelund, 2015).

### 11.3.1 The One Leg: Company-Level Arrangements and Participation

The company-level cooperation between management and TU reps within the framework established by partners at the central level is a crucial feature of the Nordic and Norwegian model of labour relations. We term it the ‘one leg’. *Firstly*, this kind of two-tiered bargaining opens up for local negotiations (under peace duty) on local wages increases, working time and other issues laid down in collective agreements. Parties at a local level have substantial freedom to find local solutions within the framework in industry agreements (Barth & Nergaard, 2015). *Secondly*, the effective implementation of employee rights laid down in statutory regulations in many cases relies on the presence of a trade union and cooperation between the local union and management (Dølvik et al., 2014; Hagen & Trygstad, 2009). Specific features in different industries may affect management style, the distribution of power and democratic rights and hence the employees’ opportunity for participation and voice. This applies particularly to employees who have a weak bargaining position or who are unaware of their rights. *Thirdly*, effective cooperation at the company level

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<sup>2</sup> The effect of generally applicable collective agreements not included.

relies on the presence of a TU rep that can negotiate on behalf of the members at the workplace as well as employers who see the benefit of such cooperation (Nergaard et al., 2009; Barth et al., 2014; Barth & Nergaard, 2015). Previous studies in the private service sector have pointed to huge challenges when it comes to electing a TU rep at the workplace in industries such as hotels and restaurants and retail. One reason is the high turnover rate among employees in these industries, and another is that a large proportion of the TU reps find it difficult to negotiate and discuss issues with the management because they fear the consequences when they disagree (Berge et al., 2013; Trygstad et al., 2014, 2011). According to Thelen (2014) comparative analysis indicates that private service sector firms do not support traditional institutional arrangements. These firms have pushed for more wage differentiation and more flexible labour markets in several countries to, among other things, reduce costs (2014, p. 26). The relationship between the parties in the labour market may therefore be classified along a spectrum from stability to fragility (Ilsøe et al., 2015; Walton et al., 1994). This variation may affect the existence of arrangement for participation at the company level.

### 11.3.2 The Moral Justification for Participation

Participation can be justified through arguments of productivity and democracy (Heiret, 2012; Hagen & Trygstad, 2009). This moral justification has been weighted differently over time but not in such a way that the balance between the two has changed substantially or even that the argument of productivity has displaced democracy. Based on mainstream institutional theory this is hardly a surprise. Social institutions and social order are normally considered stable as a consequence of paths chosen in the past (Pierson, 2004). The stability pointed out by Heiret (2012) can be seen as important to maintain order. Furthermore, the more embedded an action or a practice is, or the more it is built into ‘bundles of institutions’ (Hall & Sosikce, 2001), the more important it may be. As time goes by, resources invested is a decisive factor that reduces the probability for change. Different actors may have much to lose by changing their mode of action.

Mahoney and Thelen (2010) see institutional change as a continuously ongoing process of struggle and tension as a consequence of the aggregate effects of a multitude of actions. In line with this, the stability pointed out by Heiret (2012) can be seen as a result of a power balance between different stakeholders who tend to support one of the two perspectives more strongly than the other. This will maintain status quo. Heiret’s two ways of justifying participation at the company level are presented below.

*Democracy – because it is fair and liberating:* When arguing from a democratic perspective, participation and influence are considered to be a social phenomenon, which are affected by the society, its institutions and its members, as well as the other way around. Pateman (1970) and Lafferty (1983) argue that participation can

be liberating and intellectually and emotionally stimulating. As already mentioned, the trade union movement has traditionally underscored the importance of seeking influence through the representative system to meet the management with expertise and authority and to be able to act as a counterpart to management when needed (Nylehn, 1997; Grimsø, 1996; Rappaport, 1987, in Trygstad, 2004). Broadly speaking it can be argued that while employers have emphasized, and still emphasize, flexibility, the trade union movement has worked for protection and security for their members.

*Productivity – because it is good for business:* From a productivity point of view, participation can be seen as important as long as it increases productivity. When it comes to representative participation, more ad hoc-oriented and informal participation is preferred because this form of participation is usually seen as inflexible and bureaucratic. Participation is often closely connected to various management and organizational principles and is considered an instrument for eliminating dysfunctional traits from the organization (Dachler & Wilpert, 1978, p. 4). Participation is seen as instrumental (Lafferty, 1983, p. 32) in that the degree and scope of participation may change when management sees a need.

### 11.3.3 Relations between Perspectives – Democracy and Productivity

In reality, the two different justifications for participation at the company level overlap to a great extent, but as already argued, they may be weighted differently. Both are regarded as important elements in the model at the central and local levels. The Basic Agreement between the Norwegian Confederation of Trade Unions (Landsorganisasjonen i Norge, LO) and the Confederation of Norwegian enterprises (NHO) underscores the following:

Through cooperation and co-determination, employees will contribute their experience and insight towards creating the financial conditions necessary for the continued development of the enterprise and for secure and satisfying working conditions, for the benefit of both the enterprise and its employees. (Section § 9-1 Objectives)

The vision in the Basic Agreement has to be transformed into action at the company level to be fulfilled.

A change in the power structures between labour and capital may imitate a situation of institutional drift. Drift may occur if powerful actors' willingness and interests to support an institutionalized action changes (Mahoney & Thelen, 2010) and may be seen as an endogenous erosion process undermining the status quo. Such a process can be a result of shifting coalitions of interests with other priorities (Hacker, 2002; Mahoney & Thelen, 2010; Streeck & Thelen, 2005) and/or as a result of a dualization process when it comes to how the labour market model functions at the company level. An indication of drift could be a lack of participation arrangements or

the scarce use of such arrangements. Barth and Nergaard (2015) identify two signs of weakness in the Norwegian model of labour relations. Firstly, the collective bargaining coverage has decreased slightly. Secondly, they find that collective institutions at the local level are undermined. They show that there has been a substantial decrease in the existence of formal cooperation committees between management and TU reps at the company level between 2003 and 2012.

As the committees studied by Barth and Nergaard (2015) discuss a decreasing variety of topics, it is of interest to look at whether the actual cooperation between management and TU reps fulfils the intentions that the social partners and the legislator have laid down through collective agreements and legal acts. We do this by assessing a possible representation gap and a possible participation gap.

The participation gap is analyzed by looking at four possible ways that the parties at the local level may interact, as illustrated in Figure 11.1. Square A illustrates the ideal of the model at the company level. The parties are engaged in both formal and informal cooperation, while in square B we only find participation through formal channels. In square C cooperation is informal only. Participation can easily be situational, fragmented and unstable. In square D cooperation between the parties is absent. In accordance with Ilsøe et al. (2015), we classify the relationship between the parties in square A as stable and in squares B and C as fragile. In square D the relationship is best described as absent. While square A can be seen as corporative-oriented, square D can be more liberal-oriented. Squares B and C are in a more intermediate position.

		Informal cooperation	
		+	-
Formal cooperation	+	A	B
	-	C	D

**Figure 11.1.** Types of cooperation. Source: Trygstad et al., 2015.

## 11.4 Data and Method

This study is based on quantitative and qualitative data collected among TU reps and employers in the private sector in 2014 and 2015. TU reps are to be elected in all companies bound by a collective agreement. In other words, our sample covers the situation in companies in the organized part of the labour market. Further, the study was limited to three large trade unions: ‘Fellesforbundet’, ‘Handel og Kontor’ and ‘NNN’ (Norwegian Food and Allied Workers Union), all of which are affiliated to the largest trade union confederation in Norway, the LO. Fellesforbundet (with 147,000 members) is the largest trade union in the private sector in Norway and

organizes members mainly in the iron and metal industry, the shipbuilding industry, the graphical sector, car repair workshops, hotels and restaurants, the building industry and the paper industry. Handel og Kontor (HK, with 70,000 members) is the second largest union in the private sector and organizes workers in retail, service, administration, finance, marketing, banking and more. NNN covers around 30,000 workers mainly in the food and drink-processing industries. Respondents belong to companies in different industries, where tradition and climate for participation may vary.

The quantitative data were collected in a web survey among TU reps at the local level in the autumn 2014. Out of a gross sample of 4400, 1800 respondents answered the survey, which gives a response rate of 41 per cent. Respondents are working in industries that vary in company size, union density and collective agreement coverage. Also the respondent rate varies between the TU reps in the three unions: in Fellesforbundet 35 per cent answered the survey, in HK the share was 34 per cent and the corresponding number in NNN was 47 per cent. In hotel and restaurants, which is part of Fellesforbundet, and in retail, which is part of HK, the coverage of collective agreements is patchy, comprising respectively 34 and 36 per cent of employees (Nergaard, forthcoming), whereas organization rates among employers and employees are low (21 and 24 per cent, respectively; Nergaard, 2016, p. 17). Thus, the data cover a broad set of industries in the private sector but only companies with TU reps organized in the LO. In these parts of the private sector arrangements for participation can be assumed to be higher than average.

The qualitative data consist of in-depth interviews in the same industries. These cover management and TU reps at the company level in more than 30 companies bound by collective agreements. The companies were located in various regions in Norway. They were of different size, from around ten employees to several hundred. Interviews were conducted following a semi-structured method. The interviews lasted for approximately one and a half hours, and TU reps and the representatives for the management were interviewed separately.

In both the survey and in the interviews we aimed to identify whether or not a representation and/or a participation gap exists at the local level. Both respondents and informants were asked about formal arrangements for participation and cooperation and whether formal and informal cooperation between the TU reps and management actually took place: do the TU reps meet the manager at his or her level to discuss different matters concerning the company in formal or informal forums? In the survey as well as in the qualitative interviews, background information was collected on the development of the company, productivity, profitability, hiring, working environment and more.

## 11.5 Findings: The Representation Gap

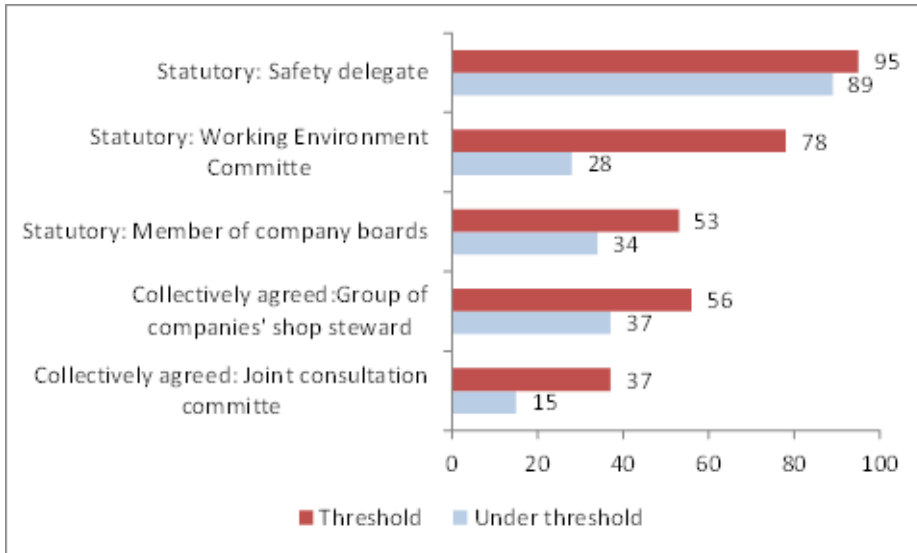
Looking at the representative participation arrangements that should be in place in companies and the actual presence of these agreements, we find a gap. Figure 11.2 shows the prevalence of different arrangements at the company level. Several of the arrangements regulated in the WEA and the basic agreements have thresholds concerning size. The thresholds vary between different arrangements, as outlined in Table 11.1.

**Table 11.1.** Arrangements – thresholds

Arrangement	Threshold
Safety delegate	10 employees and more (obligation)
Working Environment Committee	50 employees and more (obligation)
Board members	200 employees and more and no corporate assembly (obligation); if 30 employees and no corporate assembly, employees may require board members.
Group of companies shop steward	200 employees (recommendation)
Joint consultation committee	100 employees (obligation)

In the table above, three of the arrangements are statutory positions or bodies, including safety delegates, working environment committees and members of the company's board and of the group of companies' board. In Figure 11.2 we have separated our sample in two. In one group we have TU reps in companies that meet the required thresholds when it comes to size, and in the other group we have those who do not.

We look first at the statutory arrangements. According to the WEA (§ 6–1) all companies with ten or more employees are required to have a safety delegate. We see that almost all TU reps report that there are safety delegates present in the company. The figure indicates that this duty is also fulfilled by the majority of companies in the sample with fewer than ten employees. Only 11 per cent say that they do not have one. When it comes to working environment committees, the threshold seems to mark a significant difference. The statutory threshold for such committees is set at 50 employees (§ 7–1). While 78 percent claim they have one in companies with 50 employees or more, only 28 per cent of the TU reps in companies below 50 employees report they have one.



**Figure 11.2.** Arrangements for cooperation at company level

Note: N = 1471. Red = TU reps in companies above the threshold. Blue = TU reps in companies under the threshold. Source: Trygstad et al. (2015).

Board representation is also a statutory arrangement but with a more limited scope. If the company has 30 employees or more, two-thirds of the employees may require one representative present on the company board. If the enterprise has 200 employees or more, and it is agreed that the entity does not have a corporate assembly, the company is obliged to have members of the board elected among the employees (Limited Liability Companies Act § 6–4).<sup>3</sup> In our sample, 53 per cent of TU reps in companies with 200 employees or more has members on company boards. Among those under the threshold (< 200), the corresponding number is 34 per cent.

Turning to arrangements laid down by collective agreements we also identify gaps. Companies with 100 employees or more shall have a joint consultation committee<sup>4</sup> consisting of representatives from the management and the employees. Our data show that only 37 per cent of the TU reps in companies with 100 or more employees have one. Furthermore, groups of companies with 200 employees or more are recommended to have a group of company shop steward. Among these, 56 per cent report that this position is filled.

<sup>3</sup> According to Hagen (2015) the number of general assemblies have fallen, and only a handful are left.

<sup>4</sup> In Norwegian 'bedriftsutvalg', Basic Agreement, Part B, § 13–1. [http://www.lo.no/Documents/Lonn\\_og\\_tariff/hovedavtalene/basicagreement\\_14\\_17.pdf](http://www.lo.no/Documents/Lonn_og_tariff/hovedavtalene/basicagreement_14_17.pdf)



Formal committees, arrangements and/or bodies based on collective agreements are far less common than the statutory schemes, except when it comes to board representation (Figure 11.2). This corresponds with our qualitative data. While collective agreements based arrangements and bodies are less common, we find that almost all informants in companies above the threshold report having a safety delegate and a working environment committee in the company. Thus, the data indicate that a representation gap exists between bodies that should be established at the company level and bodies that are actually established. This gap is considerably wider when it comes to collectively agreed bodies than for those laid down by the legislator.

One plausible explanation for these findings is that the statutory arrangements are better known. Another is that the Norwegian firms are more liable to adhere to the WEA's rules on safety delegates than comparable regulations, a fact that may be attributed to the task-specificity of the safety delegates' mandate and their tangible impact on workers' immediate working environments. Yet another explanation might be that statutory arrangements that are enforced by the Labour Inspectorate, such as safety delegates and working environment committees, are more likely to exist, partly because these arrangements are controlled when the Labour Inspectorate carries out inspections in companies and partly because non-compliance is met with a negative reaction. There is no such inspection when it comes to members of company boards, which, along with regulations in collective agreements, is left to the parties to supervise and enforce.

A more detailed picture of the variables that are important to explain the gap is given in Table 11.2. In this table we present findings from a linear regression. The model shows indicators having a significant impact on the dependent variable, which is an additive index of statutory arrangements and arrangements laid down in collective agreements at the company level where the TU reps work.<sup>5</sup> The index varies from 0 = none to 15 = all arrangements.

The model confirms that size is important. Bearing in mind that most Norwegian companies are below most of the thresholds, this indicates that many employees do not have access to representative bodies. Furthermore, companies where TU reps have long-time experience in office and who work in a company with a low share of unorganized employees report more arrangements than others. Such arrangements are important to fulfil the democratic intentions embedded in statutory law and collective agreements. This indicates that experience as a TU rep along with numbers of organized employees function as important power resources. We also find that TU reps who have experienced reorganizing to a larger extent report that arrangements are present at their workplace than those who have not. One explanation could be that inactive arrangements can be revived if a situation in the company requires it. This was the case in a retail shop we visited, where at present there were hardly any

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<sup>5</sup> We have constructed an index from 0 to 6 according to present arrangements.

cooperation activities at all. However, a few years earlier the shop had been transferred to a retail chain, and this had led to the TU rep being engaged by the management in discussions on how to go forward with the transaction.

**Table 11.2.** Presence of arrangements; linear regression (stepwise)

Model	B Value	T Value
Constant	-.96	-2.571***
Time in office	.496	8.71***
Number of employees at the workplace	.717	16.482***
Share of unorganized employees at the workplace	-.176	-3.683***
Has your workplace been through changes last two years? (0 = yes, 1 = no)	-.726	-5.167***
Is the company Norwegians owned or foreign-owned? (0 = Norw, 1 = foreign)	.886	5.092***
Industry (0=other, 1=manufacturing)	1.074	8.827***

N = 1228. Adjusted R2 = .410.

\*\*sign p < .05; \*\*\*sign p < .01

Table 11.2 also indicates that TU reps in foreign-owned companies have more arrangements than those fully or majority owned by Norwegians. Hagen (2005, p. 45) points to a similar finding. In her study, the presence of employee representatives on the company board is more likely to be found in foreign-owned companies. One explanation offered by Hagen is that foreign owners operating in Norway are eager to follow statutory rules in order to appear responsible. It is also worth noting that figures from Statistics Norway show that eight out of ten foreign-controlled enterprises are mainly owned by countries within the EU and that the most important single country was Sweden,<sup>6</sup> which belongs to the same model of labour relations as Norway.

TU reps within manufacturing report a higher number of arrangements than others, all else being equal. Keeping in mind that companies in manufacturing are seen as the prototype of the Norwegian labour relation model at the local level, this is hardly surprising. This can be illustrated by a quote from a TU rep in a manufacturing company:

If I was to list all committees where we are represented ... I would sit here the rest of the day. There are tons. [...] I would say that 70 per cent of the cooperation is conducted in meetings and the rest informally'. (TU rep, manufacturing, 5,000 employees)

<sup>6</sup> <https://www.ssb.no/statistikkbanken/selectvarval/saveselections.asp>

## 11.6 Findings: The Participation Gap

The consequences of the representation gap could be reduced if other forms of formal or even informal cooperation are in place. Regardless of size, the Basic Agreement states that management shall discuss the following with TU reps:

[M]atters relating to the financial position of the enterprise, its production and its development, matters immediately related to the workplace and everyday operations and general wage and working conditions at the enterprise. Unless otherwise agreed, discussions shall be held as early as possible and at least once a month, and otherwise whenever requested by shop stewards. (Basic Agreement, LO/NHO § 9–3)

We asked the TU reps if they participate in information meetings, discussions or negotiations with management at their level. In total 56 per cent say they do, but still 44 per cent say they do not. One hypothesis could be that those who have no formal meetings cooperate with the management informally. The data material shows us that this is not necessarily the case. We have divided TU reps in our survey into four different groups based on whether they participate in formal and/or informal cooperation with management; see Figure 11.3. If we look at the whole sample, 42 per cent of those who participate in formal meetings have informal meetings monthly or more often with immediate supervisors; see Figure 11.3 (A). Fourteen per cent only participate in formal meetings and seldom engage in informal meetings (B). For 15 per cent it is the other way around – their participation takes place in informal meetings, not in formal meetings (C). Finally, as much as 29 per cent seldom or never have either formal or informal meetings or discussions. Based on this, we have also identified a participation gap in our survey.

		Informal cooperation	
		+	-
Formal cooperation	+	A 42	B 14
	-	C 15	D 29

**Figure 11.3.** Types of cooperation and the share of TU reps belonging to each category. Source: Trygstad et al. (2015)

We identify significant variations between industries when it comes to participation (data not shown). Within retail only one out of four TU reps say that they have both formal or informal meetings and discussions with management (A above), while more than four out of ten say that they seldom or never have formal or informal meetings or meetings/discussions with the management (D). Within manufacturing and

construction the situation looks different. In these industries more than half of the TU reps report that they interact with the management both formally and informally (A), and only 16–17 per cent never or seldom has contact with management when it comes to TU issues (D).

Flawed participation at the local level could indicate that there is a lack of issues to discuss; however, our qualitative data indicate otherwise. In a big retail shop in our sample the issues were actually several, such as working hours, work schedules and skill development. According to both the manager and the TU rep, these sorts of issues were only discussed within the management and not with the TU reps or the safety delegate. One member of the management in a manufacturing company acted differently. He commented on the importance of formal meetings as follows:

In our formal meetings we discuss matters including production, improvements and other issues. The management meets the TU reps. There are not always that many issues to discuss, and the agenda is quite loose – we can actually talk about a wide range of topics. But we still meet on regularly basis. It is an important arena for developing confidence and trust. (HR manager in manufacturing, 100 employees)

In small companies the manager and the TU rep will often work closely together on a daily basis. One might think that this would lead to more issues being handled between the parties in informal meetings than in larger companies, like in this grocery store where the manager described the cooperation with the TU rep in this way:

We don't have any formal meetings, but we talk regularly (Manager, grocery store, 19 employees).

But according to our data it is rather the other way around. The analysis shows that while 34 percent of TU reps in companies with 200 or more employees seldom or never have informal meetings with management (Figure 11.3 [B]), and the corresponding number for those in companies with 10 to 19 is 54 percent. However, lack of participation does not necessarily reflect a bad-functioning relationship between management and TU reps.

We have no regular meetings with the TU rep or the safety rep. Things have been discussed in meetings for all employees. Employees contact me directly. (Manager, auto repair shop, 15 employees)

In this company the TU rep said that he spends less than one hour a year on TU work. On the basis of our findings, we can identify what seems to be either inactive or excluded TU reps. In Table 11.3 we see some of the explanation for the variation concerning TU reps' participation in formal meetings and informal discussions, which is the dependent variable in the linear regression analysis.

**Table 11.3.** Participation in formal meetings and informal discussions/meetings; linear regression (stepwise)

Model	B value	T value
Constant	3.856	34.085***
Time in office	-.087	-3.078***
Number of members in the local union	-.237	-11.491***
0= TU rep at company level/group of companies' level, 1= TU reps at lower level	.155	4.81***
Has your workplace been through changes in the last two years? (0 = yes, 1 = no)	.135	2.1**
Industry (0 = other, 1 = manufacturing)	-.3.742	-5.123***

N = 1136. Adjusted R2 = .253.

\*\*sign p < .05; \*\*\*sign < .01

Note: 1 = participate in both, 4= participate seldom/never

Also when it comes to participation in formal meetings and informal discussions we find that those having been a short time in office and those located in workplaces with few employees participate less than others. The type of TU assignment also influences the participation level. Those who are company TU reps or a group of companies' TU reps participate more than those on the shop floor, even though collective agreements stress that parties should collaborate at all levels. TU reps in retail participate significantly less than others. The same goes for TU reps in companies where there has been no reorganization processes in the previous couple of years. Recent reorganization processes within the company might, as mentioned above, lead to meetings and discussions. These sorts of processes shall, according to both statutory law and collective agreements, involve TU reps (and the employees) to a great extent.

In the previous section we identified a representation gap, and based on our findings in this section we see that there also exists a participation gap. We find a rather strong correlation between these two gaps ( $r = 0.44$ ). The correlation indicates that those who lack different forms of representation arrangements at their workplace participate less in formal meetings and informal meetings with their leaders about issues concerning the workplace and the members they represent.

## 11.7 Discussion

The Nordic model of labour relations is based on multilevel participation through elected TU reps. One important leg is participation through elected TU reps at the

company level. Further, in the model participation is morally justified through two different perspectives: because it increases productivity and because it is democratic. We started out with two research questions: i) to what extent are decision-making arrangements present at the workplace, and ii) do local TU reps make use of formal and informal decision-making fora?

The analyses have identified a representation gap as well as a participation gap. These gaps tell us that the Norwegian model of labour relations to varying degrees is present in the organized labour market, something that calls for a discussion on the strength and extension of the model at the local level. Surprisingly, when it comes to arrangements based in collective agreements and what could be said to be the core tasks for the TU reps, a great share of companies do not seem to have established such arrangements. Furthermore, a considerable number of TU reps do not make use of the collectively based rights on participation and cooperation in formal and informal meetings. While TU reps having both formal and informal cooperation fit with the image of the Norwegian model of labour relations, the group with neither – 29 per cent and where we identify the gaps – is more difficult to place. Our analyses tell us that the model appears fragile or at times absent in industries such as retail and hotels and restaurants. The standing is more solid in manufacturing and construction, but even here 16 percent of the TU reps say that they seldom or never participate in formal meetings or in informal meetings/discussions, and 12 per cent have informal meetings/discussions only with the management at their level. The correlation between the representation and the participation gap is strong.

Even when ‘traditional’ cooperation does not exist, one might argue that the presence of a TU rep at the local level has *some* effect, but then more as a potential watchdog for the employees. At the same time, it seems reasonable to assume that some kind of formal or informal contact between the parties must exist to say that cooperation exists – and to neutralize the asymmetric power relation between labour and capital.

### 11.7.1 How to Explain the Gaps?

The most obvious explanation as to why these gaps exist is a poorly functioning relationship between the two parties. This is, based on our qualitative material, the case in some of the companies. In these companies representative arrangements are not present, and the TU reps are not invited to formal and informal meetings. Due to a lack of power resources, the TU reps were unable to address the asymmetrical power relation. However, inactivity can also be explained by lack of interest or attention on both sides. In the interviews, TU reps as well as the management excused this by referring to time pressure. They did not see participation as a relevant and useful tool. Furthermore, in smaller companies, union members did not necessarily see the use of involving the TU rep(s). They preferred to approach the manager directly with their

questions or ideas. In this way they also send important signals that their need for TU reps to represent them is very limited. It is fair to believe that this partly explains why the management does not see TU reps as relevant partners in solving problems or as contributors to efficiency and productivity. The managers choose to discuss matters of interest with other managers or with the employees individually. When the union members and the managers bypass the TU reps, it affects the TU rep's power.

But what causes this difference? Multivariate analyses (tables 2 and 3) have identified factors that explain differences between companies with representation arrangements and TU reps' participation ('cooperative companies') and those lacking these features ('liberal companies'). These factors can be divided into two main categories: factors related to the TU reps' power resources and more structural factors. Firstly, the TU reps' time in office increases the likelihood for the company to be cooperative companies. This is in line with Borum (1995); experience can be an efficient power base for the TU rep when interacting with management. Secondly, the union density degree in the company affects the gap, with liberal companies having a lower level of unionized employees. This could be related to power resources. TU reps that represent few members could be unable to convince the management to include them in formal and informal meetings because they lack the power in the form of members to vitalize such arrangements. As mentioned, this is also confirmed by our qualitative material.

Turning to structural factors, what industry the company belongs to explains differences when it comes to representation and participation. Private service companies are more likely to fall into the category of liberal companies. Secondly, TU reps in smaller companies, all else being equal, are more likely to work in a liberal company. In smaller companies the relationship between managers and employees is likely to be closer and more personal. Pushing for more representative participation and formal meetings can be seen as lack of confidence, and the TU rep is thereby in danger of destroying the personal relationship. Thirdly, TU reps in companies which have been through a reorganization process have more representative arrangements and participate more often than others. This indicates that 'sleeping' arrangements can be resurrected if called for. The impact of reorganization on representation and participation may however have another explanation: Oliver (1991, p. 156) argues that companies are more likely to follow rules if the 'likelihood of getting caught' is high. In re-organizational processes the rules of the game are rather strict, which may influence management's choice to include the TU reps. In this case reorganization is not a sign of resurrection but rather a sign of a short 'visit' to representation and participation but with no permanent effect. This could be seen as a sign of the ability of managers in asymmetrical power relations to choose to engage in participation if it is seen as efficient and to boost productivity. Finally, foreign-owned companies are more likely to be cooperative. This could, as mentioned earlier, be explained by a focus on following the rules of the game.

### 11.7.2 How Solid Is the One Leg?

In our introduction we presented two different lenses through which to analyse a weak standing of the model of labour relations locally. A lack of institutionalization can be explained by a decoupling strategy, where the regulators' ambitions are disconnected from practical action at the company level, or we could be witnessing a process of drift.

Starting with the hypotheses of failed institutionalization, bearing in mind that previous studies on the Norwegian model of labour relations in general, and more specifically on participation and cooperation, have tended to focus on the situation in big companies in manufacturing, these studies might have overlooked the lack of institutionalization in other sectors.

Our study confirms that the model seems to be vital and rather stable in big companies in the manufacturing sector. We also see another picture when focusing on TU reps in small companies in the same sector and in parts of the Norwegian private service sector. When it comes to the private service sector, our findings are in line with other studies from the last decade where researchers have identified signs of dualization in parts of the low-end private service sector (Trygstad et al., 2011, 2012, 2014; Nicolaisen & Trygstad, 2015). However, the situation is not new. In these industries, the union density and the collective agreement coverage have been low for decades. Atypical work has been and still is common, the turnover is high and cooperation between labour and capital is almost absent. The situation for Norwegian employees in these industries probably has more in common with the situation for other European workers in the same industries than with an 'ordinary' worker in a big Norwegian company in manufacturing. One explanation can be that the model has not yet been fully institutionalized even in companies with collective agreements due to employees lacking the power to enforce arrangements for participation and cooperation at their workplace. As pointed out by several researchers, a prerequisite for effective cooperation at the company level is TU reps with the power to negotiate on behalf of the members at the workplace (Nergaard et al., 2009; Barth et al., 2014; Barth & Nergaard, 2015). TU reps with few members lack this power. However, independent of size and industry, Barth and Nergaard (2015) find that collective institutions at the local level have dropped both in number and in regard to the breadth of issues discussed, and Hagen (2015) finds that the number of company assemblies (*bedriftsforsamling*) in Norwegian companies has declined (Hagen, 2015). This indicates change.

We turn now to the hypotheses of drift. Drift concerns forms of reinterpretations of existing rules, changing the impact of institutions even if their formal set-up remains unchanged (Engelstad, 2015; Mahoney & Thelen, 2010). Drift can be explained by changed power relations between the parties. One may argue that the representation and participation gaps could shift the balance from democracy towards productivity and from institutionalized arrangements to more ad hoc-oriented fora. If so, the



stability pointed out by Heriet (2012) may have overlooked changes at the local level. Changes in the power structure between employers and employees at the company level may have created a situation where the employers support and use the arrangements institutionalized in laws and agreements to varying degrees. This could also affect the stability of the model at the central level as the local level plays an important role in the Norwegian labour market model, both as provider of competent TU reps at the central level as well as by giving actors at the central level less competence and legitimacy to commit members of their organization and promote changes in the legal framework.

A lack of longitudinal data prevents us from drawing conclusions when it comes to institutional changes over time. Our data do not tell us if the representation and participation gaps have increased over the last two decades. It is reasonable to believe that we most likely are witnessing *both* signs of drift and an erosion and lack of institutionalization. Whatever the explanation, the result is dualization in the organized labour market. The question is how profound this dualization is or could be.

Dualization may increase if the factors that explain the lack of institutional arrangements become more pronounced. When it comes to company structures in Norway we see two opposite trends. On one hand we can identify fragmentation, where companies are split into subsidies or smaller companies through outsourcing in the industry as well as outsourcing to other industries and countries. This affects the size, which has an impact on both the presence of the institutional arrangements for representation and actual participation. Size is directly related to the threshold laid down in regulations as to when such arrangements shall be in place. This kind of reorganization could also lead to the outsourcing of companies' private service functions, where this part is undertaken by companies in industries with poorer traditions of cooperation and co-determination. When outsourcing services from manufacturing to private service sectors, the outsourced item could also be confronted with employers who do not support institutional arrangements for representative participation to the same degree as in manufacturing. On the other hand we see a concentration of power in groups of companies. If decisions are taken far away from the company floor, the TU reps' ability to influence matters concerning their members, their workplace and/or their company will be affected in a negative way. This is even more the case if such decisions are made by foreign-owned companies or other companies with management systems having weaker traditions of involving employee representatives. As pointed out by Thelen (2014), analysis indicates that private service sector firms do not necessarily support traditional institutional arrangements.

Other factors that might push in the direction of a further dualization are related to power resources for TU reps. A decrease in unionized employees and, following that, problems recruiting and retaining TU reps at the company level might lead to an erosion of participation in more companies than we see today. If so, and depending

on the extent to which this will happen, the share of cooperative companies might shrink and thereby stultify the strength of the leg supporting the Norwegian labour market model.

## 11.8 Concluding Remarks

In this chapter we have identified representation and participation gaps in the Norwegian models of labour relations at the company level and have found a high correlation between the two gaps. A considerable share of the TU reps in our material do not fit into the model; they work in companies with a more liberal attitude towards participation. A central question is whether the representation and participation gaps identified here are growing and also whether the explanation is erosion or rather limited institutionalization of the model locally.

A weak tradition of cooperation and co-determination could mean that employers lack experience and/or interest when it comes to cooperating with TU reps and the consequences for productivity and democracy. Since the relationship between capital and labour in nature is asymmetrical, lack of representation and participation will fail to neutralize this asymmetry. Instead of a balance between democracy and productivity, which is the moral justification of the Nordic and Norwegian models of labour relations, the management will invite TU reps to participate if and when it seems to increase efficiency. However, the result may be the opposite. Ad hoc-oriented participation can result in lost potential in companies when it comes to increasing productivity as the employers do not necessarily know when involving TU reps would affect productivity. In the long run this could also reduce democracy in Norwegian working life. From our data we cannot tell whether we see an institutional change towards reduced democracy (drift) or if we are just identifying problems that have existed for a long time (lack of institutionalization). At any rate the representation and participation gaps we have revealed represent a democratic problem in parts of Norwegian working life.

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## Appendix

### Analysis

In the paper we use different variables in bivariate and multivariate analysis. Below we present the variables used in multivariate analysis. As dependent variables we use the following:

*Presence of arrangements:* This is an additive variable, where no arrangement is coded 0, one arrangement is coded 1 and so forth.

*Participation in formal or informal meetings or discussions:* Respondents who participate in both formal meetings and informal meetings/discussions with the management on their level is coded 1; those who participate in formal meetings but very seldom or never have informal meetings/discussions are coded 2. TU- reps who hold only informal meetings/discussions and very seldom/never participate in formal meetings with the management on their level are coded 3, and those who seldom/never have formal meetings and informal meetings/discussions are coded 4.

As independent variables we use the following:

*Gender* is coded 0 = man, 1 = woman.

*Time in office* is a numeric variable, years.

*Number of employees at the workplace* is coded as 1 = below 10, 2 = 10 to 19, 3 = 20 to 49, 4 = 50 to 99, 5 = 100 to 199 and 6 = 200 or more.

*Type of assignment:* 0 = TU rep at the company level or at the group of companies level, 1 = TU reps at a lower level.

*Share of unorganized employees at the workplace:* 1 = below 20 per cent, 2 = 20 to 29 percent, 3 = 30 to 49 percent, 4 = 50 to 69 per cent and 5 = 70 or more.

*Has your workplace been reorganised the last two years?* 0 = yes, 1 = no.

*Is the company Norwegian or foreign-owned?* 0 = Norwegian, 1 = foreign.

*Industry:* 1 = manufacturing, 2 = construction, 3 = hotels & restaurants, 4 = retail, 5 = other. In the multivariate analyses the different industries are coded as e.g. 0 = the rest, 1 = manufacturing).

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## 12 Bowling Alone and Working Together? Social Capital at Work

Robert Putnam's books *Making Democracy Work* (1993) and *Bowling Alone* (2000) have been influential in promoting the relevance of networks and norms of civic engagement. Within this tradition of research, civil society represents the fundamental sphere for creating social capital and thereby a high level of generalized trust with implications for democracy (Rothstein & Stolle, 2008; Rothstein & Uslaner, 2003; Wollebæk & Strømsnes, 2008). The empirical evidence of the suggested link between participation in voluntary organizations and level of trust, however, is neither wholly nor partly supported (Wollebæk & Seggaard, 2012, p. 40).

Despite all the interest that has been shown in social capital and the political and social merit many see in the perspective, the empirical data are not as obliging; we are not finding what we want to find. With regard to Norway, this cannot be explained by a generally low level of trust. On the contrary – similar to the rest of Scandinavia, Norway is depicted as a high-trust society, which means that people's confidence in each other and in society's institutions is very high. This is considered crucial because generalized trust – that is, trust in people with whom one is not familiar (Wollebæk, 2016) – is believed to motivate people to take an active part in democracy and in society more generally. Generalized trust is therefore a community cornerstone in terms of cohesion, coordination and solidarity.

But if voluntary organizations do not appear to play the role expected of them theoretically, it is useful to ask whether other institutions could be pivotal in this respect. In the search for candidates, the labour market stands out as a particularly evident arena. In Norway, the substantive and socio-psychological significance of the labour market is understood in terms of the Norwegian model, which, briefly put, represents a compromise in the form of reciprocal bonds of trust between the government, employer and employee organizations and the public – all of which are expected to provide security and equal opportunity to every member of the population.

The objective of this chapter is to investigate the significance of the workplace as an arena for generating social capital and thereby generalized trust. A workplace comprises a small system of people who meet on a regular basis and, to a certain extent, share a common goal. Consequently, the question in this chapter is whether Putnam's perspectives on the importance of face-to-face meetings in civil society should be expanded to include face-to-face meetings in the workplace. We ask: 'To what extent can the workplace be understood as a sphere for creating generalized trust?' This chapter is mainly empirical, but there are theoretical implications of the discussion to come.

The empirical part of the chapter is based on interviews of young retail apprentices working on the shop floor – frequently depicted as atomized and alienated. As early

as 1951, C. W. Mills described the working conditions of sales girls with a dismal undertone in terms of estrangement (Mills, 2002). Considering a substantial proportion of the young employed in the service sectors whose retail experience is provisional in character, supporting the development of trust and networks in the workplace might suggest a specific challenge. Furthermore, the retail sector is characterized by low union density and thus weakly established institutions of employee participation and collective commitment. Consequently, this constitutes an extreme case for inquiring into whether generalized trust and subsequent participation in democratic processes can be created in the workplace.

The chapter is organized as follows. First, we give a brief presentation of social capital within civil society and working life. Subsequently, the data and methods underpinning the analysis are presented. Thereafter, we analyze the ways in which trust and networks are generated in retail work. Finally, we discuss the shop floor as a work-based community before presenting our conclusions and implications for further research.

## 12.1 Generalized Trust and the Workplace

According to Putnam (2000), two factors are crucial for understanding the significance of social capital: *network*, which is an individual trait but a collective phenomenon in virtue of being a characteristic of a society, and *trust*, a cultural phenomenon that regulates norms of cooperation. Research inspired by Putnam discusses mainly how, in various ways, individuals and collectives generate and challenge the link between trust and networks.

Social capital is relevant to understand processes of generating democratic engagement. Putnam (2000) assumes that citizens have arenas where they can meet in person and from there build a mutually binding sense of trust. Putnam's understanding is based on the assumption that the network produces and is regulated by mutual norms, a process which in turn is believed to lead to value-based communities. Putnam (1995, pp. 664–665) defines social capital as 'networks, norms and trust that enable participants to act together more effectively to pursue shared objectives'. Various forms of social capital have been disputed, but the literature seems to agree on three main aspects: *bonding*, which links people with a sense of common identity such as family, friends and close colleagues; *bridging*, which stretches beyond a shared sense of identity, that is, people in other organizations; and *linkages*, which connect people across social strata.

Discussing the history of the concept, Wollebæk and Seegård (2011) argue that social capital, on one hand, is a label of an individual's resources in terms of networking and trust and, on the other, a description of those collective relationships. With this understanding, they object to Bourdieu, who conceives of social capital as a mere individual resource. According to Wollebæk and Seegård (2011), the

Bourdieuian perspective diminishes our possibility to understand the consequence of social capital for collective action at the aggregated level (p. 29). They therefore argue in favour of a combination of social trust and networking, which, they claim, allows for non-coercive collective action.

Putnam's point of departure entails different people who meet face to face. Interaction is a precondition for generating networks, which in practice implies that individuals practise a type of trust, which in turn they develop into a more generalized trust. According to Wollebæk and Seegård (2011, p. 38) 'non-governmental organizations are the main arenas where such interactions take place: here we meet people who are different from ourselves, and try to achieve something together with them'. What matters is the link between individuals in the sense that an actor can be the bearer of more or less social capital – to be a description of a given collective.<sup>1</sup>

Scandinavian researchers have pointed to dissimilarities between the United States and the Nordic countries with regard to the welfare state and general trust in institutions. According to Rothstein and Uslaner (2006), social inequality is a crucial factor in understanding variations in social trust. Rothstein and Stolle (2003) have also noted that strong welfare institutions are crucial for understanding the high level of trust in socially supportive institutions in Scandinavia. For this kind of trust, Rothstein and Stolle (2008) have coined the term 'institutional social capital', implying that the formation of generalized trust is embedded in the structure and characteristics of political institutions. In contrast to Putnam, who views regular social interaction through face-to-face meetings in voluntary associations as the prime mechanism for the generation of social capital, Rothstein and Stolle emphasize that institutions and policies create, channel and influence social capital. Thus, for social capital to flourish, it needs to be embedded in the political context and the formal political and legal institutions. In other words, while Putnam highlights the horizontal dimension through face-to-face meetings, Rothstein and Stolle draw attention to the vertical dimension and the importance of institutions as a precondition for generalized trust.

Our ambition here is to pursue the Scandinavian perspective, where institutions are given attention. Our approach involves examining the significance of working life as an arena entailing solidarity, coordination and participation. It is therefore not unreasonable to assume that participation in the workplace can have a very important role to play alongside the voluntary sector if we want to understand why Scandinavia comprises nations with particularly high levels of confidence or trust.

That a positive correlation exists between participation in various arenas and democratic involvement is nothing new. A standard reference is Carole Pateman's

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<sup>1</sup> This link is vital to an understanding of the strength of the concept, but it is also the reason for the criticism it has faced. Alejandro Portes (1998) is one of the most prominent critics. The term is tautological, he suggests, when it is used to connect micro and macro. According to Portes, it is not possible to detect whether social capital is a cause or an effect.



*Participation and Democratic Theory* (1970), where the author justifies her perspective by referring to John Stuart Mill. The ‘democratic principle’, she says, must be seen in connection with spheres initially located outside the purely political sphere. Particularly interesting in this context is Pateman’s reference to the labour market, which – since it is an institutionalization of hierarchy and inequality – is a particularly important arena for political involvement (pp. 42–43). This is because, first of all, democratic institutions alone cannot give citizens the necessary training in democracy nor the necessary ‘individual attitudes and psychological qualities’ (ibid.). While volunteer researchers focus exclusively on voluntary organizations as schools in democracy, we can make use of Pateman to underpin our hypothesis that schools in democracy are also to be found in the business sector.

Moreover, Pateman believes that a business or commercial enterprise can be understood as a political system in ‘its own right’ (ibid.), providing opportunities for active participation outside the purely political system. Now it is nothing new that companies can be understood as political systems. Several empirical studies have explored democratic organizations with employee representation on boards, union density and the activity of personnel representatives (e.g. Hagen, 2014; Trygstad, 2013). But these are studies where the objectives are somewhat different from ours. This chapter is concerned with the role of work in democracy, but not in the sense of employee participation and involvement (Levin et al., 2012).

As suggested, little scholarly attention has been devoted to the ways in which the workplace may generate social capital.<sup>2</sup> However, an important initiative has already been taken. Researchers at the John F. Kennedy School of Government, Harvard University, have established an ongoing network, arranged seminars, a webpage and a research programme emphasizing the relationship between work and social capital.<sup>3</sup> The main argument is that the workplace generates social capital in three broad ways. First, the job is where people build *trust* relationships based on mutual assistance.

The workplace is an especially important source of social capital in an increasingly fragmented and diverse society. As growing numbers of people lack the comfort of a nuclear family, a religious or fraternal community, or even a tight-knit neighbourhood, the job site has become a place to build stable, caring, long-term relationships.... They are more diverse, on average, than our neighbourhoods, houses of worship, and voluntary organizations. It is on the job that one is most likely to encounter, and work closely with, someone of a different race, ethnicity, religious affiliation, sexual orientation, social class, political ideology, or regional heritage. In short, American workplaces represent the ripest venue for bridging social capital. (A Civic Nation at Risk)<sup>4</sup>

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<sup>2</sup> One researcher who has mentioned the link between employment and social capital, however, is Gudmund Hernes (2006). In *Den norske mikromodellen. Virksomhetsstyring, partssamarbeid og sosial kapital* [The Norwegian micro model. Corporate governance, collaboration and social capital], Hernes makes use of the term but not in a Putnamian way.

<sup>3</sup> [http://wcfia.harvard.edu/files/wcfia/files/762\\_bettertogether.pdf](http://wcfia.harvard.edu/files/wcfia/files/762_bettertogether.pdf)

<sup>4</sup> <http://docplayer.net/42998702-Introduction-a-civic-nation-at-risk.html>

Second, workplaces act as *recruiting* grounds for individuals and community organizations outside the office and factory walls. Third, employers contribute as *organizations* by sponsoring volunteer groups. The main focus of this chapter is the workplace as an arena for generating social capital. We deploy an institutional perspective, understanding an institution as a set of rules or norms regulating the behaviour of individuals as well as of organizations and corporate actors. It is a framework for action with relatively high stability (Thelen, 1999 in Engelstad et al., 2017).

## 12.2 Retail Work – An Extreme Case

Apprentices in the retail trade are a particularly interesting group if we want to learn how the workplace acts as an arena for fostering a sense of generalized trust. The retail sector, which constitutes the highest number of jobs after the public sector, is to many young people the first labour market entry point. The retail sector therefore has the role of socializing young labour market entrants into the adult responsibilities, norms, rights and duties of working life. And insofar as the retail trade is a significant employer in the modern economy, the retail sector is interesting in itself. At the same time, it serves as an extreme case if we look at conditions in the sector. The retail sector is characterized by high turnover rates and the extensive use of young people in part-time positions (Høst, Seland, & Skålholt, 2013; Høst & Reegård, 2015). In the Norwegian labour market, approximately 162,000 report having another main activity besides traditional wage labour (primarily education among young persons). One-third of these are to be found in the retail sector. Hence, the retail sector is by far the largest employer of this type of labour (Jordfald & Mühlbradt, 2015). The average sales assistant is therefore a young person who views his/her retail job as a stopgap on the way to graduate destinations.

It is therefore not unreasonable to assume initially that these are organizational factors which discourage a collective orientation among workers. That notwithstanding, other factors point in the opposite direction, with the collective assuming importance. A key aspect is related to the young age of the workers in the retail trade, implying substantial homogeneity along one significant dimension: the young employees, it is probably safe to say, have certain common interests and a shared sense of identity, albeit not in an institutionalized way such as in a labour union. Another shared attribute is that a job in the retail sector is very likely the first taste many of these young people have of the labour market. It would therefore be reasonable to assume the existence of informal but coordinating norms of cooperation in the individual workplace. These may involve the purely practical performance of the work but also be about increasing sales and dealing with customers. In brief, it does not necessarily follow from the low rate of unionization that a sense of community is absent. What

interests us is whether we can identify some form of collective identity – a sense of ‘us’ – within the main structures of the sector.

If we raise our eyes a little, the question is whether the labour market, particularly work in the retail sector in Norway, differs significantly from the characteristic features of the voluntary sector. Much of the research on changes in the labour market paints a picture of ongoing brutalization and individualization in society at large and the workplace in particular. One example is the book *Organisasjonsformer. Kontinuitet eller forandring?* [*Organizations. Continuity or Change?*] (Skorstad, 2002). The workplace is increasingly fashioned according to a techno-economic ideal, Skorstad contends, where a sense of the collective is weak. The crucial factor is the new perception of competition and market customization, where employers are much more likely to define the terms of interaction than before. If Skorstad is right, the social capital-generating role of organizations is under threat.

Despite the eroding tendencies in modern working life, there is, as we have mentioned, still reason to look at the potential of the collective community – not only by virtue of the level of unionization but also in terms of identity communities and, not least, because politicians often see the labour market as a key arena of integration and thereby self-realization and social recognition. In other words, work is a major source of trust and social networking. The rationale is partly because the work is a source of livelihood but, not least, that participation in employment is an admission ticket to the social community.

### 12.3 Data and Methods

We conducted interviews with managers and apprentices in nine retail shops in Norway. The apprentices were enrolled in the sales vocational education and training programme. This entails two years of school-based learning followed by two years of apprenticeship in a training company, leading to a trade certificate (International Standard Classification of Education [ISCED] level 3).

A qualitative approach was chosen to gain insight into the work and learning environment based on the managers’ and apprentices’ subjective frames of reference. Detailed data were collected in nine shops with apprenticeships. The shop selection criteria were twofold. First, pre-interviews were conducted with three of the apprentices as part of an ongoing qualitative longitudinal study on service sector vocational education and training (VET) in Norway. Three of these shops were where these apprentices had commenced apprenticeships. Additional apprentices and their managers were interviewed to ensure a more robust empirical foundation. The selection criteria for these additional shops were chosen to encompass variation in the type of retail being considered subsector and to provide information about the different products on sale. The shop types with their apprentices and managers are presented in Table 12.1.

**Table 12.1.** Shops, apprentices and managers

<b>Shops</b>	<b>Apprentices</b>	<b>Managers</b>
Automotive retailer	1	1
Electronics retailer A	1	1
Electronics retailer B	2	1
Hardware store	1	
Supermarket	1	
Beauty products retailer	1	1
Candy store and video rental	1	1
Kitchen supplies and home décor shop	1	1
Sports and leisure equipment retailer	2	1
<b>Total</b>	<b>11</b>	<b>7</b>

Note: Two of the managers declined to participate in the study.

The recruitment of interviewees proved difficult. Context characteristics of the shops were collected through limited observation. This provided valuable insight into the nature of the apprentices' responsibilities, workload, customer/team interaction and atmosphere in the shop. The shops represented a variety of retail sub-sectors, but there were great similarities regarding the apprentices' task characteristics, the shops' organizational structures and the degree of guidance and autonomy available to the apprentices.

The research sample comprised 11 apprentices (six men and five women) and seven managers (three men and four women). Individual semi-structured in-depth interviews were conducted with each of the apprentices and managers during the fall of 2013. In the interviews with the managers, attention was on motivations for assuming the responsibility for apprentices, how learning and work were organized and how they evaluated the apprentices' progress. The topics covered in the apprentice interviews were how they perceived and coped with the demands of work, engagement in different tasks, opinion of the learning progress and self-perception of becoming and being a sales assistant. The interviews lasted between 45 and 60 minutes. All interviews were audio taped and transcribed verbatim. Following the observations and interviews in each shop, immediate impressions were written down in the form of field notes. The data were analyzed by thematic text-close coding and the clustering of data in terms of key topics in identifying patterns within the data. All participants were given pseudonyms, and the shops have been anonymized. The authors have translated all quotations.

In the subsequent sections, we analyze the data and the potential for building work-based social capital within the retail sector based on the analytical framework presented.

## 12.4 Generating Trust in Retail Work

One main aspect of social capital theory is that trustful, face-to-face encounters are transformed and generate generalized trust in institutions. While Pateman focused on the importance of participation, Rothstein and others highlight the importance of institutions (Rothstein & Stolle, 2008). Accordingly, the latter concerns the importance of variables at the macro level for generating trust and confidence at the micro level. We also indicate how trust is institutionalized but in a way that differs from the matters concerning Rothstein.

We found that the young apprentices were socialized by and into trustful and supportive communities of practice. They were given a great deal of responsibility and thus became a part of the interdependent work team. However, not all employees in the retail sector enjoy high levels of generalized trust, network affiliation or coordination to solve their collective problems. The sector scores low on union density, and employees exhibit low collective action ability. They are therefore unable to transform trust in physical encounters into a resource for political mobilization in defence of their interests. In the following, we delve into the ‘micro grammar’ of the ways face-to-face interaction produces trust within different settings.

### 12.4.1 Networks in Retail Work

Data were collected in both urban and rural areas. In the most remote rural areas, where the video rental and candy shop and supermarket were located, the stores provided a neighbourhood meeting spot. This characteristic of retail work involving customer interaction increased the diversity of the work-related network. Taken together, these factors help prevent the decline of community networks as depicted in the literature. The empirical material shows young persons of different backgrounds who interact face to face to achieve common goals, allowing them to work as a team and members of a community that trust one another – a precondition for generating networks. Moreover, most of the apprentices reported a high level of satisfaction with the working environment – this despite the registration of sales figures, which potentially could increase competition and individualistic attitudes among the staff.

On the other hand, the sales assistants’ temporal orientation to retail work and the employer could pose barriers to the formation of company loyalty and subjective identification with the occupation. The high turnover rate might slow group formation,

referring to the membership solidarity of a group of people with common interests and collective strength with the power and resources to achieve collective benefits and the unionization of members. The data indicate that the apprentices made good friends with their colleagues and even the regular customers.

The sales vocational educational programme is weakly established. This means that ‘the skilled retail assistant’ does not constitute a widely recognized social category, nor do retail employers demand, or even value, the trade certificate. Thus, the labour market currency of the education is low. Yet, the apprentices displayed traces of personal and institutional trust. Despite facing uncertain employment prospects upon completion of training, the apprentices displayed an apparently confident and trusting attitude towards the future. This attitude has possible roots in two aspects of the apprentices’ experience: first, they interpreted their difficulty in finding employment post-apprenticeship within a general discourse in which continuous transitions have become the norm. Their peers commonly postponed the transition to paid employment through part-time work or a gap year. Consequently, their accounts of ‘try-out-to-find-out’ are seemingly common and accepted. Second, their trustful attitudes might be explained by the current Norwegian economic climate, with high levels of social capital, a generous welfare state and generally low youth unemployment rates.

*I mostly try to learn from myself. In case I need assistance, then I can ask anybody who works here, not only the manager. (Peter, 19)*

It appears as if the store serves as an important institutional arena for generating trust. This finding corresponds with Putnam’s initial findings regarding the importance of the bowling mall as a place where people meet face to face and through these meetings generate mutual trust. Our argument is that the same mechanism is at work in the store context. Salaman (1974) identifies two key features of what he refers to as ‘occupational communities’. The first refers to readily observable phenomena such as the concrete group and the tendency to associate with, and make friends with, members of one’s own occupation. The second refers to the process whereby practitioners subjectively perceive themselves in terms of their work role and internalize such a role and the norms and values associated with it to the extent that it becomes central to their self-understanding. The literature commonly presupposes a sense of subjective emotional engagement with work as a necessary condition for the development of occupational community, a sense of belonging and mutual trust (Sandiford & Seymour, 2007; Van Maanen & Barley, 1984). There are three main ways in which workplaces generate social capital: as *communities*, as *networks* and, finally, as community *institutions*.

One theoretical point of departure is that work-based social capital is not built through isolated tasks or customer interaction but is instead mediated by membership in so-called communities of practice. This concept resembles Putnam’s (2000) *bridging*,

a type of social capital stretching beyond a shared sense of identity – that is, the ways people of diverse backgrounds, identities and ethnicities come together and work to achieve a common goal. Based on Putnam’s perspectives, we can further particularize trust to various relations in the retail trade. First, there is a type of trust between the young apprentices and others working in stores. It is usually young people who work part time and spend the majority of their time elsewhere, at high school or in higher education. For them, a job in a retail business is a temporary stopover on the road to their real goal. We describe the relationship between apprentices and the temporal situation with the help of Putnam’s concept of *bridging* – meaning ties that connect across differences. Second, there will be relationships between apprentices and their managers. These we refer to as *linkages*. The third and final type of relationship is what Putnam refers to as *bonding*. Bonding relationships are based on equality. We use the concept for apprentices who find themselves in similar jobs and consequently may have strong reciprocal and community ties that effectively keep others on the outside.

The question is what the empirical data reveal about apprentices in retail work when we take a closer look based on the conceptual framework outlined above.

#### 12.4.2 Bridging and Bonding: The Significance of Us and Them

It emerged from the interviews with our informants that they formed a community, which could be referred to as a mobilizational resource – that is, a resource one could call on if and when needed. Another interesting feature was that this type of solidarity upon which the sense of community rested was not dependent on whether the apprentices worked full time or had retail work as their main activity. Rather, it was the position of the person in the retail business. A particularly interesting example is the collegial commitment that existed between apprentices and relations between apprentices and incidental others who happened to stop by.

The occupational communities the apprentices were socialized by and into consisted largely of young, unskilled people working part time. They were typically still at school and viewed retail work as a temporary job on their way to graduate destinations. This implied a clear difference between the apprentices and the other employees – ‘us’ versus ‘them’. This boundary work is considered crucial to the development of a vocational sense of self. The apprentices were given work of great organizational value, which improved their sense of self-confidence. One of the apprentices, Stine, aged 18, described the learning process and in doing so made a distinction between the part-time staff and herself as a skilled retail assistant in the making:

*When I first started, I even asked the part-time staff, but they don’t know very much, just a little bit.*  
(Stine, 18)

In distinguishing herself from the part-time staff, Stine constituted a sense of self as learning and becoming skilled.

The suggestion that a significant barrier exists between ‘us’ and ‘the others’ is relevant for understanding the conditions of generalized trust in retail work. It is, as we have pointed out repeatedly, a feature of the industry that many have a rather casual connection to the labour market. Inasmuch as many have part-time jobs and will probably switch to a new job before long, it would not be surprising if the sense of community and mutual trust was small. The interviews show, however, that it is not that straightforward.

The interview with Stine revealed other interesting correlations in terms of the importance of possessing knowledge and an ability to reciprocate. It is useful to conceive knowledge as a scarce resource, something everyone is interested in acquiring in order to do a good job. In an untrammelled market transaction, knowledge as a resource is traded in money and has consequently become something one negotiates for and with. In a workplace community, like a store, other rules prevail – not least, it is precisely the fact that people share knowledge and some of the mutual trust within the system.

*In the beginning, I felt like they knew a little bit more than I about the products and stuff, but now, it's more like me giving them assignments. (Stine, 18)*

If we compare Stine’s first and last statements in this respect, a most intriguing difference emerges. In both statements Stine reports having observed a difference between the apprentices and the others. At the same time, the attribution of an *us* and of *the others* is not essential for the sharing of knowledge. First it was she who learned; then it was she who taught. If we look at the statements as a whole, we see a type of reciprocity that is tied neither to a person nor to a position. In other words, there is a type of reciprocity that exists between positions within a wider system. Given our understanding of bridging, our findings indicate that a type of trust is created between actors in very different positions of seniority in retail work.

This finding is even more important if we acknowledge the presence of some very specific features characterizing the retail sector which one initially would not imagine as encouraging a sense of unity and solidarity. But as we have said, it would not be unreasonable to see in the fact that many are young – a driving force in the creation of a sense of community that traverses positions, whether the individual has envisioned a career in the retail sector or the job is a temporary stopgap on the road to something else. Some of the trainees said they had made new friends at work, regardless of position.

*I'm friends with everybody here. We look out for each other. Like, when one of the others is stuck with a dissatisfied customer, I try to help out. (Peter, 19)*



The sense of community can consequently be linked to performance at work, but at the same time friendship extends beyond the fellowship in the execution of specific tasks. And while we lack statements we can interpret as expressions of generalized trust, it is reasonable to assume that the kind of reciprocity we have discovered helps build trust. The ties we find among young persons in retail work are just one type of mutual trust, a form of mutuality Putnam wants to see in American society when he writes about the lonely bowler: a society that disintegrates as social venues disappear. What our interviews tell us is that for many young people a job as a sales assistant can provide a social meeting place where they get to know many others and are dependent on sharing knowledge, experiences and how to work together to perform in the best possible way. It is through this partnership that work in the retail sector, which initially may appear to be very individualistic, looks and is perceived as a system of solidarity and reciprocity

### 12.4.3 Linkages: Trust and Autonomy

In the previous section we looked at relations between employees, whether they were apprentices or were working in retail for a short period. The next question is how relations between the manager and workers affect levels of confidence and trust. While employee relations can be based to a large degree on a shared experience of youth and friendship, when we bring managers into the equation the situation changes. Similar to bridging, this is also a relationship based on difference, but when it comes to employed managers the main differences are linked to pay, authority/power and prestige.

Nevertheless, it is reasonable to assume that relations between managers and staff can be particularly important for achieving an understanding of trust. Put differently, if one experiences good managers, it is likely to be generalized to others in central positions of power. Accordingly, these linkages may well prove to be sources of generalized trust. In studies of workers and working life, the degree of worker autonomy is always given particular attention. This is not surprising, given that autonomy usually requires trust on the part of the management.

The empirical finding is that retail managers give apprentices personal responsibilities from day one. The non-hierarchical organization of retail work where the manager works alongside the apprentice in the store might have helped the manager decide whether to give the apprentice a specific responsibility and independence from an early stage. The manager of the automotive retailer described how he threw the apprentice into the work head-first, giving him a great deal of responsibility:

*He [the apprentice] is thrown into it, with his own office and phone. Now, we are introducing a new car, and he's the one getting the responsibility. (Manager)*

The manager's trust in the apprentice is a deliberate strategy. He clearly considers it the most fruitful learning strategy. It was his understanding that throwing the apprentice into the work meant showing him trust, giving him responsibility and treating him with respect. Compared to the other informants, this retailer was characterized by few customers and low levels of stress. This may have eased his decision to delegate responsibility since he had the time to monitor the apprentice. Each car sales transaction represented much-needed revenue to the automotive retailer, and, conversely, each failed sales transaction had severe negative impact on the business. The apprentice's job was therefore of the utmost organizational significance and the trust shown in the apprentice correspondingly high. The manager of electronics retailer A, on the other hand, gave his apprentice independence because he lacked the time to guide and supervise him:

*It's really busy here, so we cannot stand over him [the apprentice] all the time. (Manager)*

The manager of the sports and leisure equipment store also pointed to lack of time to supervise but felt that independence and responsibility 'made them better'. As long as the young apprentices do their work well and show they can shoulder the responsibility they were given, the practice, we found, supported the building of work-based social capital. The apprentices' subjective appreciation of the freedom, trust, and responsibility invested in them provided rich learning affordances, as the apprentice in electronics retailer A says. He believed the manager saw him as increasingly able to undertake responsibility:

*They [management] trust you more. (Arne, 20)*

Assuming responsibility for jobs encouraged personal and professional development and the satisfaction of fulfilling the trust placed in them, leading to increased self-confidence and self-efficacy.

The desire expressed by the managers to turn the apprentices into independent employees can be seen as emphasizing their interdependent role in the workplace – that is, not their independence of the work team or of management control, guidance and support but rather the interdependence of the work community. The apprentices were expected to work as hard as the regular employees. The workplace as an arena for building democratic spirit, trust and network affiliations is embedded in complex interdependencies between the staff and management, work practices, production goals and organizational rules.

## 12.5 Discussion

Studies underscore the relevance of Putnam's (2000) concept of bonding networks linking people with a sense of common identity, such as family and close friends, but also linking people with a common culture or ethnicity. Research shows that many of us have close friends at work. Moreover, most of us feel part of a community at work and look forward to being with co-workers each day. The work communities in the stores consisted mainly of young people working part time, with the apprentice in most cases being the only full-time employee besides the manager. Furthermore, the apprentices report high degrees of well-being and contentment with their work and learning experiences in the stores. Similarities in age and stage of life might bridge divides within the workplace. However, employees with a diversity of ethnicities, genders, political and ideological beliefs, social classes, religious affiliations and temporal orientations to retail work (long-term career perspectives versus 'just a job') regard the workplace as a sound and significant venue for building and bridging social capital.

One argument put forward to enhance social capital through work is to bridge occupational divides within the workplace. This can entail bringing professional ethnic groups closer together and narrowing levels of hierarchy and gender gaps. The shops studied in this chapter were flat organizational structures with few or no middle managers located between the sales assistants and the store manager. For much of the day, the manager worked in the store alongside the employees. The main work involved customer interaction and sales transactions. There was task equality in the sense that all employees, the manager included, undertook the same tasks, implying a non-hierarchical socialization process.

Because the retail workforce is typically characterized by weak professional segmentation, there are fewer inter-professional power struggles in the retail sector than in, for example, in the field of health and medicine (doctors, nurses, skilled health workers and unskilled assistants). On one hand, there is less concern with bridging occupational divides within the workplace; on the other, a wealth of literature points to the common orientation and the potential for collective action that strong professional identity can produce (e.g. Abbott, 1988; Larson, 1977). The data indicate low levels of a common identity as 'sales assistants'. Rather, one might develop sentiments of belonging in the retail chain or the work team. Thus, communities of practice in retail work might constitute rich arenas for generating social capital by bringing diverse types of people together centred on shared practices and mutual engagement.

## 12.6 Conclusions

An apparent consensus exists according to which social capital is exclusively connected to civil society or, more specifically, that participation in voluntary organizations is the linchpin of democracy. The point of departure in this chapter was not to challenge whether an active civil society can be good for democracy but that we lack empirical evidence of the link between participation in voluntary organizations and level of trust (cf. Wollebæk & Seegård, 2011, p. 40). This fact has led us to explore other explanations.

Obviously, one possibility is that researchers of social capital have misunderstood the link between social capital and democracy. Another possibility is that social capital is important but that the wrong venues have been studied. Wollebæk and Seegård (ibid.) agree with the latter proposition in stating that the traditional social capital perspective is not supported empirically. While ‘schools and workplaces may be more important’, they neither pursue nor refute the idea, arguing instead that the ‘role of voluntary organizations is not exaggerated but misguided and wrongly specified’.<sup>5</sup> In their wide-ranging anthology *Sosial kapital i Norge* [Social Capital in Norway], a book which presents the state of the art in this area of sociology, no contribution examines social capital in the workplace. Consequently, when researchers of the voluntary sector find only limited empirical support for the Putnam perspective in Scandinavia, it could appear as a response to the factual situation – that the perspective is misleading. Another explanation is that insufficient focus has been placed on the most important institutional setting where trust is generated – the workplace.

The main argument in this chapter has been the relevance of the workplace in understanding arenas where generalized trust can be generated, while the implications of the discussion are relevant to understand the link between generalized trust and democratic engagement. Our main findings are that networks, cooperation and possible personal and generalized trust are being generated in the workplaces. Since it takes place on the shop floor, it can, and possibly will, happen in other workplaces as well. This argument is in line with Pateman, who claims that democratic practice within working life has far-reaching implications for democracy. Should this conclusion be correct, we can argue that trust created in working life is an important contribution to the quality of the democracy, even when other institutions which are supposed to lead to political engagement are missing, such as labour unions, employee representation on boards and other democratic processes. However, in line with Rothstein and Stolle’s (2003) notion of institutional social capital, the retail apprentices are embedded within broader institutional arrangements which frame their experiences. First, the apprentices and the employers are subsumed within the well-institutionalized framework of the vocational education and training system in

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<sup>5</sup> Our translation

Norway. This includes established rules, norms and legal indentures, providing the apprentices and the employers with specified rights and duties. Second, working life in Norway is regulated by established relationships in terms of tripartite cooperation, as part of the Nordic model – specifically, institutionalized networks based on reciprocity and trust of each other and society (Levin et al., 2012). This implies rules and norms prohibiting apprentice exploitation. Third, the retail sector is subsumed within consumer protection legislation, regulating the relation between the seller and the purchaser. Taken together, these institutional arrangements have implications for vertical face-to-face relations and, thus, the type of trust generated. The importance of institutions as a precondition for generalized trust addresses the vertical dimension, whereas Putnam’s perspective of face-to-face interaction highlights the horizontal dimension. In this chapter, we have demonstrated the relevance of combining the two dimensions – the vertical within the horizontal – to understand the ways in which social capital is generated in working life.

By using young apprentices in the retail sector as an extreme case, we have shed light upon the ways work practices produce trustful communities of practice. We argue that the level of trust invested in the apprentices and the responsibility they shoulder foster emotional engagement, self-confidence and trust. Young people are gradually recognized as members of the workplace network by their co-workers. Insofar as the store is often the first point of entry into the labour market for a significant proportion of youth today, the ways in which this type of labour market functions as a ‘school of democracy’ is of great importance.

This chapter has pointed to initial ideas for generating new research questions while issuing a call for a new research agenda for social capital scholars. The potential of the workplace as an arena where social capital can be built appears non-ambiguous yet strongly understudied.

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Håkon Solbu Trætteberg

## **13 Stability and Change in Scandinavian Welfare: The Nonprofit Sector as a Buffer against For-Profit Expansion**

In 1984, as a reaction to conservative calls for the introduction of for-profit providers in day care for children, the ruling Swedish social democrats passed a special law prohibiting the flow of any public money to private day care for children. This was in spite of long queues and a general inability to offer sufficient public supply (Rothstein, 1993). This hostility to for-profit providers was also reflected in the statement by prime minister Olof Palme that the public school was ‘a spearhead into the future classless society’, something which may explain why the share of children in private schools was as low as 0,2 per cent in the mid-1980s (Blomqvist, 2004, p. 157).

Today, approximately 30 years later, for-profits have gained a market share of around 20 percent of welfare services in Sweden, and their share of welfare is growing at accelerating speed (Sivesind, 2017). In Stockholm, users of public home care services for the elderly must choose from among more than 100 providers in each district. The competition has led to almost 40 percent of the providers having names that starts with an A, and some even choosing names beginning with AAA, to increase their likelihood of being chosen (Szebehely, 2014).

This example documents that changes have taken place in some of the core institutional arrangements in the Nordic welfare system. Interestingly, this change is not paralleled in Denmark and Norway, prompting questions about what conditions have made Sweden take, in some ways, a radically different path than their Scandinavian peers. This is in spite of the welfare goals in all three countries increasingly focusing on democratic values, such as personal autonomy, personal choice and moving power from public bureaucrats to the citizens (Rostgaard, 2015, p. 4). The means for reaching these goals is what is different.

Looking at this period of time, from the 1990s to today, in this chapter I use schools and elderly care as examples to show the depth of the changes, explain the institutional prerequisites for change and reflect upon the future of the Scandinavian welfare model. The changes are important because the nature of the welfare services constitutes a main outcome of the Scandinavian electoral democracy. It is thus important to understand the room elected representatives have to make choices about the welfare mix – the division of public, nonprofit and for-profit providers – and the context where they make such decisions. Furthermore, inasmuch as providers from the different sectors are different, it can spur a plurality of service content that enables citizens to get services in accordance with their individual preferences at the same time as it may challenge important values such as equity.



The central argument of the chapter is that even if the three countries have all embraced increased use of for-profit providers since the 1990s, developments have been different due to the historical role of the nonprofit sector. In Denmark and Norway a tradition with active interaction between the government and nonprofit actors means that the welfare system has ended up with two layers of government relations to non-public providers: the traditional regime for government–nonprofit interaction and the quasi markets where for-profits compete. In Sweden, the nonprofit sector was not at a level where its interaction with the government represented an independent government structure. The relationship between the state and non-public providers thus has only one layer: the quasi market where for-profit providers dominate.

The chapter starts with a brief update on the relevant theories for institutional change. This is followed by a description of the main characteristics of Scandinavian welfare services, the pressures for change they experience and the changes that actually take place. Finally, I make a comparative discussion of why we see different kinds and degrees of institutional change in Sweden compared to Denmark and Norway.

### 13.1 Institutional Change – Critical Juncture and Incremental Steps

Institutions are in this chapter understood as formal or informal regulations that constrain the behaviour of individuals and groups. Policy areas, such as schools and elderly care, involve both legally binding and informal constraints on behaviour, are powerful in shaping resources and incentives for political actors and are normally durable arrangements (Pierson, 2004, pp. 34–35).

A central notion in historical institutionalism is that of path dependency, which depicts institutions profoundly stable under normal conditions. The approach underscores the importance of sequences and that the timing of events is crucial. It gives useful guidance to focus the analysis on the historical elements of a process as choices early in the process limit the room for choices at later stages, and earlier decisions made thus have greater implications at a later stage (Pierson, 2000). The question of policy initiation is a central issue for the path-dependency approach – the point in history where the path was chosen and where later decisions were locked in. Decisions made at these *critical junctures* will guide future developments in the field and thus explain later trajectories.

To understand the critical junctures where decisions lock in developments on a path, students of institutional change have focused on the importance of situations of large-scale public dissatisfaction stemming from an unusual degree of social unrest. Wars, economic crises or a change in the balance of power are examples of what may produce a mandate for an alternative policy. When these situations of shock open a window of opportunity for new rules and a new course of action, these will endure until the next shock sets the development on yet another path (Hogan, 2006, p. 664).

A challenge to the idea of path dependency and the need for critical junctures to produce important changes is that institutions such as a welfare model, or a policy field, are the subject of constantly ongoing actions. These actions will not individually lead an institution out of its path, but many of these actions can together have significant aggregate effects, even if no shock has created a window of opportunity for radical change. Kathleen Thelen and colleagues have described mechanisms (layering, displacement, drift, conversion) that reflect the agency of individuals as they gradually create change through incremental steps (Mahoney & Thelen, 2010; Streck & Thelen, 2005). Most relevant for this analysis are the concepts of layering and conversion. Layering involves the placing of new constituents in an established institution's framework. This can see new initiatives introduced to address contemporary demands but then adding to, rather than replacing, pre-existing institutional forms. Consequently, older institutions will often have a highly 'layered' quality. 'Conversion occurs when the formal rules are the same, but are interpreted and enacted in new ways' (Mahoney & Thelen, 2010, p. 17). The new functions of the rules result from actors who strategically exploit the ambiguities of the institution to reshape it in accordance with their interests. Since conversions often occur when there are weak veto possibilities and high levels of discretion in interpretation or enforcement, conversion is the form of aggregate incremental development that often yields the most comprehensive results (Mahoney & Thelen, 2010, p. 19).

As much as these theories of institutional change have been developed and presented in opposition to each other, there are no serious inconsistencies between them. Indeed, they can be regarded as supplementary explanations for institutional change (Engelstad & Hagelund, 2015, p. 10).

## 13.2 Central Features of the Nordic Welfare System

This chapter is focused on the service component of the Nordic welfare system. This means that issues such as transfers and entitlements are put to the side, and other questions arise: Who finances, regulates and provides the services? And who receives them?

Indeed, it has been argued that it is particularly in the service sector that Scandinavian welfare is most distinct and that this is where one finds the key to Scandinavian exceptionalism (Sipilä, 1997). The special traits that set Scandinavia apart are that the services are financed by taxes, the state has a regulatory monopoly and the public sector dominates in providing the services.

The public provision of services is by Lehto, Moss and Rostgaard (1999) claimed to be the most important characteristic of the Nordic system. Compared to other Western countries, the dominance of the public sector in welfare provision is a shared phenomenon. Yet, there are important intra-Scandinavian differences. Historically,

the Swedish public sector has been more dominant than in Denmark and Norway. Since the for-profit sector has played a limited role in all three countries this variation is mainly explained through the role of the nonprofit sector. Denmark has a long tradition of nonprofit supplement to public provision, currently at about 14 percent of the welfare, Sweden has probably the smallest nonprofit sector in the Western world with only 3 per cent, while Norway is in between with 8 percent nonprofit welfare (Sivesind, 2017). These numbers have been stable over a long time.

When it comes to who receives the services, the short answer is: everyone. That is to say, for core services such as health care, education and social care, there is no economic needs testing. However, there is an important downside of granting everyone the same access to the same services: people are different from each other. Twenty years ago Bo Rothstein (1998) described the term ‘high quality standard solution’. The meaning was that the Nordic welfare systems were aiming so high that all walks of life should be happy with the service. At the same time the standard solution implied that there was little room for deviating preferences. Rothstein foresaw this as a major challenge for Nordic welfare in its future development. In the decades that have passed, calls for individual empowerment through user choice have increased as a natural next step for expanding the democratic control of citizens (Blomqvist & Rothstein, 2008; Kumlin, 2004, p. 56; Solevid, 2009).

### 13.3 Welfare Mix and Democracy

While it is important to identify the central tenets of the organization of the welfare model, it is also important to reveal why this organization was chosen – what was intended to be achieved. This is what gave the model democratic legitimacy. The goal formulated most forcefully in the postwar period was to achieve equality in opportunities (and equity in outcomes). Market forces were, in the welfare area, seen as a threat to these goals. For government to take control of all aspects of the services was therefore a) an efficient manner to rein in market forces, b) a tool for the democratic self-rule governance of important aspects of people’s lives and c) a modern, collective way to build the desired society (Sejersted, 2011, pp. 120–121). A result of these ambitions is that Scandinavian public sector institutions traditionally have had a reputation for enabling citizens to take control of their own lives in care situations where they depend on the welfare state (Andersen & Hoff, 2001; Andersen & Rossteutscher, 2007; Petersson, Westholm, & Blomberg, 1989).

Controlling citizens’ meeting points with public services through having public provision of core services was thus a central ambition in the founding years of the Scandinavian welfare model. The importance of this citizen–public institution encounter seems just as relevant today, however, since evidence suggests that much of the legitimacy of Scandinavian democracy is determined on the output side where citizens experience the results of political decisions. Welfare services are core

areas where citizens experience such results (Gustavsen, Røiseland, & Pierre, 2014; Rothstein, 2009).

Developments in the welfare mix – the division of public, nonprofit and for-profit providers – are important when they influence the outcome of political processes. This influence can be based on inherent differences between the different providers. Research on the importance of the welfare mix suggests that providers from different sectors are inherently different (Salamon, 1987; Steinberg, 2006). These differences can take the form of catering to different groups in society (Weisbrod, 1988), how they include users in decision-making at the institutions (Trætteberg, 2016a) and how they relate to volunteers (Chaves, 1998; Young, 2013).

At the same time, there is a vast body of literature on how market-inspired mechanisms such as user choice schemes and public tenders affect services. Both from a political (Blomqvist & Rothstein, 2008) and economic (Le Grand, 2007) perspective it is argued that user choice empowers users through moving power from public bureaucrats to the concerned citizen. In addition, if the options users can choose between are substantively different, this also represents a democratic expansion of the autonomy of users since more citizens get services tailored to their preferences (Trætteberg, 2016b).

The key point is that for Scandinavian democracy the nature of the welfare services matters. Such services are an outcome of democratic processes which can be assessed by examining how citizens experience the services. As I argue above, the ability for citizens to obtain high-quality service in accordance with their preferences and which are amenable to user influence are central features to include in assessments of Scandinavian welfare.

## 13.4 Service Areas

Schools and elderly care are core features of the modern Scandinavian welfare model; together with health care, they constitute the main pillars of the welfare states. In all three countries they are municipal services. Take away care for the elderly and education and there is no Scandinavian welfare model.

Schools have a long standing as a tool for developing society. Their history goes back centuries, and the formation of a national, integrated school system goes back to the mid-1800s (Thuen & Tveit, 2013). The control of education has always been an important indicator of power relations in society, with the state trying to wrest control from churches and other non-public entities.

Public responsibility for elderly care is a more recent phenomenon and can be traced back to the first half of the last century. Before this elderly care was the responsibility of the families with some efforts from nonprofit organizations (Daatland, 1997). In broad terms municipal elderly care consists of care in nursing homes and care where the elderly receive care in their own homes.

### 13.5 The Nature of the Change

Martin Seeleib-Kaiser (2008) identifies three factors that can explain calls for greater emphasis on private arrangements in welfare systems. First, *globalization* limits the economic room for states to manoeuvre. Second, societies are rapidly *aging*, something that puts pressure on the public purse. Third, an ongoing process of *individualization* involves citizens' demand for more choice and individual decision-making, also as users of public services.

These challenges are almost universally present, and they must be addressed. Interestingly, new public management (NPM) solutions with the use of market-emulating steering tools and private actors have gained (near) universal foothold as one answer to these challenges (Pollitt & Bouckaert, 2011, pp. 6–7). Even if these tools are introduced to varying degrees and in different forms, some versions of them are present over practically the entire Western world.

To identify and understand institutional change one needs to know where to look. As we saw, what is distinctive in the Nordic welfare system is the financing and regulation of services as well as the public dominance of provision. These are all aspects challenged by the external forces suggesting that profound changes in the welfare system may take place. We must thus look at changes in who finances, regulates and provides the service.

In the following, I analyze the developments in the three Scandinavian countries when it comes to these issues. I first look at the school sector and then elderly care.

### 13.6 Schools

In building the Nordic welfare systems in the postwar period, schools were heavily influenced by a reform-pedagogic theory where the ideal was to be pupil-centred, with space for the pupils to be spontaneous and creative (Telhaug, Mediås, & Aasen, 2006). In the 1990s, this changed in what Telhaug and Mediås (2003, p. 443) describe as the transition from the social democratic to the 'corporate economic' school regime. In this regime, the school is seen more as tool for developing the economy and less for developing the individual and to reach social goals.

At the same time, this trend converged with an overall trend where citizens' judicial rights and customer power were promoted as important values in their own right. Citizens were no longer only clients or users of public services but also customers who could and should have demands in regard to the services (Stray, 2009, p. 144). These are contradictory goals since giving customer power to users may result in these users undermining the social investment agenda of the central government.

The attempts to combine the customer power of the citizens with an instrumental use of the school system for economic development can be seen in relation to some important changes to the regulation of the school system. One element was the

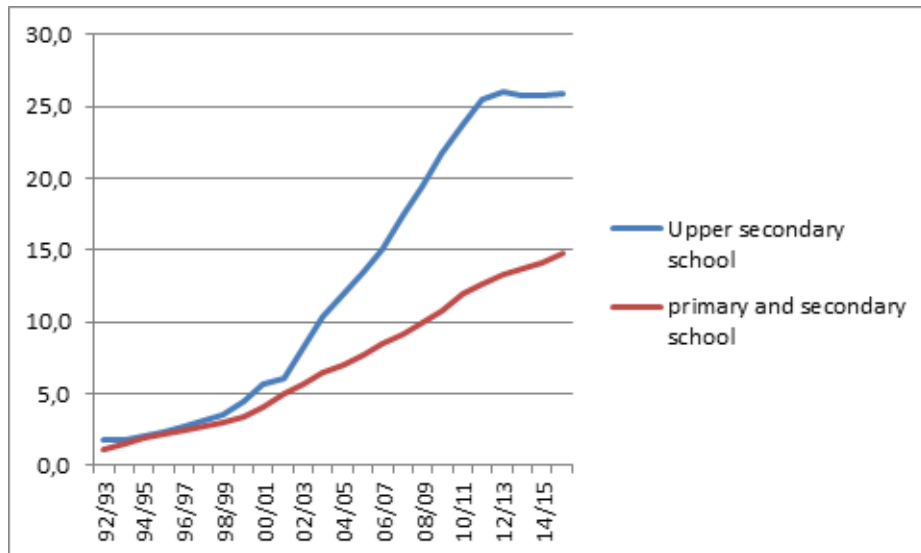
increased use of school choice. This right was strengthened in all three countries throughout the period (Segaard & Saglie, 2017). In Denmark and Norway, this involves making it easier to change between public schools, while nonprofit schools, especially in Denmark, have remained an alternative to public school, just as they have always been. For-profit schools are outlawed in both these countries, something that has not changed over the last decades. Schools are the responsibility of municipalities, but non-public schools are approved by a state agency in all three countries; the municipality is thus unable to stop them from being established. To avoid non-public schools draining resources from public schools, nonprofit schools are only funded at 71 percent (Denmark) and 85 percent (Norway) of the costs of the student. The parents must pay the rest.

The modest changes in regulation have led to modest changes in the welfare mix in Denmark and Norway. In Denmark, we see a small nonprofit growth at the expense of the public sector, but mostly it is a picture of stability. The public school system has fallen from a share of 86,4 per cent in 2007 to 82,2 per cent in 2016, with a corresponding growth for the nonprofits. Moreover, as documented by Thøgersen (2013), if we go back to the early 1990s, there are still changes of only a few percentage points (Thøgersen, 2013). Norway has a far smaller nonprofit school sector than Denmark. The non-public share of students has grown from 1,9 per cent in 2002 to 3,3 per cent in 2016 (Statistics Norway, 2017a). In 1995 the share was at 1,5 per cent (Berge & Hyggen, 2011), a level that has been unmoved in decades. All in all, the overall public–non-public mix in Norway is thus stable.

Sweden, however, went further than the other countries (Wiborg, 2013). Since the early 1990s, Sweden has had no limitation based on ownership—nonprofit, and for-profits have been subject to the same regulation. Private schools are fully funded, they are not allowed to charge their students and there is no limitation on the profit they can make. Such a system with full public funding of private alternatives competing for funding with public schools and with no limitation on profits is, to the best of my knowledge, unique for Sweden, and is thus a prime example of market steering. Indeed, in a special issue on the Scandinavian model, *The Economist* (2013) stated that the neoliberal economist Milton Freeman would feel more at home in Stockholm than in Washington DC (Sivesind & Trætteberg, 2017)!

The regulatory changes in Sweden have led to considerable changes in the welfare mix. As we can see from Figure 13.1, non-public schools have grown from 1 percent at the start in 1992, to 14,8 per cent today (Skolverket, 2017). The numbers for upper secondary schools are not comparable to the presented numbers for Norway and Denmark, but they are astonishing – going from 1,9 per cent in 1992 to 25,9 per cent today. When this market was first opened up in the early 1990s, the non-public sector consisted primarily of small nonprofit entities and parent cooperatives that offered special pedagogy schools and also some religious schools. This has changed dramatically, however, and today the non-public schools are predominantly for-profit and have the same general profile as public schools. We do not have exact numbers

on the distribution of for-profit and nonprofit schools, but ‘today, the typical owner of an independent school is a joint-stock company’ (Böhlmark & Lindahl, 2015, p. 512).



**Figure 13.1.** Shares of students in non-public schools in Sweden

Source: retrieved from (Ekonomifakta, 2016).

### 13.7 Elderly Care

Traditionally, the key concept in Nordic elderly care is ‘defamiliarization’, which entails that as people get older they should not be forced to depend on their families and other private relations and the state must step up and take responsibility (Daatland, 2012b). This traditional goal is still valid as a description of Scandinavian elderly care; two aspects must, however, be included to complete the picture. By letting the state replace the private bonds of the care receivers, the states have created a dependency of its subjects that has been criticized for being paternalistic. As the population grows more educated, diverse and able and willing to influence the service, user empowerment has thus gained importance (Andersson, 2016; Fredriksson, Blomqvist, & Winblad, 2012). This is a recurring theme in policy documents in the Nordic countries (e.g. St. Meld. 10 [2012–2013], p. 50; St. Meld. 29 [2012–2013], p. 12).

The second aspect is the demographic changes that challenge all Scandinavian countries. The Nordic countries are comparatively in a better position than many other Western regions, but the number of elderly as a share of the population is growing, and there is a need to prepare elderly care services for the future. A sustainable

model for sufficient care at an acceptable cost is thus a goal with growing influence (Daatland, 2012a).

Market mechanisms have increasingly been used to achieve both goals. The mechanisms take the form of public tenders, especially for nursing homes, and user choice models, used in home care. These mechanisms are supposed to offer a more efficient provision and to empower the users.

Marketization has in all three countries gone the furthest in home care, where no country had an important nonprofit sector, and the public share in 1990 thus was over 95 per cent. Denmark made it mandatory in 2003 for local authorities to offer choice of provider in home care services (Bertelsen & Rostgaard, 2013) – which led to a growth in for-profit provision from 2,2 percent of the users in 2004 (Strukturkommissionen, 2004, p. 180) to more than 35 percent today (Statbank Denmark, 2017).

In Norway there has been no major change in the regulation of home care. Thus, only 3 percent of the users of home care services use non-public providers, and these are mainly for-profit actors. The low number is explained by the fact that only 22 out of more than 400 municipalities currently have user choice between private and public providers (NHO, 2016). Many of these 22 municipalities are the largest ones, such as Oslo and Bergen, so a considerable share of the national population is affected by the user choice arrangements in these municipalities.

Sweden has not obliged its municipalities to facilitate for non-public actors, but through ‘LOV’, or its ‘law about free choice’, which was enacted in 2009, the municipalities have a blueprint for how to organize a user-choice system with private providers. This has resulted in an expansion of municipalities with for-profit providers competing for users from 6 per cent in 2007 to more half the municipalities in 2013, and the share is continually rising. The result is that whereas 4 per cent used non-public providers in 1990, 25 per cent used non-public providers in 2014, and all the growth occurred in the for-profit sector (Erlandsson et al., 2013; National Board of Health and Welfare, 2015).

In regard to nursing homes, both Denmark and Norway have a tradition of a nonprofit supplement to public provision. When in 2007 Denmark changed the law and gave access to for-profit providers, they did it without disrupting the traditional long-term frame agreement between municipalities and nonprofit providers (Thøgersen, 2015). The result has been a stable development in the welfare mix. Non-public providers operate as the result of public tenders or as ‘friphejehjem’. Friphejehjem are independent nursing homes, publicly funded and approved by the national government – the municipality cannot restrict the establishment of a friphejehjem in their municipality. In municipalities that have friphejehjem, citizens can choose these in place of the municipal options. The ‘friphejehjem’ can be either nonprofit or for-profit; although we do not have good numbers on the distribution, most friphejehjem are most likely nonprofit (Thøgersen, 2015). In total, the number of beds in friphejehjem has grown from 242 in 2009 to about 2.400 in 2016, a small number given that there are approximately 40 000 beds in Danish nursing homes



(Hjelmar et al., 2016). Denmark has tendered out only 15 nursing homes and this form of governance tool has thus not made important changes to the welfare mix (Hjelmar et al., 2016, p. 8).

Norway also has a tradition of long-term frame agreements between municipalities and nonprofit nursing homes. In addition, public tenders have been introduced to include for-profit providers. At the same time, Norway has been the only country in Europe to offer the possibility of having tenders only for nonprofit providers in their procurement legislation. This legislation recently changed as a consequence of the new EU directive on public procurement, which severely reduces the opportunity to reserve tenders for nonprofit providers. However, through a massive advocacy campaign the nonprofit sector demonstrated its influence on policy-making when Parliament decided to maximally exploit the flexibility of the directive to adjust the regulation to be in accordance with the interests of nonprofits. In terms of numbers, nonprofits in 2015 made up 5 percent of the nursing home beds. For-profit nursing homes have grown over recent years and peaked at 6 percent in 2015 (Statistics Norway, 2017b). Over the last decade the changes have only been a couple of percentage points. The local elections in 2015 gave a centre-left leadership in some of the biggest municipalities in Norway something that has led to for-profit nursing homes losing contracts. The public share remains around 90 per cent, as it has been for years.

Sweden has a combination of user choice and public tenders in the nursing home sector, and since it had no important nonprofit sector, there have been no modifications in the regime to safeguard the interests of nonprofits. The result is a growth in non-public provision from 5 per cent in 1990 to 21 per cent in 2014. All this growth is in the for-profit sector (Erlandsson et al., 2013; National Board of Health and Welfare, 2015).

### 13.8 What Is Happening?

When looking at recent developments in the Scandinavian countries over recent decades, some shared observations are pertinent. First, the direction of institutional change is the same, even if the strength in institutional changes varies. In all countries we see some for-profit growth at the expense of the public sector.

Second, when it comes to the regulation of the welfare mix we see variation as Norway and Denmark have had changes in the direction of more market-inspired steering tools, yet mostly with cautious designs that do not produce major changes in the welfare mix. In Sweden, the regulatory changes were radical and led to massive growth in the for-profit sector at the expense of the public sector.

Schools and elderly care are fairly representative for the entire welfare field in the Scandinavian countries. Currently the public sector is about the same size in the welfare fields in all three countries, but the rate of change is different. The nonprofits are keeping their historical share, but the for-profits are gaining ground at the speed

of, in average change over five years, 4 percentage points in Sweden, less than 2 in Norway and slightly more than 1 in Denmark (Sivesind, 2017).

Whereas the modest changes in Norway and Denmark are in line with what one can observe in many Western regions, the changes in Sweden have the potential to be regime changing. The task is thus to explain the developments in Sweden in a comparative, Scandinavian light.

## 13.9 Why the Change in Sweden?

### 13.9.1 Critical Juncture?

In accordance with theories of path dependency, it is natural to try to understand the changes in Sweden by identifying a critical juncture – a shock that can explain why Sweden in the 1990s replaced governance mechanisms that had made the country the welfare state where the public sector probably provided more services than any other Western country at any time in history (Lundström & Wijkström, 1997) to become a country that sees unparalleled growth in for-profit providers. There are at least three possible explanations.

#### 1. Change of political direction

From 1932 to 1990, the social democrats were in power 53 out of 59 years in Sweden. Could dominance by a different party be an explanation? Right-leaning parties are generally more positive towards market mechanisms. Indeed, it was a centre-right government that took important steps in implementing market reforms in Sweden in the early 1990s (1991–1994) and accelerated the developments with the user choice act in 2009 under the Reinfeldt government (2006–2014). Yet, the social democrats that have ruled in between have not reversed nor dented the development; they have simply been less eager in pushing the developments in the same direction. This attitude of the social democrats suggests the acceptance of market reforms extended far into the social democratic party (Premfors, 1998; Starke, Kaasch, & Hooren, 2013, p. 116).

The picture is more complicated by the fact that in Denmark, bar four years (2011–2015), a centre-right coalition has ruled since 2001, but with no massive increase in the use of for-profit providers. Likewise, in Norway this has been one of the more hotly debated subjects in various election campaigns, but the current right-wing government has not opened up the school market to for-profit schools and has not made changes in legislation that increases the role of for-profit in elderly care. Moreover, all the municipalities with a conservative majority are free to marketize their elderly care, but few have done it.

## 2. Change in popular support?

Even if the Scandinavian political parties belong to the same party families across the border, they may be different in ways that can render an analysis of the parties alone incomplete. If we look at popular support, it is noteworthy that when Swedes are asked who should provide the services, the share that chooses the alternative ‘state and local authorities’ remained remarkably stable from 1980 to 2010 (Svallfors, 2016, p. 27). In other words, at the same time the welfare mix changed massively there was no movement in popular opinion on the issue, suggesting that popular demand cannot explain the changes. In Denmark, there had been a growing public resistance to privatization from 1989 to 2007, with a small reversal in 2011 (Stubager, Holm, Smidstrup, & Kram, 2013, p. 49). This is curious as the for-profit sector has grown in Denmark during this period, but it is unclear if popular resistance to privatization has dented the development. In Norway, Aardal (2015, p. 66) finds that over the period from 2005 to 2009 there was an increase in support for private solutions, even as a centre-left government won the 2009 election, but that there was no growth in support for private solutions in the years leading up to the 2013 election where parties at the right entered government. Consequently, changes in popular support for private providers do not seem to be the driving force between the developments in any of the three countries, even if it possibly did play a part for example in Denmark.

## 3. Economic shock

The described institutional changes in Swedish welfare coincided with an economic downturn in the early 1990s. This makes it tempting to conclude that the economic crisis opened a window of opportunity for more radical change. Interestingly, Norway experienced a major banking crisis in about the same period as Sweden, and Denmark also experienced a severe economic downturn a few years before Sweden. Yet, in these countries we do not see the same consequences when it comes to marketization (Wiborg, 2009, p. 409).

The Swedish crisis was, however, deeper than in the other countries, and the economic shock indeed led to changes in the Swedish welfare state, most notably in transfers generally and in the pension system particularly (Bergmark & Palme, 2003). The changes must not be overstated, and, when comparing with other Western countries, Lindbom (2001) has found that ‘generosity, universality and developed welfare services – are almost as prominent as before the crisis’. Indeed, Blomqvist (2004) argues that the ‘revolution’ in Swedish welfare in the 1990s was not in changes in willingness to spend, but rather in the fashion in which services were delivered. When looking at the arguments at the time it is also clear that economic arguments were not the most prominent ones. When entering office in 1991, conservative Prime Minister Carl Bildt promised to create ‘the best school in Europe’ during the 1990s based on a scheme with ‘school choice for everyone’ and where money followed the pupils (Bildt, 1991). Indeed, already before the crisis there seems to have been an agreement – extending far into the social democratic party (Green-Pedersen, 2002)

– that the domination of the state had been too extensive and that market-oriented reforms were necessary.

While the economic crisis may not have been decisive in generating these changes in Swedish welfare services (Green-Pedersen, 2002, p. 284), an academic expert group assessing the consequences of the economic crisis on Swedish welfare found that it ‘triggered policy change in virtually all areas’ of Swedish welfare policy (Palme et al., 2002, p. 329). The initial changes in the welfare mix thus came about at a time in which the economic crisis had created opportunities for change in the model. It is not possible to argue that the welfare mix was the one aspect of Swedish welfare that was not touched by the crisis. The concurrence of crisis and radical change in the welfare mix is therefore no coincidence, even if a movement in the same direction in any case would have been likely.

### 13.10 Incremental Changes?

In spite of the role of the crisis, the main puzzle remains. In the Swedish debate in the early 1990s local entrepreneurs and cooperatives and other locally entrenched initiatives were foreseen as an important part of the private alternatives, as quality improvements were the main rationale for the regulatory changes (Ruwaida, Pertoft, & Amin, 2013; Stryjan & Wijkström, 1996). Later, cost containment became a more central argument (Blomqvist, 2004). Today, the ownership of private welfare is concentrated, and the private companies in the welfare sector are often owned by investment funds based in tax havens (Dahlgren, 2014, p. 512). It seems obvious that what we have today is different from what policy-makers expected 30 years ago.

When looking at the regulation of these services, the Scandinavian countries have ended up with different mechanisms for how to obtain the goals they share. Can an explanation be found in the mechanisms that can produce big changes over time through small, incremental steps?

In Denmark, the nonprofit welfare sector has an unbroken, centuries-long tradition, which was never diminished to near irrelevance as it was in Sweden (Henriksen & Bundesen, 2004). Moreover, nonprofit institutions in Denmark already contributed to the diversity in services, making the political need to expand the non-public sectors less acute since people already had a broader set of services to choose from. Denmark has a long tradition of promoting diversity in services and user choice, while Norway and Sweden have had more emphasis on the legal rights of users (Andersen & Hoff, 2001).

The Danish nonprofit institutions have their roots in different parts of society. Particularly the schools represent the whole range of society; there are for example schools with bases in conservative, liberal and socialist movements. This enables the nonprofits to find allies in all political movements and parties. Mechanisms that

would unduly promote for-profit actors at the expense of nonprofits were therefore not acceptable.

Norway was in many ways a lighter version of the same story. Although having a nonprofit sector only half the size of Denmark's, it was present in many welfare areas, organized and willing to fight for its position. There are different examples of how the nonprofit sector has obtained beneficial public regulation; an important case is the reserved tenders for nonprofits where for-profit actors cannot compete. To ensure the state is aware of the interests of nonprofits, there are exclusive meeting points between nonprofit representatives and the state. The nonprofit sector has good alliances with the centrist political parties that often tip the balance of the parliamentary majority. In addition, nonprofits are regarded as part of the member-based civil society, which, as we have seen numerous examples of, has an unparalleled access to decision-makers in government and parliament. An additional feature in Norway may be that the powerful public sector unions forcefully worked against all attempts at marketization in a way that was not equalled by the unions in Denmark and Sweden (Vabø, Christensen, Jacobsen, & Trætteberg, 2013).

Denmark and Norway thus have a layered framework for how to engage with non-public providers. Some were used before market mechanisms came to the fore, and they still exist: Nonprofit providers still have long-term contracts with municipalities without being exposed to competition with for-profits. School plurality was already in place, so the need to open up for for-profit schools was not acute. What we see are parallel systems for relations with non-public providers, some established before 'the era of marketization' and others being market-based.

In Sweden, the expansion of the welfare state in the post-World War II era entailed the public sector crowding out the nonprofits that had historically been present (Lundbäck & Lundberg, 2012). When Sweden started breaking up the public dominance in the 1990s it thus had a very weak nonprofit sector, which did not represent an alternative to the public sector. In face of demands for more plurality in services, policy-makers could not rely on the nonprofit sector.

The weak position of the nonprofit sector also meant that when non-public growth was expected, this sector was unable to step up and expand their share of the services – any expansion in terms of alternative providers thus came from the for-profit sector. Lacking the ability to attract financing in order to upscale operations is a well-known liability of nonprofits, something that has also been shown to be the case in Sweden (Jutterström et al., 2016). Sweden's weak institutional capacity for engaging non-public providers in public services forced it to base the relations to non-public providers entirely on new mechanisms, and Sweden ended up with a less multifaceted – or layered – toolkit for public–private cooperation. It is therefore wrong to regard the framework for public–non-public relations in Sweden as layered; it is practically all market-driven relations, something that creates an entirely different dynamic than that in the other Scandinavian countries. When the governance tools are 'blind' to the for-profit–nonprofit divide, the for-profits gain an edge because of

their ability to finance rapid upscaling and financial muscle to endure in the market in spite of losing one contract.

The changes in Sweden have been drastic, and they are in line with the interest of groups that saw their influence in society grow at the same time as the changes to the Swedish welfare mix gained traction. The Swedish conservative government that assumed power in 1991 lined up with private businesses with a more radical ideological shift than what had been the case in the other Scandinavian countries (Sejersted, 2005, p. 397). There was accordingly more willingness in Sweden to challenge existing rules and enact them in new ways than what was the case in Denmark and Norway. This invites questioning whether what has taken place is a conversion, that a coalition of stakeholders have altered the rules but without formally changing them. The fact that it took some time from the opening up of the public monopoly before the for-profit growth took off can be interpreted as a period where for-profit entrepreneurs and right-wing politicians redeployed the basic understanding of the rules. Seen in this way, the reinterpretation is more a matter of a political conquest of the understanding of the rules than the material changes to them.

The problem with viewing this as a result of conversion is that while new rules have indeed been introduced that have produced the for-profit growth, 80 percent of Swedish welfare is still public, and the traditional dominance of the public sector is thus intact. What has happened is that regulation such as public tender laws and the law about free choice (LOV) have come as additions, layered on the existing regime. This exemplifies that even when the existing rules within an institution are not reinterpreted or changed, radical change can occur when the new layers are sufficiently consequential.

To sum up, Norway and Denmark have changed in the direction of more market-inspired steering tools, yet mostly with cautious designs to guard the traditional values and organizing principles of the services. The result has been modest for-profit growth at the expense of the public sector, with a stable share for the nonprofit sector. The exception is in Danish home care, where there has never been an important nonprofit alternative and where for-profits have gained a large share of the market. In Sweden, the regulatory changes were radical and led to a massive growth in the for-profit sector at the expense of the public sector. The nonprofit sector has always been small and has not been able to grow under the new circumstances. Table 13.1 summarizes the relationship between nonprofit tradition and for-profit growth.

This shows the importance of the role of the nonprofit sector at the time when the three countries started increasing their use of market mechanisms.

**Table 13.1.** For-profit growth and nonprofit tradition in the Scandinavian countries

		Important for-profit growth?	
		yes	No
Nonprofit tradition	yes	None	Norway – schools Norway – nursing homes Denmark – schools Denmark – nursing homes
	no	Sweden – home care Sweden – nursing homes Sweden – schools Denmark – home care	Norway – home care

### 13.11 Sweden, Democracy and the Future of the Nordic Welfare System

The changes that have taken place in Sweden are not inherently democratic or undemocratic. Rather, the democratic value can be examined through looking at two issues: first, the consequences the changes have for the services the citizens receive – the outcomes of democratic processes; second, whether the changes have created a path-dependent development that is difficult to alter within the ordinary democratic process.

On the first issue, the Nordic societies have become more diverse, and thus to retain their democratic legitimacy, universal welfare arrangements need to cater to a diverse set of citizens. A key question is thus whether more plurality in providers gives more plurality in the content of service.

In regard to elderly care, evidence suggests there are small differences between public and non-public providers. In an interview study Stolt, Blomqvist and Winblad (2011) found that for-profit nursing homes in Sweden have better scores when it comes to service-related quality, such as having various meals to choose from, while public nursing homes have more employees per user and a better-educated workforce. In a study inspired by this approach, Hjelm et al. (2016) found very small differences between public and non-public nursing homes in Denmark. In Norway there are no such quantitative measures, but a qualitative study by Trættestad (2015) suggests the differences are also limited in Norway. These are measures of quality, but also when it comes to distinctiveness in terms of substance, the evidence suggests that a broadening of types of providers does not give a broadening in the content offered to the citizens (Feltenius, 2017).

In the school sector, the picture is somewhat different. As we have seen, Sweden has a strong emphasis on school choice, but is the only country in Scandinavia that does not have different laws governing private and public schools (Segaard & Saglie,

2017). This might be part of the explanation why there are small differences between public and private schools in Sweden (Thøgersen, 2017). In contrast, Denmark and Norway have different laws regulating public and non-public schools. Indeed, non-public schools in Norway are obliged to offer an alternative to public school in terms of teaching philosophy or religion. In Denmark the values of the nonprofit school must be readily available on the webpage of the school. The Danish nonprofit schools offer a variety of philosophical and religious content and have deep-seated traditions in Danish society. The nonprofit schools in Denmark and Norway thus represent a real expansion of service content to the citizens (Thøgersen, 2017).

As an expansion of the democratic autonomy of citizens, the Swedish for-profit expansions seem to render little meaningful expansion of alternatives to choose from. Yet, the mere possibility to choose may be valuable as a democratic tool, and there are studies suggesting that user choice as an independent value in the welfare system has grown in Sweden as citizens and policy-makers have grown accustomed to it (Burström, 2015). To be able to exit a provider one is dissatisfied with may change power relations between the user and the service provider (Hirschman, 1970). Yet, given the social costs of the change of human services, the exit possibility seems less relevant than having substantive alternatives to choose from. Interestingly, the Danish (and Norwegian) example with a strong nonprofit sector seems to produce broader service content.

Looking at the second issue of path dependency and possibilities to alter the development, it is interesting that the current centre-left government in Sweden has made the limitation (or abolition) 'of making a profit in the welfare system' a central policy issue. Technically, these services are publicly funded and tightly regulated; to take back the provision is thus not a theoretical problem. The creation of a 'welfare market' has, however, changed some dynamics that provoke questions about how realistic it is for Swedish policy-makers to change course, if that is what they want. In other words, how can institutional change be achieved from the current situation in Swedish welfare services?

An expert committee commissioned by the government recently gave advice on how to limit 'profit in welfare' (SOU 2016:78). There was great expectation in regard to this work, but the resulting report seems more like evidence of the lack of alternatives for policy-makers rather than useful tools for how to change the dynamic of the market. It thus looks like the present government will follow earlier social democrats in limiting themselves to 'slowing the speed' but going in the same direction of increasing the share of for-profit providers. Why is this development so difficult to change?

First, the for-profit companies have gained considerable market power. When for-profit providers deliver 20 percent of a service, the government that is responsible to the citizens depends on these providers. This gives them power over the regulation of the field, and these companies are willing to use this power. Remember, these



companies are often owned by foreign investment funds and are hence unwilling to compromise on their expected return on investment.

Second, and related, is the capacity to advocate. The advocacy groups promoting the different sectors grow stronger as their share grows. In Sweden, the groups promoting the interests of for-profit providers are stronger than those found in Norway and Denmark. At the same time, the ones defending the interests of nonprofits are weaker.

Third, consumer choice may have created dynamics that would be difficult to contain even if one wanted. Users get used to choice and exit alternatives according to their preferences. It is easier to not introduce such schemes in the first place than it is to roll them back. Proponents can therefore push such arrangements in ever-new fields without experiencing many setbacks.

The fourth reason entails ideas of what the ‘normal’ way is to organize welfare. In Norway, and to some degree in Denmark, stakeholders wanting to curb the growth of for-profits argue from a point of strength, showing how for-profits in many areas are alien to the welfare model. The population expects schools and some other services to be nonprofit, as they have always been. These forces have lost the battle in Sweden, as they have also done in some fields in Denmark (home care) and Norway (child care). In these sectors the normal way is to use the same tools for engaging nonprofit and for-profit providers, resulting in for-profit growth at the expense of other sectors. Edlund and Sevå (2013) demonstrate this effect when they show how citizens in Swedish municipalities with little privatization are more supportive of public provision than citizens in municipalities where private alternatives are more widespread.

Given these mechanisms, it is difficult to see the Swedish welfare state making changes in the welfare mix towards growing shares for the public or nonprofit sectors. Indeed, there are currently no signs that the for-profit sector growth will cease to continue. Rather, it looks like the aforementioned mechanisms make the current development the subject of path dependency. As it stands now, large-scale events may be necessary to produce profound changes moving away from for-profit growth.

The central argument in this chapter is that the rapid increase in for-profit provision in Sweden is best explained by the aggregated process of layering, where public regulation has one fewer layer compared to Denmark and Norway due to lacking a nonprofit tradition. At the same time, it is evident that the economic crisis also played a role in facilitating developments in this particular direction. If an external shock is necessary for a reduction in for-profit growth, it is yet another example that combining different theoretical approaches is necessary to obtain a good understanding of developments in the welfare mix in Scandinavia.

Even if the changes happening in Sweden look transformative today, we must remember that Sweden in the 1980s had the highest level of public provision ever seen in a Western country. Today the public sector’s share of the provision of welfare is at the same level as that in Denmark and Norway (Sivesind, 2017). The last ten years have proved that the bourgeois parties have accepted state funding and the regulation of

services while at the same time the social democrats have accepted private provision. As Svallfors (2016, p. 31) writes: ‘The electoral base for resistance against high-tax, high-spending, collective welfare state now looks more or less eroded’. Currently, the Swedish population is content with their welfare system, and more so than they were in 1990 (Lindbom, 2016, p. 48).

The Scandinavian countries have always differed from each other in spite of all their similarities. Denmark has always had more choice and more non-public providers because of its strong tradition of nonprofit providers. However, the speed and profoundness of the changes in Sweden provoke questions as to whether the welfare system is going through a transition through marketization. At the pace these changes are happening it is an open question whether Sweden can remain within the same model for long, and it is also an open question as to whether one can talk of a Nordic system with no Swedish member.

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Anniken Hagelund

## **14 No Factory for Dreams: Street-Level Bureaucrats between Activation Targets and User Orientation**

### **14.1 Introduction**

Street-level bureaucrats, the people who produce and deliver public services through direct encounters with citizens, are vital democratic actors in (at least) two respects. Firstly, they are set to implement the policies that democratically elected bodies prescribe. As it is impossible to prescribe in detail how to handle each and every encounter with clients, patients, students or whatever capacity it is in which the frontline organizations approach the public, the professionals who work in these organizations are given discretionary powers to decide exactly how each case should be handled. In Bo Rothstein's words: 'It is the sum of their actions which constitutes the public program. As to whether these actions reflect the objectives laid down by the democratically constituted organs – this must be regarded as an open question' (quoted by Molander, 2016, p. 16). Secondly and following this, they not only implement policies from above; they also face (often quite literally) citizens at the street-level. These are citizens with rights and entitlements, and it is the character and quality of these encounters which to a large extent determine the degree to which these rights and entitlements are being fulfilled. The quality of these experiences may again influence how people perceive the welfare state and their general political trust – in other words, their faith in the workings of democracy (Rothstein & Kumlin, 2005).

In this chapter I will discuss these issues in light of the implementation of active social policies in street-level bureaucracies in Norway, drawing on data from empirical fieldwork in two local 'NAV-offices', local branches of the Norwegian Labour and Welfare Administration (NAV).

Underlying nearly all welfare policy reforms in Norway for the past few decades is the idea of *arbeidslinja*, in English literally the 'the work-line'. This has been defined as the principle that all welfare arrangements should be designed to encourage and facilitate labour market participation. In fact, we could consider the work-line policy as a social institution that defines, governs and constrains action in the welfare state (Pierson, 2006). It is underpinned by normative justifications (work ethic, sustainability concerns, justice), by legal/organizational structures such as income security schemes (economic incentives, conditions, entry criteria) and by the work procedures in welfare bureaucracies (assessment of income claims, activation programmes).

Despite broad political and popular support for the work-line there is less satisfaction with respect to the welfare state's ability to put these principles into practice and produce the desired outcomes. One of the targets of criticism has been

the frontline organization that delivers welfare policy in practice, namely the reformed NAV. NAV is the result of a major organizational reform (rolled out from 2006) whereby national labour market services, national social security services and municipal social assistance were merged and is thus responsible for the implementation of most aspects of Norwegian social policies.

NAV's street-level bureaucrats (SLBs) have come under attack both from above and from below. Expert reports have claimed that NAV staff do not possess the right competence, that they do not see their clients in the way that is required by policy and that they focus too much on their users' (often health-related) barriers to work instead of emphasizing their opportunities in the labour market (Bay, 2015; Ekspertgruppen, 2015, p. 10). In short, street-level bureaucracies do not deliver the outcomes democratic bodies want them to produce. In another type of critique, often communicated by the users of NAV through the media, another picture emerges. It is a story about a welfare bureaucracy that is rigid and rule-orientated, where the individual circumstances of people's hardships are ignored and where claimants are left without the necessary income support or are forced into demeaning activities despite difficult health conditions.

The purpose of this chapter is not to judge if or to what extent the SLBs of NAV fail in fulfilling their democratic mission. What I will do is, first, present and discuss the challenges of discretionary practice in the welfare state's frontline organization in a democratic perspective and, second, analyze how SLBs themselves relate to some of these tensions through their own reflections over the practical work they are engaged with.

## 14.2 Democracy, Discretion and Street-Level Bureaucracy

In an ideal type representation of democracy the people elect its governors, who are thus empowered to make policies, which are subsequently implemented by administrators or bureaucrats. Politicians make policies, while a neutral state apparatus implements the ideas in practice. If the implementing agencies fail to implement the policies as intended, we have a democratic problem.

From this perspective, discretion becomes inherently problematic. Discretion means that professionals or other occupational groups are entrusted to apply their professional knowledge to particular cases (Molander, 2016, p. 2). Discretion does not mean acting freely; discretionary powers entail power exercised under some form of rule (Goodin, 1986, p. 235). The tasks that street-level bureaucrats perform are regulated by law, but they cannot be specified in advance in a way that gives precise guidelines on how to handle each one of them. For the 'principal' (the public through its elected governors) to control the 'agents' (the SLBs), frontline organizations need to be organized in ways that ensure discretion is employed and policies are implemented in ways that are consistent with policy-makers' intentions. This can



happen in different ways: through hierarchical control and the detailed regulation of work procedures (traditional bureaucratic structure), by establishing market-like structures such as incentives and targets that direct action in the desired direction (as in new public management reforms) or normatively by nurturing within officials certain ways of thinking about the work they are set to do (e.g. professional ethics) (Newman, 2007).

There are good reasons to problematize the distinction between policy and the implementation of the principal-agent model. In a way, this is what Michael Lipsky's seminal work *Street-Level Bureaucracy. Dilemmas of the Individual in Public Services* (1980) does. Until this work, the literature on implementation had tended to focus on deviance between policy and implementation. SLBs were portrayed as failed or inefficient agents of policy implementation (Brodkin, 2013). However, this view does little in terms of problematizing policy itself. Lipsky stressed that policy goals are ambiguous and often potentially contradictory. Welfare bureaucrats are to activate people and try to get them into work but also maintain their rights to income security – how to balance between the two? Other goals are too idealized (*work for all*); such goals may make sense as a moral compass but are difficult to achieve in practice and gives limited guidance for action. Work may not be achievable for everyone who is enrolled in activation programmes – how do you design a meaningful activation plan for them? Often conflicting interests and tensions are not resolved when policies are adopted at the political level, and it is left to the SLBs to make practical solutions in individual cases. Client-focused goals of individual treatment, close supervision and tailored assistance may in practice be displaced by organizational goals of effective management of large caseloads.

SLBs have to use discretion to do their jobs. Regulations and guidelines are either too general or too voluminous and internally contradictory to provide a blueprint for action in each client encounter. Policy may specify that NAV clients should be enrolled in active measures, but discretionary judgements must be made with respect to the content, timing and intensity of the activation. Some SLBs are professionals and are expected to adhere to professional norms and find guidance in their professional expertise when exercising their discretionary powers, but semi- and non-professionals without access to a similarly codified knowledge base also need to make discretionary judgements. While policy-makers may wish to and try to limit discretion, the situations SLBs are set to manage are too complex, and often incorporate a strong human dimension, for discretion to be eliminated from the implementation of public policies.

In short, Lipsky concludes that SLBs are effectively making policies and thus play a highly political role in the welfare state. He does not problematize this in terms of democracy. What he does is show that even if public service delivery may be flawed, the problem needs to be understood in light of the specific structure of this kind of work – ambiguous goals, boundless demands and limited resources.

Thus he refrains from placing the blame on the individual street-level worker in regard to his/her inadequacies, incompetencies or other individual shortcomings.

Lipsky wrote his book before the breakthrough of new public management (NPM) and the welfare state reforms that followed in its path. Many of the ideas and practices of NPM build precisely on the sorts of distinction between policy-making and implementation that Lipsky sought to break down: politicians should concentrate on establishing policy and setting goals and refrain from involvement in the day-to-day operationalization of political targets. The implementation of policy should be left to the relevant specialists and agencies. They are empowered to make their own independent decisions but must do so within an externally imposed framework of politically determined goals, performance targets and output controls. In other words, through the dichotomy between policy and operations, politicians are made responsible for policy and managers for operations.

Again the problem of drawing such distinctions in practice is left unproblematized. Is it policy or implementation which has failed when someone does not get their benefits? Whose responsibility are the alleged failures of the NAV-reform? The policy-makers who came up with the idea? The top-level managers trusted to implement it? Or the SLBs who cannot meet targets, lack labour market competence or fail to maintain work orientation? The irony, says Paul du Gay (2000, p. 124), is ‘that governments which have sought forcefully to depoliticize the activities of state bureaux by curtailing the policy responsibilities conceded to officials, have ended up by politicizing [...] the conduct of those very same officials in the process of making them only responsible for implementation’. He points to what he conceives as a democratic problem. Du Gay treasures the independence of bureaucracy, its role as a counterweight to politicians, which, he argues, in NPM reforms is reduced to obedient will-do-agents of policy-makers. It is precisely because the policy-operations dichotomy is impossible to operationalize, he argues, that politicians have received a ‘perfect vehicle for allowing ministers to absolve themselves of their responsibilities to Parliament by defining any problem as “operational matters”’ (2000, p. 132). Political reforms, such as the NAV reform or activation policies, become organizational matters, and their perceived failures become the responsibility of NAV management (and, we may add, SLBs).

Distrust of bureaucracy indeed underlies much of the public sector reform of the past few decades. This applies not only to the top echelons of state bureaucracy that du Gay writes about but also to SLBs. Julian Le Grand interprets the reforms of the British welfare state in the 1980s and 90s in terms of shifts in ‘policy-makers’ beliefs about *motivation* – what motivates those working in the public sector – and *agency* – the capacity of individuals, especially the beneficiaries of welfare, to engage in independent or autonomous actions’ (Le Grand, 2006, p. xii). In his terms, public street-level bureaucrats have gone from being viewed as altruistic *knights* (as bureaucrats appear in Du Gay’s account) to be seen as self-interested *knaves*. Professionals used to be trusted to be motivated by their professional ethics and primarily concerned with the interests of the people they were set to serve. Bureaucrats were trusted to be ruled

by their bureaucratic ethos. This belief faltered; public sector workers were seen as motivated by their own interests rather than the public good.

At the same time, new ideals about service users' competence and capacity to make autonomous choices emerged. Clients were not to be treated as passive recipients of goods and services, delivered by professionals who knew better than themselves what would be in their interest. On the contrary, they were capable of knowing their own interests, and their preferences were to take a more leading role in welfare delivery. They went from being considered *pawns* to become *queens*. In the context of NAV, citizens are no longer referred to as clients but as *users*. (On the other hand, they are not exactly *queens* either as their preferences have to bow to the goals of the work line.) In other contexts they have become customers. The NPM organizational solution was to restructure the welfare state in the shape of quasi-markets: 'if it is believed that workers are primarily knaves and that consumers ought to be king, then the most obvious mechanism of service delivery is the market' (Le Grand, 2006, p. 9; see also Clarke, 2005).

Reshaping clients as users also pays respect to another critique of discretion that is not about implementation but about the protection of citizens' rights in encountering the bureaucracy. Du Gay's 'praise of bureaucracy' stands in contrast to the sometimes dismal view on bureaucrats' use of discretion that can be found in the social policy literature. Goodin (1986), for example, argues that discretionary powers means that officials are in a position to control, manipulate and exploit clients who need the resources over which the official has command. Outcomes may be arbitrary. They appear unpredictable. The need for in-depth information on each case leads to infringements of privacy and 'snooping'. Kumlin and Rothstein found empirical evidence that selective, needs-tested (and thus with a wide scope for SLBs employing discretionary powers) welfare-state institutions reduce interpersonal trust (2005). A logical conclusion seems to be that discretion must be eliminated and curtailed as much as possible.<sup>1</sup>

The NAV reform is neither a pure NPM reform nor an attempt at eliminating discretion. It is a contemporary governance reform that incorporates elements of hierarchical bureaucracy; market mechanisms and NPM-style performance management; and network governance incorporating state, municipal and non-state actors (Andreassen & Fossetøl, 2014). But NAV's organization and its work procedures are designed with the purpose of providing a framework for the appropriate use of discretion. It is also a very complex organization. NAV is set to implement complex policies, with layers of old and new elements, lofty ideals and practical constraints, which in sum makes up a set of inherent tensions that SLBs need to handle. It is to this handling I now turn.

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<sup>1</sup> Goodin, in fact, realizes that discretion to a large extent is unavoidable. He suggests rather a rule of generosity, where SLBs should be primarily concerned with granting assistance to everyone who needs it and not be so worried about the prospect that some assistance may also go to those who strictly do not need it, thus reducing the need for intrusion and so forth.

### 14.3 Discretion in Context

Both Le Grand and Lipsky acknowledge that how street level bureaucrats behave is not external to policy. Whether you are motivated by knightly ideals of the public good or knavish self-interest is not independent of the kind of policies you are given to manage or of the conditions and structures you are doing it within. In other words, policy structures, at least partly, give shape to motivations. In this sense good implementation (and good policy!) is a matter of good governance – establishing governance structures and procedures that facilitate processes which make people approach their work in the desired manner.

At the same time as the structural determinants of bureaucrats' actions are acknowledged, motivations and interests are important elements in much theorizing about street-level bureaucracies. Le Grand (2006) was concerned with the presence of altruism in public sector work. Other accounts focus on how actors can use the leeway of discretionary structures to promote their own interests and thus set off processes of institutional change that were never intended (Mahoney & Thelen, 2010). Lipsky's work (1980) in a sense fits with this self-interest framework as he portrays SLBs who try to develop coping strategies to make their working life manageable in a context of unresolved tensions and unlimited demands.

But neither altruism nor self-interest as such says much about the actual contents of SLBs' interests and motivations, and how they reflect, interact or conflict with official policy targets. If SLBs apply rough sorting mechanisms to deal with individual cases, which concepts guide them in the sorting process and from which discourses are they drawn? Le Grand's altruism constitutes a very abstract notion and is hardly something people think about or express when reflecting on their work and why and how they do it. Likewise, self-interest says little about the purposes for which discretionary spaces are exploited and in what direction changes are directed. In the space between altruism and self-interest there must be some more specific ideas about what is good and bad, useful and meaningless, worthwhile and futile.

Professional values may be one source of normative ideas about good practice. But many SLBs are not professionals, or they belong to weak professions. In the context of NAV and activation work there is certainly no such established foundation of professional knowledge (Berkel, Aa, & Gestel, 2010). In any case, professional knowledge can also be ambivalent and patchy, and, as with policy rules, individual discretion must still be applied to infer from general knowledge to practice in individual cases. I want to look further into the ideas and discourses street-level bureaucrats in NAV draw upon when dealing with the tensions and demands of their work. How do NAV staff speak about and argue for their own practices?

As background, it is thus relevant to outline the ideational landscape of social policy practice in Norway.

The Norwegian population of social security dependants is characterized by a high proportion receiving social security for health-related reasons (Barth, Moene, &

Pedersen, 2015). People with reduced work capacity accordingly constitute a key target group for work-line policy. A preferred strategy is strengthened activation policies, by which I mean policies that connect rights to income support with participation in active measures (treatment, training, placements etc.) with the aim of enhancing labour market integration. The data I present in this chapter relates to the introduction of a new benefit programme – the work clarification benefit (*arbeidsavklaringspenger, AAP*) – which imposed stricter activity requirements on the long-term sick. This reflects a general trend where activity conditions are also introduced in health-related benefits, a trend which is underpinned by a discourse in which work and activity are presented as beneficial for a range of health conditions, especially for the milder psychiatric and musculoskeletal diagnoses, which are prevalent in the population receiving health-related benefits (Hagelund, 2014).

AAP was introduced in 2010, shortly after the NAV reform was rolled out in 2006. By merging formerly distinct welfare agencies the idea was that people with complex needs for assistance could find the help they needed behind ‘one door’ instead of seeking income support in one organization, rehabilitation assistance in another and job-seeking guidance in a third. ‘One-stop shops’ were thus set up in all municipalities, replacing the more dispersed services that had been offered previously.

Crucial to this chapter, the reform was also to promote work orientation throughout the entire frontline organization rather than compartmentalizing it to certain departments. In other words, the reform aimed to stimulate certain ways of thinking and prioritizing among its frontline workers. By merging many welfare state functions into one locality, the idea was that work targets should permeate all efforts instead of being the responsibility of only dedicated labour market services. Furthermore, the responsibility for assessing (certain, not all) claims for social security, such as disability benefits, was transferred to separate regional ‘back offices’ without direct client contact. Front-office staff should concentrate on meeting clients, assessing their work ability and supervising them on their trajectory into the labour market. This organizational reform was further accompanied by the reforms of several benefit schemes, typically strengthening the element of compulsory activity requirements, as in the aforementioned AAP scheme.

Also new work procedures were introduced to further strengthen the focus on activity and work targets. Such procedures can be considered means to *autopilot* reforms (Sørensen, 2005); policy-makers cannot control the day-to-day activities of frontline workers but can put in place institutional procedures ensuring that certain steps are taken and particular considerations met. In this way, the space for discretion is being limited. This included structured methods such as *work ability assessments* (Gjersøe, 2016) and the development of *individual action plans* (Born & Jensen, 2010; Hagelund, 2016). Work ability assessment is a method for assessing individuals’ ability to function in the labour market, taking into consideration both social and health factors, and must be done at the entry point to many income security schemes. Following entry, individual action plans are drawn up for each

individual user's activation, stating the targets of activation and the means (courses, treatments, placements) the user is required to go through to (hopefully) reach the targets (re-entry into the labour market). These are compulsory procedures frontline workers are required to go through with each user, with the purpose of keeping both the officials' and the users' attention on work- and activity-related targets.

Some researchers have talked about a new *role* for welfare workers following the NAV reform (Helgøy, Kildal, & Nilssen, 2013). Their work roles are not so much portrayed in terms of being bureaucrats, hierarchically organized neutral officers implementing rules. Rather, they are supervisors, advisors, coaches – applying their relational expertise in helping users realizing their own potentials through work-focused activities. At the same time, they are still in practice bureaucrats bound by the legal frameworks they work within. They do have discretionary powers and are to provide guidance and construe action plans to fit the needs and aims of individuals, but they must also uphold principles of equal treatment and ensure that people's entitlements to income support are upheld. In this sense a new role is layered (Mahoney & Thelen, 2010) upon the old rather than fully displacing it.

The postwar welfare state has been heavily criticized for its tendencies towards paternalism and for ignoring its users' heterogeneous needs and capacity for autonomous decision-making. Many reforms of the welfare state have thus entailed targets such as a greater degree of tailoring and individualization of services, stronger elements of user choice in the delivery and design of services and the involvement of users in the governance of services and general ideas about user orientated services. This could also be seen as an effort to democratize the welfare state by giving its users a more direct influence on service delivery. An important target for the NAV reform was to place 'the user in the centre' (Hansen, Lundeberg, & Syltevik, 2013). User orientation is defined as 'to a greater degree letting the needs of the individual user and user groups determine what services should be provided and how they should be provided' (NOU 2004:13, p. 133). NAVs' services should be adapted to the users' often complex needs. The users should have a voice within the process where activation plans are made, targets set and active measures and obligations specified and defined. It does not, however, entail giving up professional authority: 'The users' competence in regard to their own situation must then be compared to the bureaucracy's insights, for example, with respect to demands and opportunities in the labour market' (NOU 2004:13, p. 133) There is a potential tension between the elevation of the user and the user's perspectives on services and the strong normative focus on work and activity as the targets of all NAV's efforts.

In short, the NAV reform has been part of a wider trend of welfare state transformations that entail stronger emphasis on work- and activity-oriented measures and a stronger element of conditionality in the benefit system where rights to income support depend on participation in active measures. The reform also reflects tendencies of individualization, where welfare services should be tailored to meet the needs of individuals and where users' autonomy and competence take a more

prominent position. This also entails new work roles, where not only return-to-work targets gain a stronger presence in day-to-day practice but also relational competence and the capacity to generate change in clients' lives.

All of this does not mean that NAV work is completely transformed compared to earlier practices. Ideas about activity and health have become more important, but they have not eliminated claims for rest. NAV officials may have embraced a new role as supervisor, but they are still dealing with clients that hold claims pursuant to the National Insurance Act. Recent research indicates, for example, that while responsibilities for work and activation and income support claims have been institutionally divided, frontline staff still take claimants' need for a stable income into consideration when performing work ability assessments (Gjersøe, 2016). Ideas about user orientation are carefully formulated in ways that do not provide the user with the right to veto activity requirements. Precisely because there are continuities, there are also tensions and ambiguities when new rules, procedures and ideals are layered (Mahoney & Thelen, 2010) on top of old ones. And it is within these tensions and layers SLBs must find a way of operationalizing potentially contradictory targets and ideals in practice. It is to this I now turn.

#### **14.4 The Work Line and User Orientation in Practice**

The data used in this section are made up of interviews conducted in collaboration with Heidi Moen Gjersøe in two different NAV offices. Our work was curiosity-driven: we simply wanted to learn more about how activation policy is implemented in practice.

One of the questions I initially wanted to illuminate in my part of the project was how an activation and work-driven policy would be implemented in encounters with clients who did not share these aims. I wondered how clients' potential lack of work motivation would be handled in a context where both work orientation and user orientation were held up as key values.

Data were collected at two local NAV offices from October 2012 to February 2013. In total we conducted 25 interviews with street-level bureaucrats (including two local managers), most of whom worked with AAP (work clarification benefits for the long-term sick). The interviews focused in particular on how the SLBs worked with work ability assessments and individual activity plans, both key work procedures within activation policies. By using these very specific work methods as starting points the informants were able to speak concretely about their work and how they solved everyday tasks. In the interviews we also asked questions about conflicts, and the findings presented here are about how the informants talked about the content of disagreements and how they handled such conflicts and tensions. All interviews were taped, transcribed and coded in Nvivo. During the fieldwork we also attended several office and client meetings and collected written material. These data are not directly analyzed here but form a backdrop for the analysis of interview data presented below.

It is initially worth noting what the NAV informants did not talk about. The stories that emerged about disagreements were rarely about not wanting to work. Rather, disagreements tended to be about what types of work would be relevant for the user and ways of reaching these work targets. There are conflicts with claimants who desire funding for a formal education which NAV is not willing to fund. There are tensions over what types of work that should be targeted, what is realistic and what levels of status drops that claimants must be willing to accept. Indeed one may wonder whether the apparent lack of conflict over the general work orientation of the programmes reflects NAV officers being unwilling to share such kinds of stories about clients or that clients – for pragmatic or genuine reasons – rarely present themselves in such clear opposition to the work goals of NAV. In any case it says something about the presence of a strong work ethic; lacking the drive to work is not a favourable way to present either oneself or others.<sup>2</sup>

What the NAV supervisors did talk about was motivation. Their job, as they portray it, is to detect motivation and, if necessary, to help create motivation. It is difficult to reject a user's idea of a good activity plan if the user is very motivated. If the user has a plan, a dream, rejecting it appears as a violation of the user's own voice.

Well, but in a conversation with a user where to say that 'okay because of an assessment we cannot grant education support', that is very difficult to say because a user is, as said, very motivated to do that [take further education]. (Interview at NAV office)

There is a practical and instrumental element to this story about cherishing motivation; motivated clients are easier to work with. But in general, informants tend to talk about motivating people in normative terms – a value that they strive to achieve in their daily work with clients.

This thing about motivation, and not to force people, is very important. It is important to find something to work towards. But of course, if we had been strict there would be many going into working in shops for example. But we try to find something that can give them a little more motivation. (Interview at NAV office)

To receive AAP the claimant's work ability must be reduced to an extent that prevents her from keeping or gaining paid work. In principle, this could be any kind of work, meaning that if you are unable to do your professor job you must be willing to retrain

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<sup>2</sup> Survey research does in fact indicate that NAV workers overwhelmingly support the general principles of the work line (Terum, Tuft, & Jessen, 2012). There have been some concerns that the most developed professional group within NAV, namely social workers, would counteract the work line, as the professional ethic of social workers is not consistent with the work orientation of contemporary welfare policy (Messel, 2013). But the referred research observes only very weak signs of such a distinction between social workers and other staff in NAV (Terum et al., 2012).



for retail work. In the quote above the informant explains why it can be legitimate to ignore or sidestep this rule: people should be motivated to pursue their activation plans. In the next quote, another informant recounts a similar example and links it explicitly to her own need to apply discretion.

Discretion is perhaps most relevant when it comes to being able to take any type of work. I remember last week I had a case with a woman who is a trained nursing assistant and who had been sick listed. She had no other experience from Norway than care homes and had taken her education here. The physician's report assumed that she would be better within half a year's time. It was mainly physical ailments with respect to walking and standing. The legs were the problem. And I thought when I got home that she could have found work in a shop. And sat all day. Would that have worked? When I did the assessment I thought that as the doctor had written that she probably would be able to return to work as a nursing assistant, and she wanted that herself, and went for treatment at a physiotherapist and there were improvements in sight. There I thought that it is the user's preference to go back to that job. She is trained for it, and it is what she has worked in since she came to Norway. She could have received rejection on the grounds that she is able to sit at the till somewhere, for example. But that was not what happened. (Interview at NAV office)

While motivation and the user's own expressed wishes have significant normative force in the stories NAV bureaucrats tell about their work, there are also limits to how far they will stretch their discretionary space to adapt work targets to users' desires. This limit hinges on the perceived realism of their goals and plans. Dreams must be achievable, and motivations must be directed in directions that enable employability.

They are tired of working life and they do yoga, and then they want to be yoga instructors. But there are no jobs in yoga, and then I inform them about that. So we do think about employment opportunities. We want them to come back to work. But we shall not take away from people the desire to move on. (Interview at NAV office)

Because on the one hand they have motivation, wants and desires, but it is not related to (the realities of) the labour market, they will not get a job. It is at least not the simplest way into work. It is much easier to find another work place where they can use the education they already have. And that they are perhaps not motivated for because they have bad experiences with high work pressure and so on. Then you are in a conflict with the user about their dream goals, something they perhaps have always wanted to become. But this is no dream factory. And that is a little difficult to communicate. (Interview at NAV office)

The NAV bureaucrats are on one hand obliged to enforce the strong work aims of the policies they are set to implement. They aim for realistic activation plans with targets that are reachable. In this sense, they place labour market needs and employment targets in the centre. On the other hand, they are also obliged to ideals about user orientation with the user 'in the centre'. The value of acknowledging and respecting the aims and preferences expressed by users is related to motivation; if users are motivated to reach their aims, chances are they will work harder to achieve them. As long as the desires of the users appear coherent with the realities of the labour

market, the informants are willing to use their discretionary space to accommodate users' claims.

But how do they handle the aims that are referred to as dreams and assessed to be unrealistic? – by working on them, modifying them and transforming them into something more achievable.

– Do you sometimes think that the user has goals which are unrealistic? – Yes, sometimes that happens. – How do you solve that? – Try to supervise a little. But I am a little concerned about not taking dreams away from people. Say that a user for example wants to become a lawyer. Perhaps this person can become a lawyer's secretary? Not ruin the dreams, but we need to be realistic. Not float on a cloud. And I am very clear on not educating for unemployment, to not grant too narrow an educational field. (Interview at NAV office)

But we do try to make him look at other opportunities. He has skills in other directions. Try to make him think about finding other legs to stand on. If I should just say that this is not going to happen, forget it, I think it would be much more difficult for him to motivate himself for other alternatives. (Interview at NAV office)

In implementing policy NAV bureaucrats must deal with the tension between the political call for the work line and the voice of the user as expert on him/herself. But while a user may be conceived as knowledgeable about himself, this does not make him an expert on the realities of the labour market. This becomes the task of the NAV supervisors: to assess the realism of the users' preferences and to mould perceived unrealism into something judged to be attainable.

However, judging what is possible or not in the labour market for people who often suffer from complex and diffuse health problems is not a straightforward task, and there are few, if any, established procedures to distinguish the attainable from the improbable. One potential consequence is that this in practice weakens the work orientation. Gjersøe (2016) has shown that NAV supervisors often end up relying on the clients' own accounts of what is possible or not when considering whether someone can return to his/her own area of work. Likewise, as it is hard to judge whether it really will be possible to find employment in a new area despite health problems, further work to 'strengthen motivation' or further improve skills may be considered less risky for users than to discontinue the allowance and transfer AAP users into job-seeker status. On the other hand, in the situations where users' own initiatives to obtain retraining for a new career in another field are turned down, they are likely to experience NAV as rigid and unforthcoming.

## 14.5 Democracy at the Street-Level?

In the introduction, the editors ask if it is possible for a strong state to be truly liberal (Engelstad, Holst, & Aakvaag, this volume). Current trends in welfare state

development point towards stronger elements of conditionality and pressures to ensure that social security recipients engage in activities designed to facilitate their return to work. Passive income compensation schemes are transformed into activation tools (Bonoli & Natali, 2012). In this sense the state seems to become stronger and less liberal, with the welfare institutions taking a more active role in producing a particular type of citizen, namely an active citizen who is able to support him/herself through gainful employment. But there are nuances to this picture. This kind of social investment into citizens with health problems could also be seen as efforts to enhance their autonomy, transforming them from passive recipients via active users to, in the end (if the policies work according to plan), self-sufficient workers. Furthermore, strict activation requirements are complemented with imperatives of user orientation and user involvement, supposed to give users a voice in determining their own activation programmes.

Welfare reforms, in a country like Norway, constitute complex compromises. New institutional structures are erected, but not all old ones are eradicated. Instead processes of institutional *layering* occur, where new rules and ideals are introduced alongside old ones. In this way substantial change can occur incrementally, as the addition of one layer affects the logic or modus operandi of another one (Mahoney & Thelen, 2010). At one level, NAV has *displaced* earlier institutions. National labour market services and social security services no longer exist. But the organizational reform did not displace existing income security structures or citizen entitlements embedded in the National Insurance Act. New activation policies are layered upon existing social security institutions – user orientation and new supervisor roles on top of bureaucratic hierarchical relations. These tensions and ambivalences mean that discretionary spaces widen and that street-level bureaucrats are tasked with making practical solutions in situations with complex and contradictory claims.

SLBs are thus vital to the implementation of democratically conceived policy. Without efficient implementation, citizens will not receive the services and benefits they are entitled to, and policies will remain paper tigers and symbolic statements. They command a considerable space of discretionary judgement, which they can use to interpret rules and design and deliver services in unintended ways. Through direct encounters with citizens, they quite literally make up the human faces of the welfare state with potentially significant impacts on citizens' trust in the state and in democratic institutions. Contemporary welfare reforms also give them a role in determining the ability of welfare programmes to form part of a democratic society (Engelstad, Holst, & Aakvaag, this volume), where welfare users are not pushed around but are instead enabled to take control of their own lives.

As reforms are complex with internal tensions and multiple layers, the implementation of democratic decisions can take different paths depending on the adaptations that are made in local street-level bureaucracies. In this chapter I looked in particular at the potential ambivalences emanating from the simultaneous

implementation of work line principles and user orientation. One can envision several ways of managing these in practice, each with potential pitfalls.

Activation policies can be implemented with a stern eye on activity requirements. The bureaucratic apparatus may become so focused on activity requirements that it fails to recognize the reduced capacities of social security users to take part in them or to actually benefit from them. The ticking off of activity boxes is measurable and within the power of SLBs to achieve. Whether this actually entails increased labour market participation as a result of the activation measures is both harder to observe and harder to control as SLBs have few ways of influencing employer preferences. NPM style performance measurements may enhance such tendencies. When departments and/or workers are monitored and measured on their ability to refer users to active measures, the referral itself may become the main goal. Strict bureaucratic rules may perform a similar function, such as when activity becomes a requirement for the payment of benefits irrespective of the actual ability of participants to profit from the use of such measures.

Organizational needs and constraints may also overshadow the substantive targets of policy. A bureaucracy that is or feels overstretched on resources may turn its main focus towards finding ways of adapting policy goals that make workloads bearable. These are the type of coping mechanisms Lipsky outlined, such as finding rules of thumb to process complex cases by way of simple characteristics. An example would be if all plans for future labour market reintegration by means of entering the yoga business were dismissed as unrealistic without considering the actual competencies of the user and the local market for yoga classes. (After all, for a former athlete residing in an affluent area, yoga instruction could possibly be a viable way of making a living.) NAV supervisors are supposed to know enough about the labour market to assess people's opportunities to find work given the competencies they have or can achieve through active measures. This is obviously quite difficult to predict as there is no codified knowledge base to draw on (Berkel et al., 2010), and simple rules of thumb characterizing certain career paths as unrealistic or using certain individual traits (age, language skills, diagnoses) to disqualify users from particular tracks may easily evolve.

Working on motivation, in my analysis, was the crucial idea that SLBs applied to reconcile divergent claims into the formulation of individual action plans and thus into the delivery of work line policy. This is an idea that gives higher priority to user orientation principles by seeking to align users' wishes and claims with the activation policies NAV is set to implement. The informants in this study were reluctant to narrate conflicts and instead told stories about working with clients to produce inner transformations that aligned individual preferences with official requirements. This is a strategy that also reflects a trend in contemporary welfare state reforms that reconstitutes the role of SLBs from being case managers to becoming supervisors (Born & Jensen, 2010). This kind of work is not about approving or denying applications according to rules set by politicians (the Weberian bureaucrat) but about

assisting users in formulating and reaching their own goals. This not only widens the discretionary space of frontline workers but also introduces another kind of authority into their work, namely the voice of the user.

In one sense, the frontline activation workers seem to have lost some of their former authority as gatekeepers proficient in assessing eligibility for social security. However, they have carved out a new role in assessing the realism of users' dreams and plans for finding a way out of social security. One study (Gjersøe, 2016) suggests that the insecurities attached to SLBs' assessments of users' actual labour market potentials make them susceptible to give priority to the users' own and their physicians' assessments of work ability. In this sense, it is the users' knowledge of themselves and ability to present this convincingly which may make them 'queens' in activation policy, to reiterate Le Grand's terminology. On the other hand, these are policies which simultaneously have weakened their entitlements to social security by conditioning it upon adherence to the activation requirements of NAV officials.

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## 15 The Demand for Work-Family Policies in Advanced Capitalist Democracies

This chapter explores the conditions under which voters demand work-family policies (WFPs) – that is, social policies that aid families, and especially mothers, in balancing formal employment with family life.<sup>1</sup> While governments in a number of industrialized democracies have, since the 1970s, cut other welfare programmes, such as unemployment insurance (Allan & Scruggs, 2004), they have considerably expanded WFPs such as parental leave and day care services (Ferragina, Seeleib-Kaiser, & Tomlinson, 2012; Fleckenstein, Saunders, & Seeleib-Kaiser, 2011). Welfare state institutions are thus fundamentally changing. If public policies at least to some extent are a function of voters' policy preferences, then studying the popular demand of WFPs is paramount for understanding this transformation of the welfare state. Most existing analyses of the expansion of WFPs often implicitly assume that the passing of these policies is partly or wholly driven by the demands and needs of *employed* women, either as voters, parliamentarians or members of women's movements (Bonoli & Reber, 2010; Häusermann, 2006; Huber & Stephens, 2000; Leira, 2002; Morgan, 2006, 2013). Yet few of the studies of WFPs offer a theory or any empirical evidence regarding which voters should prefer these policies. They are thus unable to explain the large variation in support for WFPs, across both individuals and countries.

The first contribution of this chapter is to address this shortcoming in the existing literature by focusing on bargaining within the household institution. Theoretically, I draw on and extend Iversen and Rosenbluth's (2006, 2010) household bargaining theory of gender differences in political preferences (see also King & Mason, 2001; Lundberg, 2008). I argue that *employed* and, even more, *highly educated women* demand WFPs more than other individuals. This is because WFPs enhance their economic independence after childbirth and increase their potential to participate in the labour market. I also contend that there is a decisive difference between day care services and paid parental leave policies. Day care services, being available to all with means-tested payments, are more redistributive than leave policies, which are positively related to previous earnings. This means that whereas employed women in all parts of the income distribution will demand leave policies, low-income women will

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demand day care services more than upper-income women. Empirically, I examine this argument using survey data from the International Social Survey Programme in 1994 and 2002, which contains questions about WFPs and covers more than 40,000 respondents across 20 advanced capitalist democracies. I find clear support for the household bargaining model.

The second contribution of this chapter is to investigate labour market institutions that are associated with cross-country differences in the demand for WFPs. A number of studies emphasize and demonstrate how macro-level institutions, such as labour market structures, both influence and are influenced by voters' policy attitudes (Gingrich & Ansell, 2012; see e.g. Rehm, 2011). Notwithstanding this research and the fact that WFPs are labour market policies, we know little about how labour market institutions affect the demand for WFPs. Thus, to explore the cross-country differences in demand, I look at how day care services and paid parental generosity, skill specificity and wage inequality are associated with cross-country variations in demand for day care and parental leave. These factors have been argued to affect individuals' demand for social policies. I find some evidence that greater WFP generosity, higher skill specificity and lower income inequality are associated with more demand for WFPs. In other words, not only women's access to education and employment but also macro institutions are associated with the demand for WFPs.

In sum, by looking at the demand for WFPs, this study contributes to our understanding of when and why parties may be expected to expand WFPs and why different WFPs may entail different political dynamics based on their redistributive consequences. This should also help us to better understand the causes of the changing nature of the welfare state, in which WFP plays an increasingly prominent role (Morel, Palier, & Palme, 2012).

## 15.1 A Brief Conceptualization of Work-Family Policies

Family policies form part of a larger set of welfare policies that include a wide range of social services and transfers. We can divide public family policies into two broad types: 'WFPs' and 'male-breadwinner policies'. This chapter focuses on the former. Male-breadwinner policies refer to policies that give households incentives to adopt a gendered division of work, in which one member of a couple specializes in household work, usually the woman, and the other takes part in the formal labour market. One example is family allowances that are tied to the income of a male worker. WFPs, on the other hand, are policies that (i) allow spouses, especially employed women, to take leave to care for their newborn without experiencing a significant reduction in their income or chance of re-entering the labour market thereafter and/or (ii) that enable and often encourage both spouses to participate in the labour market while they have young children.



We can distinguish between three main types of WFPs: day care services, maternity and parental leave and work-time arrangements (the possibility to undertake part-time work) (Morgan, 2006, p. 8). This chapter is concerned with day care services and maternity and parental leave benefits for two reasons. First, day care services and leave policies are, and have been for the last 40 years, among the most politically salient policies for addressing the gendered division between paid and household work and for making it possible for employed women and dual-earner families to balance their work and family responsibilities (Leira, 2002; Michel & Mahon, 2002; Morgan, 2006). Consequently, if we wish to understand the development of WFPs and the changing nature of the welfare state, day care services and leave policies are the two most important policies to examine. Due to their political salience, these policies have also been at the heart of the previous research on WFPs.

Second, focusing on both day care services and leave policies gives us a chance to investigate the provision of both services and transfers (see also Jensen, 2011). As emphasized by a number of scholars, welfare services, such as day care services, are more redistributive across income groups than transfers, such as leave policies (Esping-Andersen, 1990; Hinnfors, 1999; Huber & Stephens, 2000, p. 326; Iversen & Cusack, 2000, p. 329). This means that the dynamics of both voter demand and political supply are likely to vary between the two WFPs investigated in this paper. Transfers, including leave policies, are usually paid according to previous earnings, meaning that they preserve income differentials. Where publicly provided or funded day care services are available, on the other hand, access is often given equally to all children. Payment for day care services is also usually means-tested, meaning that parents with low income pay less than those with high income. Moreover, in the absence of day care services, families and individuals with high income can buy day care services from the market without subsidizing low-income parents through the tax system. The implication is that day care services are redistributive, and more so than leave policies.

Since not all designs of day care services and leave policies can be seen as enhancing women's position in the labour market and making it possible for them to balance their paid work and family responsibilities, we need to define these policies more precisely. Policies aimed at caring for children under school age can be divided into preschool and day care programmes. Preschool programmes aim to educate children, and their part-time character does not match the needs of parents in full-time employment (Morgan, 2006, pp. 8–9). They are also often aimed only at children approaching school age rather than younger children. In contrast, day care programmes are also available for younger children and directly geared towards looking after the children while their parents are at work. The *generosity of day care services* refers not only to the availability of services for children below school age but also to whether it is provided on a full-time basis, how costly it is for the parents and the skills and qualifications of the personnel (Mahon, 2002, p. 5).

Regarding leave policies, maternity leave refers to programmes designed for women immediately before and after birth. Parental leave follows maternity leave and can often be split between the parents, although the exact rules vary widely by country. Fathers may take a share of the parental leave, but in practice a large share of the parental leave is taken by women in most OECD countries (OECD, 2012a, pp. 4–5).<sup>2</sup> Regarding the *generosity of leave policies*, we can distinguish between two elements, namely the wage replacement rate and the length of the benefit.<sup>3</sup> A number of studies suggest that paid leave enhances women’s possibility to participate more fully in the labour market (Akgunduz & Plantenga, 2012; Erosa, Fuster, & Restuccia, 2010; Rasmussen, 2010; Rønsen & Sundström, 1996), although leave periods longer than two years may have a negative effect on their later return to paid employment (Thevenon & Solaz, 2013).

## 15.2 Household Bargaining and the Demand for Work-Family Policies

To explain the divergent preferences for WFPs among voters, I will draw on studies that use a household bargaining framework to account for spouses’ division of household work and gender differences in policy and political preferences (Blau, Ferber, & Winkler, 2010; Iversen & Rosenbluth, 2006, 2010; King & Mason, 2001; Lundberg, 2008; Lundberg & Pollak, 2008; Xu, 2007). In household bargaining, the spouses, implicitly or explicitly, bargain over the division of household and paid work. I draw in particular on Iversen and Rosenbluth’s (2006, 2010) insights into the role of household bargaining for individuals’ preferences. Although they mention daycare, their focus is on the spouses’ division household and paid work, on partisan preferences and on preferences for public employment. In contrast, my focus is on understanding the demand for both leave policies and day care services, which again lays the foundation for understanding parties’ supply of WFPs. I agree with the authors on the role of employment among women but also highlight the role of higher education and the different role of income for leave policies and day care services (see below).

The use of a household bargaining framework based on material self-interest as a starting point requires some justification. In this framework, spouses bargain

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<sup>2</sup> For instance, even in Denmark only 26 percent of fathers took some parental leave in 2011. Some countries also have a separate paternity leave, but it is normally of very short duration (Moss, 2012).

<sup>3</sup> In addition, paid parental leave is often capped at a certain level of income. In Norway, for instance, paid parental leave is capped at six times the ‘basic amount’, which in 2016 amounted to  $6 \times 7,715 =$  NOK 46,290, or about USD 5,500 per month. With an average monthly (pre-tax) salary of NOK 43,300, the cap is at approximately the average income.

over family priorities and seek to achieve an outcome that is closer to their *own* preferences. Thus, it allows spouses to have diverging preferences and care about their own welfare. Other approaches have argued that households can be seen as having unitary preferences (see Becker, 1981) or that both spouses' preferences are predominantly formed by the broader culture and attitudes in a given society (Pfau-Effinger, 1998, 2004). Regarding the former, mounting evidence, both experimental and observational, suggests that a wide range of topics – such as the division of household work, household consumption patterns and policy preferences – are better explained by a bargaining framework than the unitary preference model, both in developing and developed countries (King & Mason, 2001; for reviews see Xu, 2007). Regarding the cultural approach, recent studies suggest that cultural attitudes towards gender equality are more likely to follow rather than precede the entrance of women into the labour market (Albanesi & Olivetti, 2007; Goldin, 2006; Iversen & Rosenbluth, 2010; Ross, 2008) and that women's employment situation forms their attitudes more than the existence of a selection effect into employment or domestic work based on previous attitudes (Berrington, Hu, Smith, & Sturgis, 2008, p. 108; Cunningham, 2007). Thus, using a household bargaining framework seems more viable than the existing alternatives that could have been used as a starting point for understanding individuals' preferences for WFPs. It is a parsimonious approach that has proven to be empirically powerful for explaining spouses' behaviours and preferences in a wide range of settings. I therefore adopt it here. My contribution is to apply this approach to explain the preferences for both leave policies and day care services, to highlight the role of higher education for women and to emphasize the different redistributive effects of leave policies and day care services.

In the household bargaining model, I start out with a household consisting of a woman and a man who may have diverging preferences and therefore 'bargain' over family priorities, such as who undertakes paid work, housework, day care etc. (Blau et al., 2010, pp. 45–46). It is assumed that every agreement between these two persons must render each at least as well off as they would be without any agreement (i.e., divorce or breakup) (Lundberg & Pollak, 2008). The main idea is that each person's bargaining power stems from their willingness to walk away from the deal – which again is determined by 'outside options', referring to 'the well-being that each would attain if they cannot reach agreement within the marriage' (Blau et al., 2010, pp. 45–46). Here, marketable skills, such as having higher education, can be used to attain well-being outside the marriage, whereas household-specific skills are not employable outside the marriage. The final bargaining solution is likely to reflect more closely the preferences of the person that has less to lose from no agreement – that is, the person with the most marketable skills (who thereby has the highest bargaining power) (Iversen & Rosenbluth, 2010, p. 52; Lundberg, 2008). In other words, the spouse in possession of better outside options, such as higher education and stable paid employment, will be more able to have their way in the marriage or

partnership. The household model thus takes seriously the power relations within the family, or household, institution.

Why is this important for understanding preferences for WFPs? The logic here is that *employed* women – those possessing marketable skills – gain further bargaining power if some of the family workload is taken off their shoulders, for example, if day care services are available.<sup>4</sup> This is because women, even in homes where both parents work, generally undertake a disproportionate amount of both day care and household work (Cunningham, 2007; Hochschild & Machung, 1989; Iversen & Rosenbluth, 2010; King & Mason, 2001, p. 169). *Publicly funded day care services*, therefore, allow women to take a more active part in the labour market and further invest in marketable skills, which again will further raise their economic independence and thereby also improve their bargaining power at home (Iversen & Rosenbluth, 2010, pp. 114–115; King & Mason, 2001). *Paid leave schemes* also strengthen employed women's bargaining power by making it possible for them to sustain economic independence throughout the late phases of childbearing and early phases of childrearing. They also often allow women to return to their job at the end of the leave period. The same logic also holds for employed women who are not (yet) married (or in a partnership) because these policies may become valuable to them in the future. For single mothers these policies will be of use to them right away. In sum, for women possessing marketable skills, WFPs enhance their position both at home and in the labour market. It is therefore likely that they will favour such policies to a greater extent not only than men, who do not gain bargaining power from the expansion of WFPs, but also than stay-at-home women, who are mainly in possession of household-specific skills (Iversen & Rosenbluth, 2006). Stay-at-home women's interests are quite different from those of employed women. Since they have specialized in skills employable inside the household, they have far fewer opportunities to enter the labour market in the first place. WFPs will hence be of less relevance to them; to the contrary, since these policies will involve tax increases, these women, like their husbands, will not favour such policies: they will be costly but of little use to them (Iversen & Rosenbluth, 2010, p. 115).

An additional implication of the argument is that women who are in possession of *higher education* gain even more bargaining power from the introduction of day care services or well-paid leave schemes than other women, including employed women without higher education. There are at least two reasons why highly educated women should prefer WFPs more than low-skilled women.

First, the potential loss of labour market skills due to stepping out of the labour market to have children is higher for highly educated women than for those without higher education. This is because the complexity of work rises with skill level, and the

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<sup>4</sup> See, e.g., Huber and Stephens (2000, p. 334), King and Mason (2001, pp. 155–156) and Iversen and Rosenbluth (2006, pp. 12–13).

importance of not losing contact with one's work therefore increases. In highly skilled work – such as being a manager, physician, lawyer or civil servant – both wages and career opportunities are based on previous experience, job tenure and working hours. The job market is also highly competitive. This means that an absence from the labour market to give birth and care for young children harms the career opportunities and potential wages of high-skilled women more than those of low-skilled women, which is also what the evidence indicates (Goldin & Katz, 2011; Lundberg, 2008; Munasinghe, Reif, & Henriques, 2008, p. 1298). As Lundberg notes, '[p]otential market wages are reduced by lost experience and job tenure due to labour force withdrawals to care for children' (Lundberg, 2008, p. 120). Because of their increased risk of absence from work due to pregnancy, childbirth and childrearing, employers are also likely to be less willing to hire and to invest in the skills of highly educated women than in those of their male counterparts (Bonoli & Reber, 2010, p. 116; Goldin & Katz, 2011; Konrad & Cannings, 1997; Lundberg, 2008). For low-skilled work, on the other hand – such as being a health care assistant, salesperson or office clerk – an absence from work is not penalized to the same extent because employers are less likely to invest in these employees' skills and because the possibilities of promotions are fewer than for highly skilled work. In other words, since jobs are more routine-based and the gains from experience are lower than for highly skilled work, low-skilled women are less disadvantaged in terms of their future employment prospects when they leave the labour market to give birth and take care of their children (Munasinghe et al., 2008). Thus, the importance of WFPs – particularly day care services, which ensure the possibility of a quicker return to the labour market after childbirth – is greater for highly educated women than for women without higher education.

Second, highly educated women are more likely to be in stable, long-term employment than women without such skills (Häusermann & Schwander, 2012). They are also more likely to return to employment after childbirth, whether or not WFPs are available (Rønsen & Sundström, 1996). This means that highly educated women are more certain that WFPs will be of use to them since they have a greater chance of being in employment both before and after giving birth. Highly educated women will, in other words, have a higher demand for WFPs than other *employed* women. This should particularly be the case with maternity and parental leave since it is usually given on the basis of previous employment and earnings. Together, these reasons should lead women with higher education to demand WFPs more than other women, after controlling for income.

In addition to the gendered effect of employment and education, I also expect there to be a difference in preferences for WFPs between *income groups* (Meltzer & Richard, 1981; Idema & Rueda, 2011, p. 7). The demand is expected to decrease with income for day care services but not for leave schemes. First, as discussed, day care services are more redistributive because they are publicly funded and available to all, whereas leave schemes are largely an earnings-related transfer. Second, families and individuals with a high income can also buy day care services off the market, which

again implies that they do not pay for more than they need. Publicly funded day care would therefore, due to progressive taxation, cost high-income individuals more than a private, market-based alternative. Moreover, the quality of publicly provided day care may be lower than the private provision, which means that high-income parents may wish to pay for a private alternative (even in the presence of a public one), and thus be paying for day care twice (through both taxation and fees). Consequently, the effect of income should be present for day care services but not for leave policies.<sup>5</sup> Since income and education are positively correlated, this should be after the spouses' marketable skills have been taken into account.

## 15.3 Empirical Analysis: Demand for Work-Family Policies

### 15.3.1 Using Cross-National Survey Data to Measure Demand

To test the individual-level model, I will use the two International Social Survey Programme's (ISSP) surveys *Family and Changing Gender Roles II* and *III* from 1994 and 2002, respectively. These two ISSP waves ask about preferences regarding both day care services and leave policies. Data are available for 12 advanced industrialized democracies in 1994<sup>6</sup> and 18 in 2002.<sup>7</sup> The survey data used here only allow for 'snapshots' to be taken at two different time points (1994 and 2002), both of which occur quite late in the time period of interest. Unfortunately, I do not have surveys for earlier time periods, which would have strengthened the ability to test the individual-level theoretical model.

The two ISSP modules ask the respondents two questions that I will use to capture the demand for day care services and leave policies. The question I use to measure the demand for *leave policies* asks whether the respondent agrees or disagrees with the statement 'employed women should receive paid maternity leave when they have a baby'. Similarly, for *day care* the respondents are presented with the statement 'families should receive financial benefits for day care when both parents work'. The available answers to both questions are 'strongly agree', 'agree', 'neither agree nor disagree', 'disagree' and 'strongly disagree'. The responses to these two survey items will serve as my two dependent variables. The correlation between the two survey items is no higher than 0.47 when treating the two variables as continuous and even

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<sup>5</sup> Although, if we take into account that paid parental leave sometimes has income caps, there might also be an income effect for paid parental leave. Moreover, as I further discuss in section 4 below, in countries with high income inequality, there might also be an impact of income.

<sup>6</sup> Australia, Austria, Canada, Germany, Ireland, Italy, Japan, New Zealand, Norway, Sweden, the United Kingdom and the United States.

<sup>7</sup> Australia, Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Japan, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom and the United States.

lower when treating them as binary, with a phi-coefficient of 0.35. Since they also theoretically tap into preferences for two different policies, I analyze them separately.

For each of the dependent variables, I recode the ordinal dependent variables into binary ones. The survey respondents do not necessarily have the same understanding of the distinction between ‘agree’ and ‘strongly agree’. The difference between ‘agree’ and ‘disagree’, in contrast, is more straightforward (see Rehm, 2011, p. 282). The variables are coded as 1 for the categories ‘strongly agree’ and ‘agree’ and 0 for the categories ‘neither agree nor disagree’, ‘disagree’ and ‘strongly disagree’. ‘Do not know’ is treated as zero to avoid conditioning on an endogenous variable.

Neither of these two survey items, regrettably, fully captures the demand. The *latter* question neither directly asks about day care *services* that are *publicly funded* and *full-time* nor mentions the potential tax increase following the introduction of this costly public service. More specifically, the question does not ask whether the respondents prefer a full-time or a part-time service. Yet there is an important difference between the two: a full-time service would allow employed mothers to more wholly take part in paid work and develop their skills and positioning in the labour market than would a part-time service. Moreover, the question asks about day care *benefits* rather than day care *services*. As emphasized in the section on the conceptualization of WFPs, services are usually more redistributive than transfers. The question hence does little to pick up the theorized redistributive conflict over WFPs between the higher and lower income groups. In sum, the question I use to capture the demand for day care services seems to understate the redistribution between income groups, and it does not say whether the policy would make it possible for women with young children to maintain their economic independence. This means that the effects of education and employment on this dependent variable are likely to be attenuated compared to a more ideal survey question asking about publicly funded, full-time day care services.

The question concerning *maternity leave* does not ask whether the respondents are in favour of *parental* leave as well as maternity leave. Because it might be easier, and less costly in terms of taxes, to agree that employed women should be compensated for an absence from work because of childbirth than to agree that parents should receive benefits for a longer period of time after the child is born, this survey item is not ideal for capturing the preferences for leave policies. Furthermore, the survey item fails to ask whether the respondents favour a maternity leave that *fully replaces* employed women’s income and does not mention the *length* of the leave. Both respondents who believe that employed women should be entitled to a long and well-paid leave and those who believe that they should only be entitled to a short and poorly paid one would be able to agree fully with the survey question. Yet a benefit that provides a full replacement of their previous salary would facilitate employed women’s financial independence and enhance their bargaining power more than a less generous one. The question consequently allows us to tap into the potential conflicts over leave policies only to a limited extent. I therefore expect even less effect of my main explanatory variables for the maternity leave than the day care question.

Still, it seems plausible that respondents who agree with the survey item about day care benefits also favour publicly funded day care services and that agreeing with the item about maternity leave is correlated with being in favour of well-paid maternity and parental leave. Using these data also improves earlier tests of bargaining models for explaining social policy preferences. Whereas earlier studies by Iversen and Rosenbluth use survey items for preferences regarding public employment to test whether there is a gender gap in social policy preferences, the survey questions allow us to *directly* capture the preferences for WFPs (Iversen & Rosenbluth, 2006, 2010). The analysis here thus provides a more precise test of a bargaining theory than earlier analyses. Moreover, the individual-level theory in this chapter differs from Iversen and Rosenbluth in that I emphasize the role of higher education.

### 15.3.2 Measuring Employment and Education in the Survey Data

I now turn to the explanatory variables. My first hypothesis is that women who are employed full-time are more likely to demand WFPs than men in full-time employment and women who are stay-at-home because WFPs increase employed women's economic independence and their position in the labour market by making it possible for them to combine a career with having children. I include *full-time employed* as a dummy variable taking the value 1 if the respondent is employed full-time and interact this variable with the gender variable. In addition, I include a set of dummy variables to control for other employment categories so that I compare working full-time to being stay-at-home.<sup>8</sup>

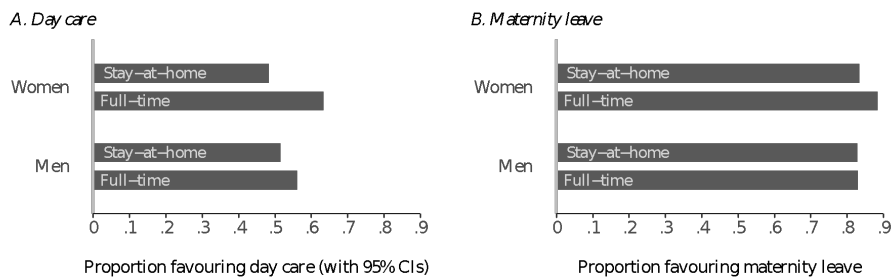
Figure 15.1 shows the proportion of respondents favouring day care and maternity leave by employment status and sex for the 1994 and 2002 surveys combined. Each of the two dependent variables are coded into binary variables, taking the value 1 if the respondent strongly agrees or agrees with the survey question and 0 otherwise. Although Figure 15.1 can only serve as impressionistic evidence, several interesting patterns emerge. As hypothesized, stay-at-home women are less in favour of day care benefits and maternity leave than full-time employed women. There is little difference between the employment groups for men, and full-time employed women are more likely than full-time employed men to favour these WFPs. Note that there are very few stay-at-home men in the sample used in this analysis: only about 1 percent of the sample in 1994 and 1.5 per cent in 2002 are stay-at-home men. This category is thus

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<sup>8</sup> The other dummy variables that serve as controls are thus: *part-time employed*, *unemployed*, *student/vocational training*, *retired* and *others*, which includes respondents who are permanently disabled or ill, helping family members or not in the labour force. Every respondent is a 'member' of one and only one of the dummy variables.



more or less negligible. Stay-at-home women, on the other hand, make up 25 percent of the sample in 1994 and 18 percent of the sample in 2002.<sup>9</sup>



**Figure 15.1.** Proportion of respondents favouring day care and maternity leave by employment status and gender

My second hypothesis is that highly educated women have a higher demand for WFPs than other women but also than highly educated men. This is because they are often in stable employment requiring high-level skills so that leaving the labour market to have children would damage their career prospects more than it would for women without higher education. What I want to capture with the measure is thus a distinction between respondents with higher education – the highly skilled – and those without – the low-skilled. I operationalize being highly educated as having completed a university degree. I then interact this binary variable with gender, where I expect higher education to have an effect for women but not for men. Modernization theorists have also included education as one of their explanatory variables. These researchers, notably Inglehart and Norris, see norms of gender equality, and preferences for social policies promoting gender equality, as a result of the changes in culture associated with economic growth, the shift towards postindustrial societies and intergenerational replacement (Inglehart & Norris, 2000, 2003). Still, their predictions about the effect of education differ from my theory. Inglehart and Norris hypothesize that ‘postmodern values of gender equality will be most evident among the secure, that is, the wealthier, better-educated sectors of the public’ (Inglehart & Norris, 2003, p. 18) and that women favour gender equality more than men (Inglehart & Norris, 2003, p. 19). They thus predict that the highly educated women *and men* should be more positive towards WFPs. Household bargaining theory instead predicts that education has an effect *only* for women; we should not see any difference between men with high and low education levels because WFPs do not enhance their

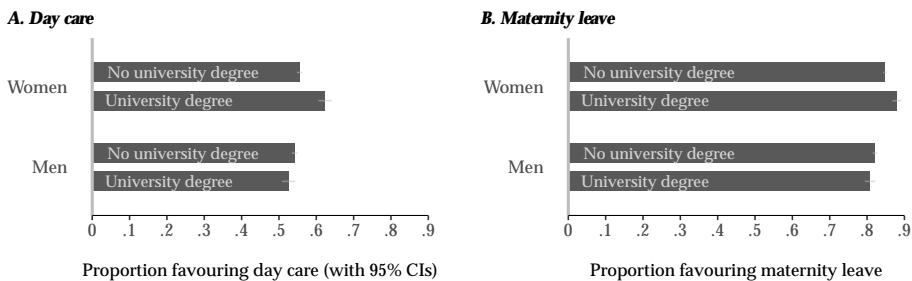
<sup>9</sup> Note also that the support among employed men is surprisingly high. Further understanding of when *men* favour WFPs is hence an avenue for future research.

bargaining power. Moreover, I have argued that income should have a negative effect on the demand for WFPs, whereas Inglehart and Norris seem to suggest that the effect of income should be positive. I should consequently be able to say whether the results presented below lend more support to one theory or the other.

We can get a first impression of the differences between preferences from Figure 15.2. For both day care and maternity leave we see that there is almost no difference between men with and without a university degree; however, among women, a higher proportion of those with a university degree than those without favour day care and maternity leave. This is consistent with the theoretical argument.

My third hypothesis is that there are income differences for day care but not for parental leave policies. Income is included as a set of dummy variables corresponding to the bottom third, the middle third and the top third of the household income distribution in a given country in a given year.

To ensure that the associations between demand for WFPs and education, employment and income, respectively, are not due to differences in religion (measured as church attendance), the number of dependents, cohort or the spouse's employment status, I include these as control variables.<sup>10</sup>



**Figure 15.2.** Proportion of respondents favouring day care and maternity leave by education and gender

<sup>10</sup> *Religion* is measured as the frequency of church attendance. It ranges from 0 to 5, where 0 is never, 1 is about once a year, 2 is several times a year, 3 is once a month, 4 is 2–3 times a month and 5 is once a week or more. It is treated as continuous. *Dependents* and *cohort* are included as sets of dummy variables. The *spouse's employment* status is measured in the same way as the employment variable described above. It is interacted with the dummy for gender. Descriptive statistics for all of the independent variables are given in Table A-1 in the Appendix.

### 15.3.3 Evidence of Gender Differences in Demand for Work-Family Policies

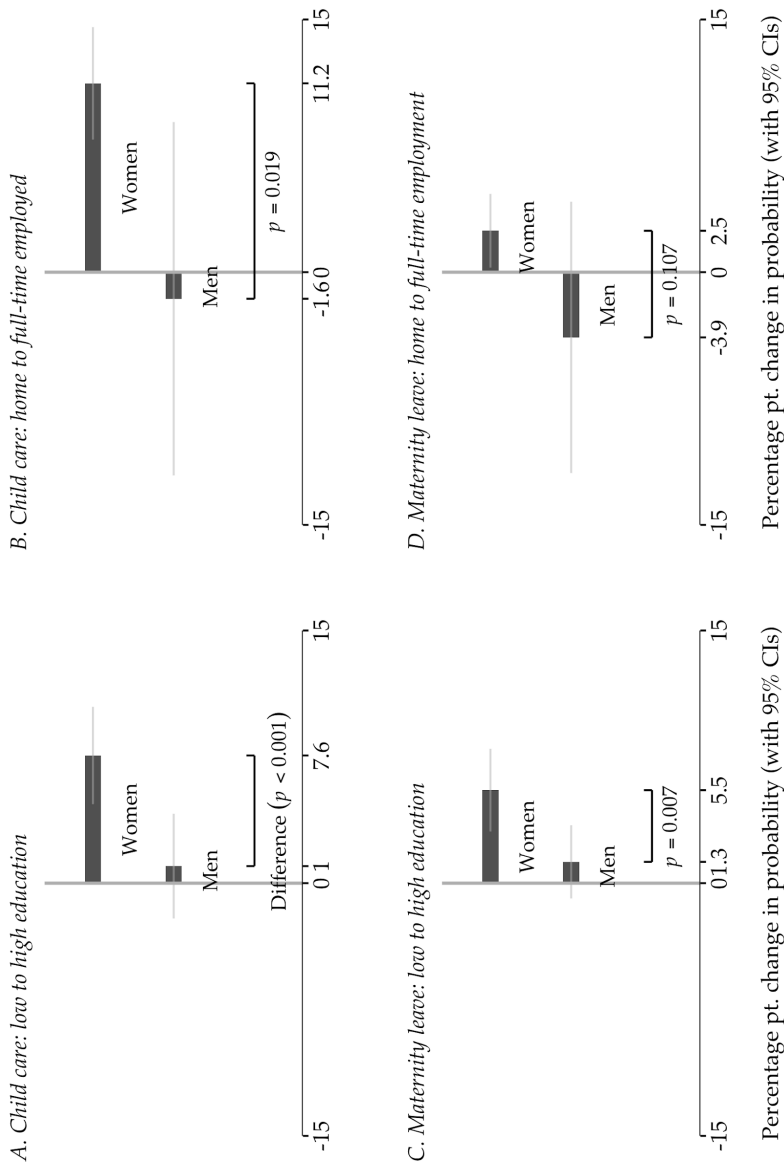
The goal in this section is to test whether there is an association between demand for WFPs and employment, education and income, respectively – in other words, to look at the *individual-level* factors (in the next section, I look closer at cross-national, institutional differences). To obtain estimates of these associations across all countries, I pool together the data for all countries and both the 1994 and 2002 waves and analyze them using a linear probability model.<sup>11</sup>

I focus on central predictions from these models, which are displayed in Figure 15.3, leaving the technicalities to the footnotes.<sup>12</sup> The figure has four panels, in which the bars show changes in how likely individuals with different gender, education and employment status are to demand day care and parental leave. The thin line segments give the uncertainty surrounding these estimates (95 percent confidence intervals). As a rule of thumb, if the intervals overlap with zero, we cannot rule out that there is no relationship between demand for WFPs and the different categories of gender, education and employment.

Panels A and B deal with the demand for *day care*. In Panel A, the upper bar shows that highly educated *women* are 7.6 percentage points more likely to agree that dual-earner families should receive day care benefits compared to low-educated women. Among *men*, on the other hand, only one percentage point separates the high- from the low-educated, and the difference is far from statistically significant. Education is thus an important predictor of WFP demand for women but not for men, which is what the household bargaining framework would predict. We can illustrate this effect with the following example. In Sweden, in 2002, 19.9 percent of women over the age of 25 had completed a university degree, whereas in Italy the number was

<sup>11</sup> First, compared to a logit or probit model, the linear probability model has the advantage that the coefficients are directly interpretable as probabilities. Moreover, since all the key variables are binary variables, predictions below the probability of 0 and above the probability of 1 are not an issue (Angrist & Pischke, 2009). All the results presented in this chapter are quantitatively and qualitatively highly similar if we instead use a logit or probit model. Second, to control for cross-national differences and for differences over time, I include a full set of country dummies and time dummies. I also include the set of control variables discussed above. The robust standard errors are clustered by country-survey year.

<sup>12</sup> The figure gives the percentage point change in the predicted probability of favouring day care and maternity leave, respectively. To compute predicted probabilities, I use the regression estimates from models 4 and 8 in Table A-2 in the Appendix. To ensure that the predicted probabilities are generalizable to the whole population of the countries and time periods I am investigating, I hold the other variables in the model at their observed values (see Hanmer & Ozan Kalkan, 2012). Moreover, to evaluate the statistical and substantive significance of an interaction (between for instance education and gender) we need to look at the second difference. The p-value for the second difference is the p-value given in each of the panels.



**Figure 15.3.** Predicted change in the probability of demanding day care benefits and paid maternity leave, by gender and employment and education status

6.4 (Barro & Lee, 2010). The results thus imply that, for 13.5 percent of the women,<sup>13</sup> their chance of supporting day care is predicted to be 7.6 percentage points higher in Sweden. Given the importance of highly educated women as an electorate for political parties, this should have clear effects on the policies pursued, and more so in Sweden than in Italy (Morgan, 2012, 2013).

In Panel B, I have predicted the difference in day care demand for stay-at-home and full-time employed among women and men, respectively. The same pattern as for education emerges here. Full-time women are 11.2 percentage points more likely to say that they favour day care benefits than stay-at-home women. For men, there is no such difference. Moreover, this comparison makes less sense, as there are strikingly few stay-at-home men in our sample (only one per cent of men, compared to 21 percent of women).

If we add the findings from panels A and B together, we can see that women who are highly educated *and* working full-time are predicted to be almost 19 percentage points more likely to demand day care than women who are low-educated *and* stay-at-home. This is a considerable difference in the demand for WFPs. What is more, in contrast to Inglehart and Norris's modernization theory (Inglehart & Norris, 2000, 2003), which would predict that the highly educated (and full-time employed) are more positive towards policies promoting gender equality, I argued that higher education should only have an effect for women because these policies strengthen only their position in the labour market and bargaining power, and not highly educated men's position. The results seem to be more in line with the argument made in this chapter than the claims made by Inglehart and Norris.

Finally, in panels C and D, I look at the demand for leave. Although the results are more attenuated here, they mirror those for day care.<sup>14</sup> Employed and highly educated women are more likely to demand paid maternity leave than both men and stay-at-home women.

We might, for instance, be concerned that these differences between, for instance, high- and low-educated women are due to the fact that low-educated women have more children. Note, however, that these differences between high- and low-educated and full-time employed and stay-at-home women and men cannot be due to differences in the number of children, religiosity, the spouse's employment status, age, cohort or household income as I hold these factors constant. Of course, we cannot guard against the worry that there might be other factors that make some women more likely to both have high education and demand WFPs. Nevertheless,

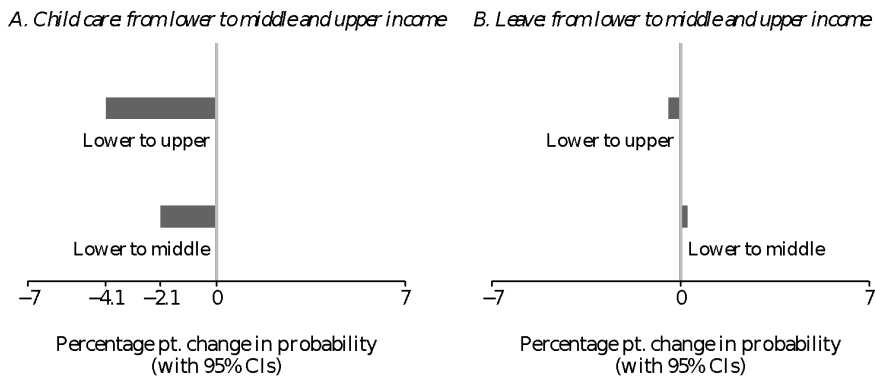
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<sup>13</sup> I.e.  $19.9 - 6.4 = 13.5$

<sup>14</sup> More than 80 per cent of the respondents either strongly agree or agree with the maternity leave survey item. When I use an ordered logit model and examine the predicted probabilities of *strongly agreeing*, the effects for maternity leave are considerably greater (results not shown).

the results indicate that there are at least clear *associations* between education and employment and demand for WFPs for women but not men.

In addition to the importance of employment and educational resources, I argued that income should decrease the demand for day care services but not paid leave as the former is redistributive, whereas the latter is not. Figure 15.4 depicts the changes in predicted probabilities of demanding day care and maternity leave between low and middle income and low and high income. When moving from low to high income – that is, from the bottom to the top third of the income distribution – the predicted probability of favouring day care benefits decreases by 4.1 percentage points. For maternity leave, on the other hand, the probabilities are close to zero and the confidence intervals overlap with zero. Thus, for maternity leave, the income effect is either absent or very weak. These results – the negative effect of income on day care and the absence of such an effect on leave schemes – provide support for the argument that there is a redistributive aspect to day care services but not to leave policies.



**Figure 15.4.** Predicted change in the probability of demanding day care benefits and paid maternity leave by income tertiles

## 15.4 Institutional Variation in Demand

### 15.4.1 Work-Family Policies, Skill Specificity and Wage Inequality

Individuals' resources are not the only source of support for WFPs. A growing body of work suggests that the structure of a country's labour market and welfare state institutions affects citizens' support for the welfare state and redistributive policies (see e.g., Cavaillé, 2014, 2015; Gingrich, 2014; Gingrich & Ansell, 2012). In this section,

I will explore several ways in which national-level social institutions may affect individuals' demand for WFPs.

First, there are reasons to believe that there is a two-way relationship between work-family policies themselves and the demand for such policies. The popular demand for social policies is typically seen as a key incentive for governments to introduce and expand welfare programmes (Brooks & Manza, 2007; Huber & Stephens, 2000; Morgan, 2012; Rehm, 2011). When these programmes are implemented they can, additionally, create (positive) feedback effects, as Pierson's work nicely illustrates (Pierson, 1996, 2000). There is a possibility that once day care services and parental leave have been introduced, and parents have started realizing their benefits, these individuals will increase their support and demand for these welfare policies as well as oppose any downsizing of the programmes. Thus, once created, these policies become 'sticky' due to popular support. The possible two-way relationship leads us to expect that support for WFPs is higher in countries with more extensive WFPs.

Second, long-existing labour market institutions may also create differences in policy support. One reason is the types of skills that firms make use of in different economies. Compared to the Anglo-Saxon and Irish liberal market economies, firms in the coordinated market economies of Germany and the Nordic countries make more use of skills learnt on the job and that are not applicable outside a particular industry or firm (Estévez-Abe, Iversen, & Soskice, 2001; Thelen, 2004). This variation in skill specificity is reinforced by trade unions and employers' associations and their collective bargaining institutions (Iversen & Rosenbluth, 2010, p. 112). Estévez-Abe (2005) and Iversen and Rosenbluth (2006, 2010) argue that women in countries that rely more heavily on industry- or firm-specific skills in production should be particularly likely to demand WFPs. The reason is that specific skills are mostly acquired through on-the-job training, where women are at a disadvantage due to family-related work absences (see also Estévez-Abe, 2006). The presence of day care services may alleviate such a disadvantage and make it easier for women to invest in (specific) labour market skills and thus increase their outside options.<sup>15</sup> Women in more skill-specific countries should thus be more likely to demand WFPs.

Third, above we saw that higher income was associated with lower demand for day care but not leave. Yet, wage inequality in the overall society – which is on the rise in many advanced industrialized democracies (Autor, 2014; Iversen & Soskice, 2015; Piketty, 2013) – might also influence the demand for WFPs. As Iversen and Rosenbluth (2010, p. 141) succinctly write about the demand for day care, 'women at the top of the income ladder have at their disposal private sector alternatives – often supplied by low-paid female workers – to tax-funded child care and other

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<sup>15</sup> Long parental leave periods may play the opposite role as they increase mothers' time away from employment (Estévez-Abe, 2006). Short leave periods, however, may make women less likely to drop out of the labour force altogether (Thevenon & Solaz, 2013).

services'. This is particularly the case in countries with high wage inequality, where child care is less expensive for top income earners compared to their counterparts in countries with low wage inequality. With smaller wage differences, child care is relatively more expensive for middle and top income earners. The implication is that as wage inequality increases and private day care options become relatively cheaper, there should be less demand for public, tax-funded day care solutions, particularly from middle and top income earners. A similar logic might be applied to paid parental leave. In high income inequality countries, high income earners are more likely to have company-paid parental leave, which reduces the need for a tax-funded public parental leave scheme. Wage inequality could, in other words, be negatively associated with demand for WFPs.

#### 15.4.2 Empirical Patterns of National Institutions and Demand for WFPs

I explore these conjectures about the effects of WFPs, skill specificity and wage inequality by examining how these factors co-vary with the country-level variation in the support for WFPs. I use the same data as in the individual-level analysis. More precisely, I calculate the percentage support for WFPs in a given country in 1994 and 2002, after controlling for the individual-level variables.<sup>16</sup> I then correlate these predicted probabilities with the institutional country-level variables.<sup>17</sup> First, however, I will describe the data and show how the institutional variables cluster across countries.

The macro-level variables are measured as follows. *Day care services* are operationalized as the public spending on day care and home-help services per child under school age (given in constant 2000 US dollars PPPs), with data on day care spending from the OECD (2012b) and data on the age at which children start school and the number of children under the relevant age from the World Bank (2012). *Parental leave generosity* is measured as the number of weeks of parental leave available multiplied by the wage replacement rate. For instance, if 20 weeks of parental leave are available with a wage replacement rate of 75 percent, then the leave generosity variable takes the value of 15 (for a similar operationalization, see Akgunduz & Plantenga, 2012). The *skill specificity* measure is a variable taking the mean of (i) the vocational training share and (ii) the median length of tenure in a country after these two variables have been standardized to have a mean of zero and a standard deviation of one (Iversen, 2005; Iversen & Rosenbluth, 2006, 2010). The data

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<sup>16</sup> I use the survey-year-by-country fixed effects included in the linear probability model, which give the predicted probabilities of favouring day care and leave (for each country-year).

<sup>17</sup> The results using a Bayesian multilevel model strategy are highly similar and lead to the same conclusions as those presented here. The multilevel results are available from the author.



are from Iversen (2005, p. 55, Table 2.6). Income inequality is measured using the Gini coefficient calculated from individuals' net income – see Solt (2009) for details on the measurement and the data.

WFP generosity, skill specificity and income inequality form part of the institutional clusters, or varieties of capitalism, found across countries (see Iversen & Rosenbluth, 2006, 2010; Iversen & Soskice, n.d.). The Nordic coordinated market economies (CMEs) typically have high investment in WFPs, high skill specificity and low income inequality. The Continental CMEs are close to the Nordic CMEs but have lower investment in WFPs and somewhat higher levels of income inequality. In the liberal market economies (LMEs) of the Anglo-Saxon and Irish world, we see the flip side of the Nordic CMEs. As expected, if we conduct a simple cluster analysis based on both the institutional variables and the support for day care services and paid leave, these clusters of countries are reflected in the data.<sup>18</sup> Since I have only continuous variables, I use Ward's linkage with the squared Euclidean distance measure to derive clusters of countries.<sup>19</sup> Figure 15.5 provides evidence that, in a two-cluster solution, which is illustrated with the dotted rectangle, the cluster analysis divides the countries neatly into LMEs and CMEs. What is more, in a three-cluster solution, which is illustrated with the grey rectangle, the cluster analysis finds that the CME group should be split into Nordic and Continental CMEs (with the exception of Austria, which is classified as a Nordic CME). We can thus think of the institutional variables as capturing different aspects of broad labour market and welfare state regimes (Esping-Andersen, 1990; Hall & Soskice, 2001).

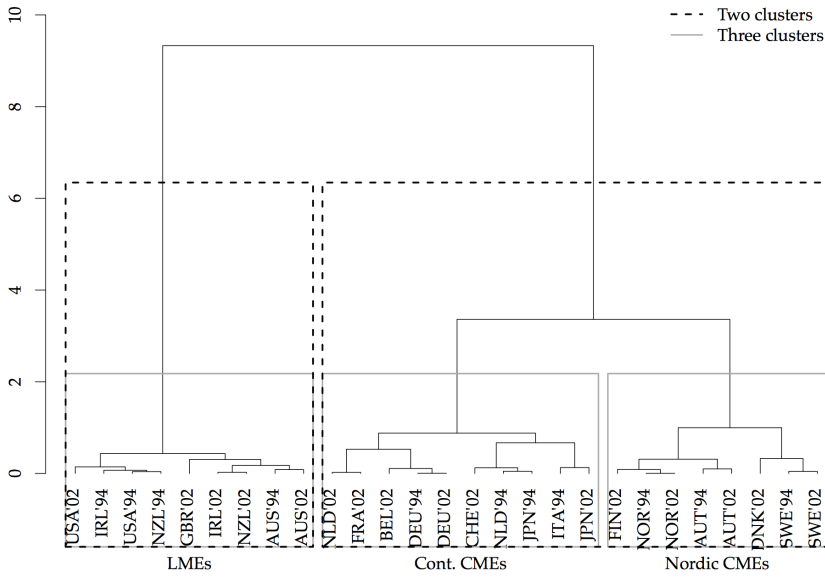
As a first cut, we can examine whether the demand for WFPs varies between the two broad LME and CME clusters. In Figure 15.6, I plot the support for WFPs for each country-year along with the cross-country mean for LMEs and CMEs, respectively. We see that the demand for both day care and leave is, on average, higher in CMEs than in LMEs, which is what the institutional hypotheses above would lead us to expect. There is, nevertheless, large variation within the clusters, and the same holds if we would make similar plots for the institutional variables.<sup>20</sup>

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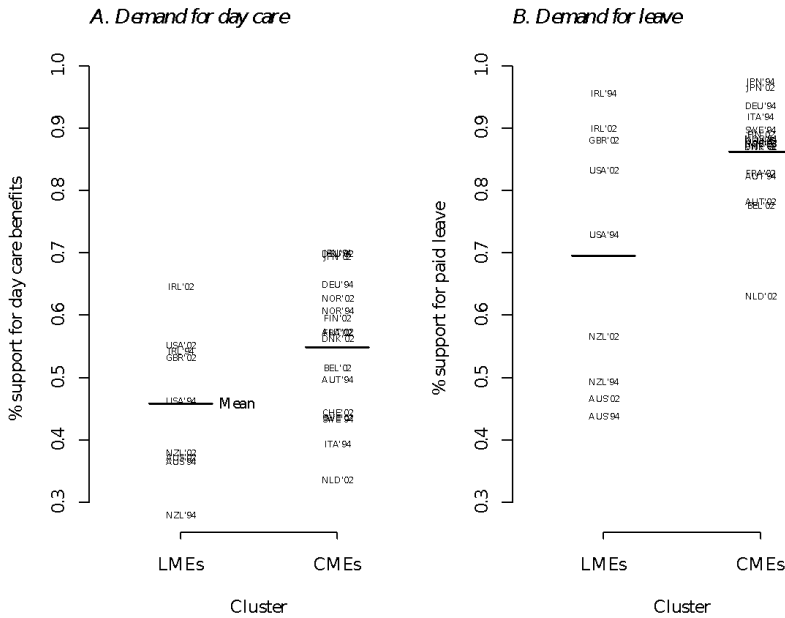
**18** Broadly speaking, cluster analysis groups observations so that it maximizes the similarities within the cluster and at the same time maximizes the dissimilarities between the clusters in terms of the variables used in the cluster analysis (for details, see, for instance, Bartholomew, Steele, Moustaki, & Galbraith, 2008).

**19** According to Bartholomew et al. (2008, p. 24), Ward's method 'in practice...often seems to yield the clearest picture of any clustering which is present'.

**20** Moreover, in my sample, the correlations between the national variables are 0.51 (between day care services and parental leave), 0.31 (day care services and skill specificity), -0.66 (day care services and income inequality), 0.56 (parental leave and skill specificity), -0.67 (parental leave and income inequality) and -0.62 (skill specificity and income inequality).



**Figure 15.5.** Clustering of countries using Ward's method with the squared Euclidean distance measure and variables standardized to vary between 0 and 1



**Figure 15.6.** The mean and distribution of country-level support for day care and paid leave across liberal market economies (LMEs) and coordinated market economies (CMEs)

We can consequently be more precise about which of the institutional features are particularly associated with higher support for WFPs at the country level and thus which of the institutional hypotheses presented in the previous section receive support. To do so, I present a series of simple bivariate plots correlating WFP generosity, skill specificity and income inequality with support for day care services and parental leave. The results are illustrated in Figure 15.7, where Panel A displays the findings for day care services and Panel B for paid leave. In each of the graphs, the *y*-axis shows the national-level independent variable, and the *x*-axis shows the predicted support for day care and leave for each country-year. For instance, in the first graph in Panel A, 'DK '02' gives the day care spending (*x*-axis) and level of day care support (*y*-axis) for Denmark in 2002. The graphs also include a grey ordinary least squares (OLS) regression line for the association between the two variables. Remember that when calculating the country-level average support for the WFPs, I have controlled for the individual-level variables analyzed in the previous section.

We can first look at the association between the *provision of day care services and parental leave*, on one hand, and the associated demand for day care and parental leave, on the other. The first graph in panels A and B depicts these associations. For day care services, the results indicate that there is no association between provision and demand. The grey regression line is flat. For parental leave, however, the findings suggest that there is a clear and statistically significant correlation between having a more generous paid parental leave scheme and the support for such a policy. For instance, going from the United States to Sweden in terms of paid parental leave in 1994 – that is from zero to 44.6 weeks of fully paid leave – is associated with having an 18 percentage points higher average support for paid maternity leave. This is a sizable effect. Of course, the results for leave schemes cannot say anything about the direction of causality or whether the relationship is spurious. These results are, nevertheless, at least in line with the arguments that social policies reflect the public demand for them and that the instigation of such policies again creates public support for WFPs.

Next, we can examine the relationship between *skill specificity* and support for day care services and maternity leave. The results are shown in the second graphs in panels A and B. For both of these WFPs, countries with higher levels of skill specificity have a higher average demand for WFPs. To illustrate the findings, we can again use the 1994 US-Sweden comparison. Going from the US to Sweden in terms of skill specificity – that is, to a higher incidence of vocational training and longer average job tenure rates – is predicted to be associated with a nine percentage points higher support for day care services and 15 percentage points higher support for paid leave. In line with Iversen and Rosenbluth (2010) there is thus some evidence that skill specificity is associated with higher demand for WFPs.<sup>21</sup>

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<sup>21</sup> In contrast to the skill-specificity thesis, however, women *and* men in skill-specific countries demand more WFPs than in general skill countries (results available upon request).

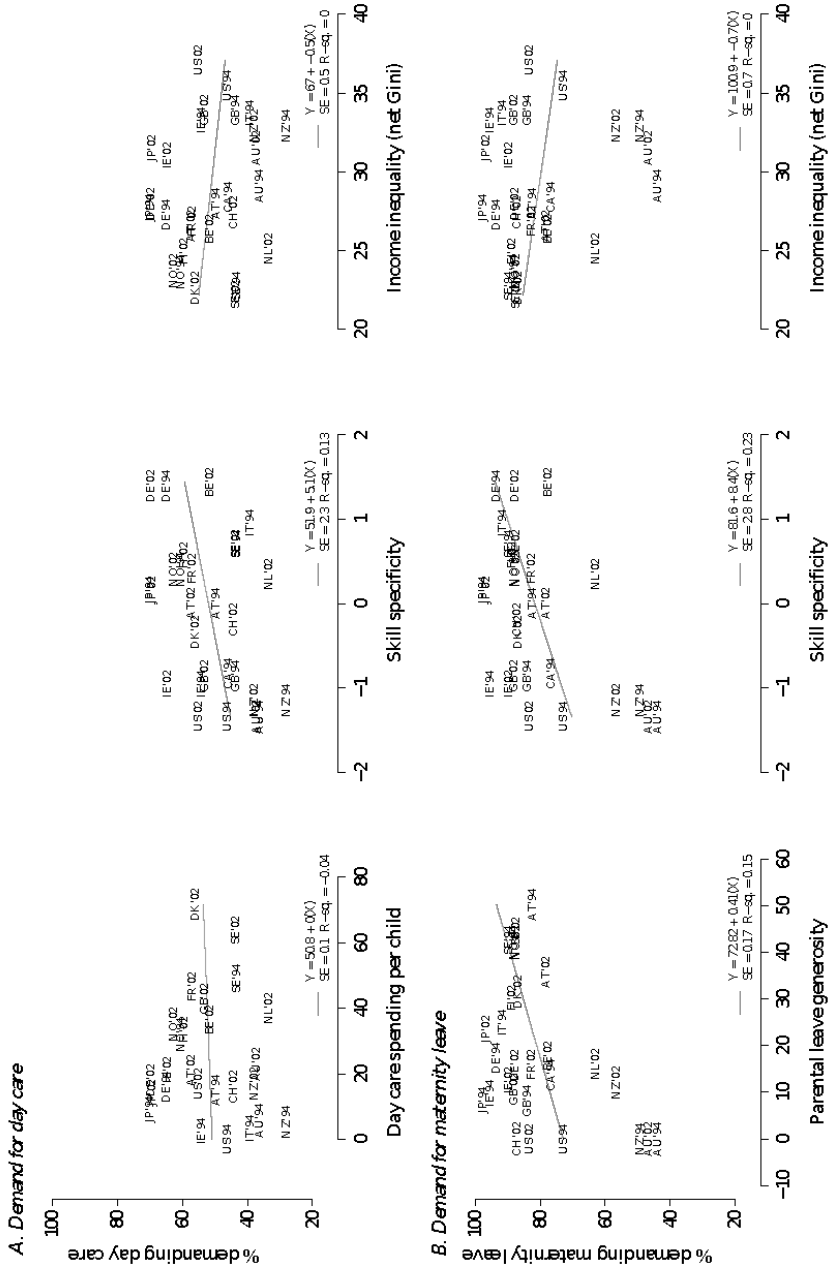
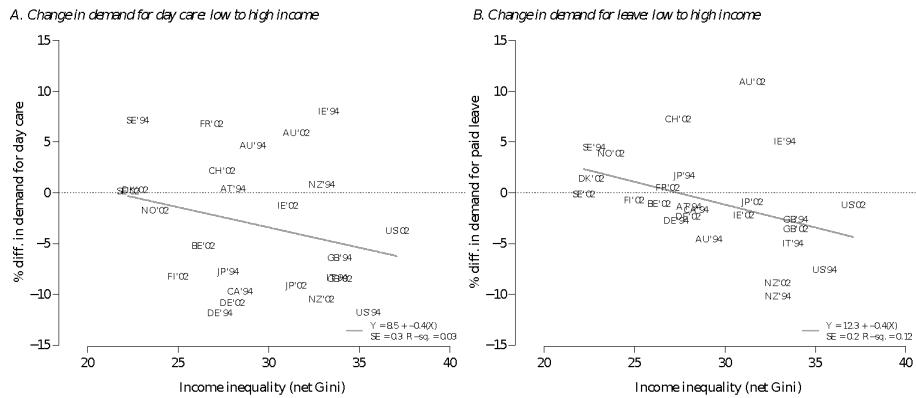


Figure 15.7. Percent of the population who demand day care and maternity leave and variation among national-level institutions

Finally, we can have a look at the *wage inequality* hypothesis. As the third graphs in panels A and B indicate, there is a slightly negative correlation between income inequality and country-level support for WFPs. This is consistent with the argument that as wage inequality rises, there is less demand from middle and upper classes for publicly funded day care services. That said, with standard errors that are of the same size as the coefficients, these results are far from statistically significant.

Yet, we can also explore the income inequality hypothesis in a more detailed fashion. If we follow the logic of the argument, then the difference between the poor and the rich in demand for WFPs should be larger in high-inequality than low-inequality countries. Figure 15.8 explores this implication empirically. In the same way as Figure 15.4 in the previous section, the *y-axis* here provides the *change* in support for WFPs when we go from low- to high-income individuals in each of the country-years. In the US in 1994, for instance, individuals in the top income group were 12 percentage point *less* likely to support day care compared to individuals in the low income group. As we can see from the graphs, both for day care services and paid leave there is a tendency for the gap in demand between low- and upper-income groups to widen with increasing income inequality. Even though these results are highly suggestive, they are at least concordant with the wage inequality hypothesis.

In sum, the empirical institutional analysis in this section provides some indicative evidence in favour of the policy feedback hypothesis, somewhat clearer support for the skill specificity argument and some evidence supporting the wage inequality prediction.



**Figure 15.8.** The change in the probability of favouring day care and paid leave when going from low to high income individuals for each country for each survey year

## 15.5 Conclusions and Political Implications

Over the last 40 years, work-family policies (WFPs) have become an increasingly important part of most advanced welfare states. Understanding the expansion of WFPs is therefore necessary to understand the changing nature of welfare states at large. Nevertheless, the existing literature on WFPs remains inconclusive concerning which groups of voters demand WFPs. The aim of this chapter has been to take the first steps towards addressing these shortcomings by undertaking an analysis of voter demand for day care services and paid parental leave policies.

To explain which voters demand WFPs, I drew on the literature on household bargaining, which takes seriously the power relations within the family institution. I argued that both employed and highly educated women demand WFPs more than other voters. *Employed women* demand WFPs because such policies will strengthen their economic independence and make it possible for them to take a more active part in the labour market, which will increase their bargaining position at home. *Highly educated women* demand WFPs even more because their absence from work due to childbirth harms their potential wages and career opportunities more than is the case for employed women doing low-skilled work. Moreover, day care services, due to being available to all with means-tested payments, are more redistributive than leave policies, which are positively related to previous earnings. This means that whereas upper-income voters would demand day care services to a lesser extent than low-income ones, this is not the case for leave policies.

In the empirical analysis, I used the ISSP 1994 and 2002 surveys to test my argument about individuals' demand for day care services and leave policies on samples of 12 and 18 advanced industrialized democracies. In a series of regression analyses, I found support for my contentions regarding the demand from both employed and highly educated women and that low-income individuals have a higher demand for day care services but that there is little effect of income for leave policies. The results confirmed the viability of using a bargaining framework to explain individuals' preferences for WFPs. In addition, I showed that, even after we account for individual-level differences in demand, national-level institutions – in particular the degree to which a country relies on specific skills, the existing level of WFPs and the level of income inequality – also correlate with the cross-national variation in demand for WFPs.

The findings may have important implications for understanding the extent to which the *need* for WFPs is met with political *supply* of such policies. Given that employment and education rates among women, as well as the number of dual-earner couples, are rising, there are reasons to believe that the need for WFPs is becoming crucial for an increasing share of the population. Still, the question remains whether political parties have incentives to listen to this demand.

The analysis in this chapter provides some evidence that the gender revolution in tertiary education is likely to turn the growing number of middle-income, highly

educated women – who favour WFPs more than both other middle-income voters and other employed women – into an increasingly important group of voters for parties to attract (Fleckenstein et al., 2011; Morgan, 2012). With increasing education rates among women, parties thus begin to face a tradeoff between favouring a (growing) constituency of highly educated women or a (declining) constituency of stay-at-home women and their spouses.

Still, due to their different redistributive implications, the political logic may differ for day care services and leave policies. Regarding day care services, left-leaning governments may be more responsive to the demand from highly educated women than right-leaning governments. This is because day care services are redistributive, which means that low-income, highly educated women have a higher demand for day care services than those with a high income. Moreover, leftist parties' ideology related to income equality, as well as to the legacy of expansion of redistributive welfare policies, means that the redistributive aspect of day care services, and the implied further expansion of the public sector, is seen as a benefit rather than a problem to them (Huber & Stephens, 2001). For right-wing parties, the logic is different. Since upper-income, highly educated women are more likely to be able to buy day care services in the market, they demand day care services less than those with a low or middle income. Right-wing parties consequently have fewer incentives to enact day care services than left-wing parties. Yet, with increases in the number of middle-income, highly educated women, they may still have to do so in order to not lose these swing voters to left-wing parties. They may, however, instigate WFPs more reluctantly than left-wing parties. Regarding leave policies, parties both to the left and right may be equally responsive to the demands from a growing number of highly educated women. This is because leave schemes preserve income differentials and because, as a transfer, they do not require an increase in the size of the public service sector. This also brings this policy more in line with the preferences of high-income voters and right-wing parties' ideologies. Taken together, there are reasons to believe that left-wing and eventually right-wing parties will turn around and become more responsive to the WFP demands from highly educated women.

Parties may, however, have fewer incentives to be responsive to the demands from low-skilled employed women, who typically are labour market outsiders.<sup>22</sup> First, outsiders, including female ones, are less likely to vote than insiders (Häusermann & Schwander, 2012; Rueda, 2007). Second, female outsiders usually find themselves at the bottom of the income scale, which means that they are foremost potential voters for leftist parties. Consequently, they are, in contrast to highly skilled women, not only less likely to vote but also not to be swing voters whom both left-wing and

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<sup>22</sup> The term 'outsiders' refers to individuals who are unemployed or in precarious employment, such as involuntary fixed-term and part-time work with low employment protection. 'Insiders' refers to individuals in standard secure employment.

right-wing parties compete with each other to attract. Parties may therefore be less responsive to their demands, which is concerning from a democratic point of view. Indeed, it might be that it is only when female outsiders' demand for WFPs coincides with that from highly educated women that the former will get the policies they want and need. But the reason for WFP expansion then stems from the demand from highly skilled women and not from female outsiders. If this logic is correct, then it draws up a disturbing picture: in countries that are witnessing rising female labour force participation rates but where most of these women are low-skilled, such as in Italy and Spain, women's struggle to balance their paid work, child care responsibilities and household work may not be adequately addressed by political parties. Although WFPs can address gender inequities in the labour market, they are thus likely to be lacking where they are needed the most.

To wrap up, this paper has aimed to make two contributions to the scholarly literature. First, to my knowledge, all studies of welfare policies that have sought to include demand from employed women as an independent variable have used female labour force participation as a proxy for demand. None of these studies has discussed the demand from highly educated women or tested for it in their empirical models. Yet, the results suggest that the demand by highly educated women might be an important driver of the increases in WFP generosity. Future investigations of WFPs and other welfare policies with gendered implications should thus include the demand by women with higher education in their analyses. Second, with WFPs becoming more prominent in countries' provision of social policies, my findings contribute towards our understanding of the changing nature of the welfare state. I showed how theorizing and investigating the demand for WFPs may provide a viable starting point for grasping the ongoing transformation of welfare states and public policies.

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## Appendix

**Table A-1.** Summary statistics for the independent variables

	1994 survey					2002 survey				
	Mean	SD	Min	Max	Obs.	Mean	SD	Min	Max	Obs.
Female	0.53	0.50	0	1	22121	0.53	0.50	0	1	25616
Higher education	0.12	0.32	0	1	19509	0.16	0.37	0	1	25652
<b>Employment status</b>										
Stay-at-home	0.14	0.34	0	1	21883	0.10	0.31	0	1	25228
Full-time employment	0.47	0.50	0	1	21883	0.46	0.50	0	1	25228
Part-time employment	0.07	0.26	0	1	21883	0.10	0.30	0	1	25228
Unemployed	0.05	0.22	0	1	21883	0.04	0.19	0	1	25228
Student/apprentice	0.07	0.25	0	1	21883	0.06	0.23	0	1	25228
Retired	0.15	0.36	0	1	21883	0.19	0.39	0	1	25228
Other	0.05	0.21	0	1	21883	0.04	0.21	0	1	25228
<b>Spouse's empl. status</b>										
Stay-at-home	0.07	0.26	0	1	21373	0.07	0.26	0	1	24978
Full-time employment	0.04	0.20	0	1	21373	0.06	0.24	0	1	24978
Part-time employment	0.29	0.45	0	1	21373	0.34	0.47	0	1	24978
Unemployed	0.02	0.13	0	1	21373	0.01	0.12	0	1	24978
Student/apprentice	0.01	0.08	0	1	21373	0.01	0.10	0	1	24978
Retired	0.08	0.27	0	1	21373	0.12	0.32	0	1	24978
Other	0.02	0.15	0	1	21373	0.02	0.15	0	1	24978
Do not have a spouse	0.47	0.50	0	1	21373	0.36	0.48	0	1	24978
<b>Income tertile</b>										
Lower	0.35	0.48	0	1	15399	0.35	0.48	0	1	20202
Middle income	0.33	0.47	0	1	15399	0.34	0.47	0	1	20202
Upper	0.32	0.47	0	1	15399	0.32	0.46	0	1	20202
Cohort	1949.35	16.93	1896	1979	21993	1955.67	17.22	1906	1987	25551
Dependents	1.35	1.36	0	5	17341	1.00	1.22	0	5	25137
Church attendance	1.53	1.79	0	5	21731	1.64	1.72	0	5	25005

**Table A-2.** OLS regression results from a set of linear probability models

	Day care				Paid leave			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Female	0.04*** (0.01)	0.09* (0.05)	-0.07** (0.03)	-0.02 (0.08)	0.04*** (0.01)	0.03 (0.04)	-0.02 (0.03)	-0.03 (0.06)
University	0.04*** (0.01)	0.04*** (0.01)	0.01 (0.01)	0.01 (0.02)	0.04*** (0.01)	0.04*** (0.01)	0.02* (0.01)	0.01 (0.01)
Female x university			0.07*** (0.01)	0.07*** (0.02)			0.05*** (0.02)	0.05*** (0.02)
<b>Employment (ref.: stay-at-home)</b>								
Full-time	0.10*** (0.01)	0.09*** (0.02)	-0.01 (0.04)	-0.01 (0.05)	0.03*** (0.01)	0.01 (0.01)	-0.02 (0.03)	-0.04 (0.04)
Part-time	0.08*** (0.02)	0.06*** (0.02)	-0.04 (0.04)	0.00 (0.06)	0.04*** (0.01)	0.03** (0.01)	-0.02 (0.03)	-0.01 (0.04)
Unemployed	0.11*** (0.02)	0.09*** (0.02)	0.00 (0.04)	-0.00 (0.06)	0.06*** (0.01)	0.05*** (0.02)	-0.00 (0.03)	-0.01 (0.05)
Student/apprentice	0.10*** (0.02)	0.05** (0.02)	-0.02 (0.04)	-0.04 (0.06)	0.05*** (0.01)	0.02 (0.02)	-0.02 (0.04)	-0.03 (0.05)
Retired	-0.04** (0.02)	0.08*** (0.02)	-0.12*** (0.04)	0.01 (0.05)	-0.04*** (0.01)	0.04** (0.02)	-0.07* (0.04)	0.00 (0.04)
Other	0.05** (0.02)	0.08*** (0.02)	-0.01 (0.05)	0.02 (0.07)	-0.00 (0.01)	0.01 (0.01)	-0.04 (0.04)	-0.03 (0.05)
Female x								
Full-time			0.13*** (0.04)	0.13** (0.05)			0.06* (0.03)	0.07 (0.04)
Part-time			0.13*** (0.04)	0.06 (0.06)			0.07** (0.03)	0.05 (0.03)
Unemployed			0.12*** (0.04)	0.09 (0.06)			0.07 (0.04)	0.06 (0.05)
Student/apprentice			0.13*** (0.05)	0.10 (0.07)			0.09** (0.04)	0.07 (0.05)
Retired			0.07 (0.04)	0.05 (0.05)			-0.00 (0.04)	0.02 (0.05)
Other			0.05 (0.05)	0.05 (0.06)			0.04 (0.04)	0.04 (0.05)
<b>Income (ref.: lower tertile)</b>								
Medium		-0.02*** (0.01)		-0.02*** (0.01)		0.00 (0.01)		0.00 (0.01)
Upper		-0.04*** (0.01)		-0.04*** (0.01)		-0.00 (0.01)		-0.00 (0.01)
Country fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Covariates		Yes		Yes		Yes		Yes
N	44,468	33,111	44,468	33,111	44,468	33,111	44,468	33,111

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . OLS coefficients with robust clustered standard errors in parentheses. Results are estimated with survey weights. All models include survey and country fixed effects. The covariates are a set of dummies for low, middle and high household income; church attendance; a set of cohort dummies; a set of dummies for number of dependents; and a set of dummies for spouse's employment status (full-time, part-time, unemployed, student/apprentice, retired, other) as well as their interaction with gender. \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

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## **16 Business Elite Confidence in Political Institutions: The Case of Norway**

Parliament is the central institution in democracy, the fundamental linkage between citizens and the effectuation of representative government through the cabinet and the civil service. The smooth functioning of the parliament, cabinet and civil service is, however, dependent upon support and trust from citizens as well as elites. Citizen and elite trust in the political institutions can then be seen as a significant indicator of the citizens' satisfaction with democracy.

The other main centre of power in society is private business. Traditionally private business leaders have been opposed to state intervention in the economy, reluctant to accept a large welfare state and cautious against income redistribution through taxes (Gulbrandsen, 2005). At the same time private business is highly dependent upon the state for delivering various services and outcomes, such as a stable macroeconomic environment, effective infrastructure, a well-functioning educational and legal system and necessary market regulations. The political system is, for its part, dependent upon private business to generate national income and offer jobs to the population.

In Norway, in spite of ideological differences, there has been a widespread recognition of these institutional interdependencies. In the history of Norwegian capitalism, until recently the state was an active and beneficial senior partner to private business (Sejersted, 1993). Moreover, after World War II a corporatist system of political decision-making emerged in which representatives of business were included as members of a large number of public committees, boards and councils. These bodies have been responsible for preparing and implementing public policy. In parallel with this administrative model an extensive collaboration between the social partners developed. This cooperation has been institutionalized through a comprehensive system of agreements between the national employer and employee confederations.

Several scholars have maintained that such corporatist arrangements may contribute to a national consensus between groups with opposing interests (Siaroff, 1999; Öberg, 2002). Some have even described this type of corporatism as a strategy for consensus-building (Woldendorp, 1995). These viewpoints imply that participation in the various channels and networks in a corporatist system may influence participants to moderate their ideological attitudes. Participation has a 'civilising' effect. It has been suggested that participation in a corporatist political system also stimulates top leaders in business to have confidence in the political institutions. To what extent is this true? To what extent do members of the private business elite have trust in the political institutions?

There is a large number of studies of citizens' trust in political institutions. In contrast, few scholars have investigated elite trust in these institutions (Steen, 1996;

Gulbrandsen, 2007; Kotzé, 2011). Still fewer have focused upon the institutional trust of the business elite. Admittedly, there is an extensive body of literature, particularly in the US, about the relationship between the business elite and the state (Minz, 2002). This literature indicates that an anti-governmental orientation has been and is widespread among American businessmen. Anti-statist opinion seems, however, to have varied over time and with various segments of the business elite (Mizruchi, 2013). Recently Page et al. (2013) examined the political preferences of wealthy Americans, a significant part of the business elite. They documented that wealthy Americans have a characteristic antipathy to government regulation of the economy. Moreover, they are more conservative than the general public with respect to taxation and especially social welfare programmes. Neither Page et al. (2013) nor previous scholars have, however, specifically discussed the trust of the business elite or wealthy persons in political institutions.

This chapter reports from studies of the confidence of Norwegian business leaders in parliament, the cabinet and civil service based upon data from two national surveys of the elites conducted in 2000 and 2015. These data are used to investigate the level of political trust on the part of the business elite compared with other elite groups in Norwegian society. Moreover, the surveys give a unique opportunity to study whether the business leaders' confidence was affected by the significant international and national developments which took place before 2000 and in the period between 2000 and 2015.

At the beginning of the 1990s Norway experienced the strongest recession since World War II, mainly the result of circumstances specific to Norway. A loans boom in the preceding years was succeeded by large losses and a bank crisis. In the subsequent years the economy recovered, and Norway enjoyed an upturn lasting throughout the 1990s. In 1992 a public committee launched an incomes policy model called the 'Solidarity Alternative' (NOU 1992:26). The committee recommended a renewal of coordinated wage bargaining involving both the main parties in the labour market and the state. The recommendations led to a moderate growth of costs and prices, which continued into the new millennium. In 2000 the Norwegian economy had returned to a stable situation after considerable turbulence only a decade earlier. This situation demonstrated the ability of the Norwegian political system to ward off significant challenges to the economy.

During the first years of the new millennium it seemed as if neoliberalist ideas had made business leaders more reluctant to endorse a large public sector. Liberalist ideas had also permeated parts of the public sector. This development may have fostered a decline in political trust. The financial crisis which emerged in 2008 and developed into an economic crisis within the EU may, however, have turned the tables. The current international financial and economic crises appear to have strengthened interest in the solutions provided by the Nordic model, with coordinated bargaining and generous welfare states. The question is whether these developments have also confirmed among Norwegian business leaders support for and trust in the democratic institutions.

## 16.1 Trust and Institutional Trust

In an early analysis Deutsch (1962) defined trust as actions that increase a person's vulnerability to another person, while the first person is unable to control the actions of the other. According to Baier (1986), there is trust when a person agrees to be vulnerable to another's potential but not expected lack of good will. Offe (1999) argues that we have confidence when we believe that another person will improve our welfare or refrain from harming us.

Trust is a phenomenon that is most associated with close interpersonal relationships. Does it make sense to speak of trust in institutions? Some researchers are cautious of using the term trust to describe the attitudes of individuals towards particular institutions and social systems (Offe, 1999; Luhmann, 1988). Claus Offe (1999) argues for example that trust in institutions is only possible when a person is confident that the representatives of these institutions follow the rules and norms of the institutions. The person must also have confidence in those individuals who monitor and ensure that institutional rules are followed. According to Offe trust in institutions is thus actually confidence in individuals. Norris (1999a), on her part, argues that in practice the dividing line between the office and the incumbents is often fuzzy.

In the following it is assumed that it is theoretically reasonable to designate certain attitudes as institutional or system trust. In many situations, individuals have perceptions about particular institutions or organizations that they describe as confidence. This confidence can certainly, in line with Offe (1999), be derived from people's trust in specific persons belonging to or representing the relevant institutions. Often, however, this is not the case. In fact, they may neither have met nor have knowledge of these representatives. Their trust is primarily a trust in the organization and its resources, management philosophy, systems of quality control, staff qualifications etc.

Pippa Norris (1999a) has argued that political support, including trust, must be understood as a multi-dimensional phenomenon. In her view it is necessary to distinguish between the different levels or objects of political support. She mentions that in practice citizens seem to distinguish between different levels of a regime, often believing strongly in democratic values, for example, while proving critical of the way that democratic governments work in practice. People also seem to make clear judgments concerning different institutions within the regime. Norris suggests a fivefold framework distinguishing between political support for the community, regime principles, regime performance, regime institutions and political actors. She points out that these levels can be seen as ranging in a continuum from the most diffuse support for the nation-state down through successive levels to the most concrete support for particular politicians. The focus in this chapter is upon confidence in what Norris describes as regime institutions – parliament, cabinet and civil service.



Norris (1999a) also recommends that scholars be cautious as to how they interpret changes in the level of trust. Such changes may be period-specific shifts, may be the result of cyclical waves of ebb and flow in support for political institutions or can be understood as trendless fluctuations.

Whether trust in institutional representatives is a proxy for trust in the institutions themselves may, however, vary between different political institutions, such as those which are focused upon in this chapter. It is for instance reasonable to expect that confidence in the cabinet rests on the top leaders' knowledge about and evaluation of the individual members of the cabinet. In contrast, trust in public administration in Norway is probably more about a belief in the legality, consistency and fairness of decisions taken in the administration. In the case of the parliament, knowledge about the members of parliament may again be vital for the top leaders' assessment of the trustworthiness of the institution. But trust in parliament may also rely on an understanding of the democratic representativeness and function of the parliament.

## **16.2 The Significance of Participation in the Corporatist System for Business Leaders' Institutional Trust**

If it is true that the nature of the Norwegian corporatist system of decision-making lays the foundation for political trust among business leaders, we should find traces of this effect on the level of individual business leaders. Theoretically, participation in the corporatist system of decision-making may foster trust among business leaders in at least three different ways, via contact, knowledge and experience.

### **16.2.1 The Importance of Contact**

In the general theory of trust (Blau, 1964; Coleman, 1990), it has been pointed out that trust develops the more frequent two individuals meet and the longer their relationship lasts. In such relationships the individuals have repeated opportunities to assess each other's reliability. This means that social systems that bring individuals in regular contact with each other can help to promote mutual trust. Accordingly, contacts created through corporatist arrangements in the public sector and in the labour market should be expected to stimulate business leaders' confidence in the politicians and officials they encounter. A question is whether such mutual trust between top leaders in business and in the political system also promotes confidence in political institutions. There are theoretical reasons to believe that there is such an effect. To the degree that individuals experience social institutions through the people who lead and represent them, these representatives are testimony to what individuals can expect in the future if they relate to the relevant institutions (Offe, 1999). This 'personalization' of trust will particularly occur where the potential trustor

is in contact with the top leaders who are responsible for the institutions and have the power to shoulder the responsibility. Against this background, it is expected that trust in political institutions is higher among business leaders who have frequent contact with politicians and officials in the public administration than among business managers with less contact.

### 16.2.2 The Importance of Knowledge

In modern society, knowledge is an important basis for trust (Sztompka, 1999). This is especially true for individuals who have to deal with people they do not know in advance. The individual will then have to obtain information about the stranger to assess whether the person is trustworthy. It is also likely that confidence in political institutions is affected by how much the individual knows about the given institutions.

Above it was pointed out that many top leaders in the private sector have experience as representatives in government committees, councils and boards. Regardless of the personal connections they have made through these offices, this experience will give them considerable knowledge of how the political system works. It can be assumed that this insight gives them a better basis for assessing whether or not the political institutions are trustworthy. As Vogel (1978, p. 73) stated, '...It is service in critical policy-making positions in government that gives businessmen a more informed sense of the realities of American political life and understanding of the political and social environment of the business system'.

In line with this, I expect to find that business leaders who have served on government committees and commissions have greater confidence in the parliament, the cabinet and the public administration than managers without such experience.

### 16.2.3 The Importance of Occupational Experience

Having worked in the public sector is a particularly relevant source of knowledge for evaluating the trustworthiness of political institutions. Several top executives in the business community have previously worked in the public sector. The effects of work experience can, however, go both ways. On one hand, negative experiences from an earlier position may influence the leader to develop distrust of that workplace. The negative experience can itself be the reason that the leader ended his employment contract with that organization. On the other hand, having worked in a particular institution typically involves socialization to the values that predominate in the institution (Putnam, 1976). One can expect that such socialization helps to create confidence in the institution. It is assumed that the longer a top executive has previously worked in the public sector, the greater his or her trust is in these institutions.

### 16.3 Winners and Losers

The preceding hypotheses are based upon a theoretical idea that the institutional context – that is, the corporatist system of decision-making – provides business leaders experiences which foster trust. In contrast, Norris (1999b) suggests that citizens' trust in the political system is influenced by the patterns of 'winners' and 'losers' as structured by the constitutional arrangements. Some parties are mobilized into power, and some are mobilized out. She argues that over a long period of time this accumulated experience can be expected to shape citizens' general orientations to the political regime. As she says: 'At the simplest level, if we feel that the rules of the game allow the party we endorse to be elected to power, we are more likely to feel that representative institutions are responsive to our needs so that we can trust the political system' (Norris, 1999b, p. 219).

This idea is followed up by examining the extent to which business leaders' votes in the 2013 parliamentary election are related to their institutional trust (in 2015). Since the election was won by the Conservative and the Progress parties, I expect that business leaders who voted for these two parties exhibit higher trust in parliament and the cabinet than business leaders who voted for other parties. In other words, it is expected that the business leaders' confidence in the two political parties and their leaders is transformed into trust in the political institutions themselves. Because the composition of the civil service is independent of the results of elections, trust in this institution is probably not affected by the business elite's vote.

### 16.4 Elitist Attitudes

Some decades ago Vogel (1978) claimed that American business leaders have always been afraid that groups with little understanding of private business can occupy the state through democracy. They have been sceptical of the democratic system and feared that federal politics is influenced too much by 'populism'. I follow up Vogel's ideas and examine whether two types of elitist attitudes are prevalent among Norwegian leaders and whether such opinions are related to their trust beliefs.

A concern with 'populism' in the political system may imply a fear that politicians give in too easily to popular claims and opinions in order to win popularity and votes. This concern involves a belief that politicians are weathercocks who opportunistically profess political ideas and forward political proposals which they believe will win popular support. In line with Vogel's (1978) views, it is expected that trust is lowest among business leaders who most strongly hold that politicians exercise this type of populism.

Any scepticism against democracy on the part of business leaders may also be related to doubts about the quality of those persons who through the democratic processes are elected to govern the nation. Such doubts are the basis of an elitist philosophy which emphasizes that political leadership should be in the hands of

persons outside the political system, for instance the most able and talented persons. It is expected that business leaders who hold these kinds of elitist views on democracy have less trust in political institutions.

## 16.5 Data and Method

The present examination of business elite trust in political institutions is based upon data from two internationally unique survey studies of top leaders in Norway. The first – the Leadership Study 2000 – was carried out in 2000–2001 as an important part of the Power and Democracy Study commissioned by parliament (Gulbrandsen et al., 2002). In the Leadership Study 2000 personal interviews were held with 1710 top leaders in ten different sectors, a response rate of 87.3 percent. A total of 297 of the leaders were CEOs, presidents, vice-presidents or chairmen of the boards of the largest private enterprises in Norway. The response rate among the private business leaders was 74.8 percent.

In 2015 a follow up national elite study was conducted – the Leadership Study 2015. The net sample of leaders in this study covered 1352 people, a response rate of 72 per cent. This time interviews were carried out both by telephone and face-to-face interviews. Among the top leaders interviewed in 2015, 242 were CEOs or presidents, vice presidents or chairmen of the boards of the largest companies in Norway. In 2015 business leaders were selected from public registers administered by Statistics Norway and from a list of the largest companies which is constructed by the Norwegian business magazine *Kapital*. The response rate among the business leaders in 2015 was 51 per cent, clearly lower than in 2000.

In both Leadership Studies institutional trust was enquired into in the following manner: ‘How much trust do you have in the institutions listed on this card? Please rank the institutions on a scale from 0 to 10, where 0 is no trust at all, and 10 is very high trust’. In this chapter the focus is on business elites’ confidence in (1) the parliament, (2) the cabinet and (3) the public administration.

Information about citizens’ institutional confidence is drawn from the Citizen Survey (‘Medborgerundersøkelsen’) (Strømsnes, 2003) and from the Norwegian National Election Study 2013 (Aardal & Bergh, 2015).

To test the hypotheses about the individual business leaders’ trust levels, different statistical analyses have been carried out relating trust to various characteristics of the leaders. These analyses were based upon the data from the 2015 study. Similar analyses based upon the data from the 2000 study, but with fewer independent variables, are already presented in a separate article (Gulbrandsen, 2012).

In the statistical analyses presented in this chapter, the business leaders’ contacts with representatives of the political system were charted by enquiring how frequently during the previous year they had been in contact with: (1) members of parliament, (2) members of the cabinet and (3) top administrative leaders of ministries, public

agencies and regulators in 2015.<sup>1</sup> Twenty-one percent of the business leaders reported that the preceding year they had had monthly or more frequent contact with members of parliament, 13 percent had been in equally frequent contact with members of the cabinet and 28 percent had monthly or more frequent contact with leaders of ministries, directorates or other public agencies.

In the 2015 Leadership Study, the top leaders were asked whether at the time of the interview or during the previous five years they had been a member of a state commission, committee or board. Fifteen percent reported that they had held such positions. Holding such posts serves as a measure of knowledge of the political system. Seventeen percent of the respondents had previously worked one year or more in the public administration. The number of years in public administration is treated as a separate continuous variable in the analyses.<sup>2</sup>

Three dummies represent the parties for which the business leaders voted: (i) parties on the left – Arbeiderpartiet (the Labour Party) and Sosialistisk Venstreparti (the Socialist Left Party), (ii) parties in the political centre – Venstre (the Liberal Party), Kristelig Folkeparti (the Christian Democratic Party) and Senterpartiet (the Centre Party) and (iii) parties on the right – Høyre (the Conservative Party) and Fremskrittspartiet (the Progress Party). In 2013 the three groups of parties received 22, 7 and 61 per cent, respectively, of the votes of the members of the business elite.

In the Leadership Study 2015 the leaders were asked to consider the following statement: 'Politicians are too occupied with following waves of sentiments within the population'. In total, 84 per cent of the business leaders agreed with this statement. In the statistical analyses I have used the replies to this question as a measure of the top leaders' perception of the degree of populism in the political system.

To examine whether members of the national elite hold elitist attitudes towards politicians the respondents in the 2015 Leadership Study were asked about their opinions on the following two statements: (1) 'The country would be governed better if significant decisions were left to successful business leaders' and (2) 'The country would be governed better if significant decisions were left to non-elected professional experts'. These two questions/statements are taken from a large survey by Akkerman et al. (2014) of citizens' populist opinions. In the analyses these two questions tended to constitute a separate factor, which the researchers described as 'elitism'. Only minorities among the business leaders supported the two statements, 10 and 19 per cent, respectively. In total, 22 percent of the business leaders agreed with at least one of the two statements. On the basis of the responses to these two questions an index

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<sup>1</sup> The question has four values: (4) 'Weekly or more often', (3) 'monthly', (2) 'more rare' and (1) 'never'. In the statistical analyses the contact variables are used as continuous variables.

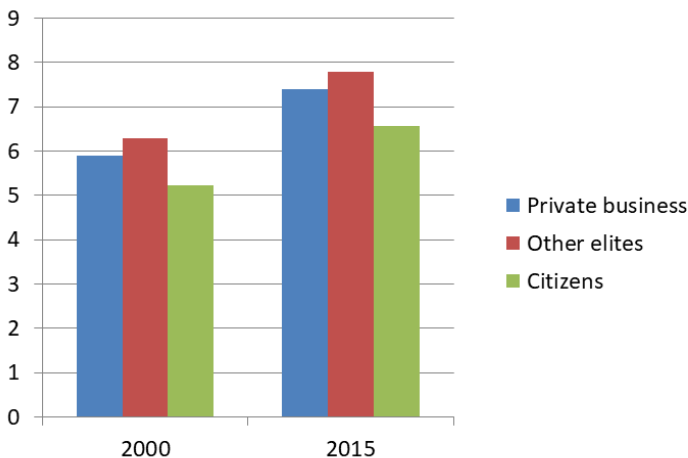
<sup>2</sup> Only 3 percent of the business leaders had worked at least one year in politics. This skewed distribution of the responses makes it difficult to construct a reliable variable. I have therefore omitted occupational experience from politics as a variable in the analyses.

measuring the extent of business leaders' elitist attitudes is constructed. Cronbach's alpha for the index is 0.73.

In the statistical models presented below the independent variables are entered together with the following control variables: (1) industry of the companies;<sup>3</sup> (2) the class status of their fathers;<sup>4</sup> and the leaders' own (3) education,<sup>5</sup> (4) gender and (5) age.<sup>6</sup>

## 16.6 Results

Figure 16.1 gives information about business leaders' average confidence in parliament in 2000 and 2015 compared to the trust of other elites and citizens in the same institution. The chart shows that the business leaders in 2000 had a moderate to fairly high level of trust in parliament, with an average score of 5.9, slightly lower than the other elites (6.3) but somewhat higher than the average for the citizens (5.2). In 2015 the trust of the business elite had increased considerably to a score of 7.4. Figure 16.1 shows that the confidence of other elites and citizens in general also rose from 2000 to 2015 – to 7.8 and 6.6, respectively.



**Figure 16.1.** Elites' and citizens' trust in parliament

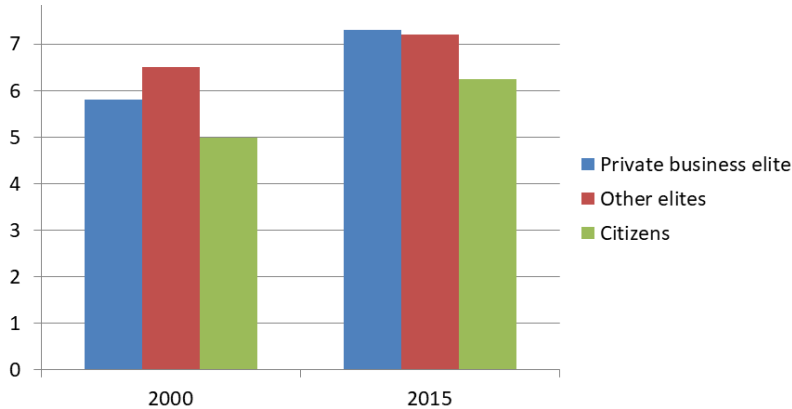
**3** Industry affiliation is measured by seven dummy variables: (1) manufacturing and construction (24 per cent), (2) oil and energy extraction (10 per cent), (3) trade and hotel and restaurant (20 per cent), (4) transportation (11 per cent), (5) publishing and mass media (6 per cent), (6) banking and finance (12 per cent) and (7) services (16 per cent).

**4** Class background has four values (upper class, upper middle class, lower middle class and labour class) and is used as a continuous variable.

**5** Education is a variable that has eight values according to the level of education of the leaders.

**6** Age is treated as a continuous variable.

Figure 16.2 exhibits the level and development of trust in the cabinet. In 2000 the business leaders' confidence in the cabinet (5.8) was on par with their trust in parliament. In 2015 their confidence had risen markedly to a level (7.3) similar to that of other elites (7.2). Citizens' trust in the cabinet had gone up as well from 2000 to 2015, from a score of 5.0 to a score of 6.2. In both years they expressed somewhat less trust in the cabinet than the two other groups, but not much.



**Figure 16.2.** Elites' and citizens' trust in the cabinet

Figure 16.3 presents the business leaders' and other elite groups' trust in public administration. In this case as well there was a noticeable increase in the level of trust. In both years the business elite were a bit more sceptical of the public administration than the other two institutions. The difference was, however, moderate. (There is no information about citizens' confidence in the civil service in 2015.)



**Figure 16.3.** Elites' trust in the public administration

Even if members of the business elite tend to favour the right side of the ideological landscape (see below), figures 16.1–3 demonstrate that in spite of their ideological scepticism in regard to an active state, in both 2000 and 2015 they were positive in their views about the trustworthiness of the political institutions. Moreover their political trust rose remarkably during these first years of the new millennium.

Behind the aggregate patterns presented in the three figures there is variation between the individual business leaders as to how much political trust they report. The statistical analyses of the individual business leaders' trust in 2015, which will be reported below, give an opportunity to go more in depth into the reasons behind their confidence in the political institutions. These analyses may also elucidate some of the factors behind the increase in trust which took place between 2000 and 2015.

## 16.7 Individual Business Leaders' Trust – Empirical Findings

Above it was suggested that participation in the corporatist system of decision-making may foster more positive trust attitudes among Norwegian business leaders. Column 1 in Table 16.1 assesses the validity of this idea. The effects of the control variables are not presented in the table.

**Table 16.1.** Business leaders' trust in the political institutions; OLS analyses; standard deviation in parentheses; non-standardized estimates

	Trust in parliament	Trust in the cabinet	Trust in the public administration
Intercept	<b>8.688***</b> (1.206)	<b>6.885***</b> (1.255)	<b>5.574***</b> (1.352)
Contact with leaders in the respective political institutions	<b>0.459**</b> (0.157)	<b>0.668***</b> (0.182)	0.097 (0.168)
Member of public boards or committees	- 0.520 (0.317)	<b>- 0.759**</b> (0.325)	-0.083 (0.347)
Work experience in public administration	0,031 (0.022)	-0.016 (0.023)	<b>0,041*</b> (0.023)
Vote in the 2013 election (comp. w. socialist parties)	0.072 (0.542)	0.644 (0.473)	
Centre parties	-0.343 (0.239)	<b>0.494*</b> (0.251)	-0.484 (0.501)
Right-wing parties			-0.205 (0.266)
Politicians are too populist	0.063 (0.117)	0.088 (0.122)	0.010 (0.129)
Elitist attitudes	<b>-0.314</b> *** (0.112)	<b>-0.289**</b> (0.117)	<b>-0.384***</b> (0.124)
Controlled for industry of the business leaders companies, their class background, age, gender and educational level			
R2	0.07	0.11	0.12
N	215	215	215

\*\*\*significant at the 1% level    \*\* significant at the 5% level    \*significant at the 10% level



In line with the hypothesis stated earlier, the more frequent contact business leaders have with members of parliament, the more trust they have in parliament as an institution. The same finding appeared in the analysis of the data on trust in the 2000 study (Gulbrandsen, 2012). Contrary to expectations, having served on government committees and boards is not significantly related to one's degree of confidence in parliament. Occupational experience in public administration is not significantly associated with confidence, nor with business leaders' vote in 2013. On the other hand, Table 16.1, column 1 shows, as expected, that leaders who hold elitist opinions demonstrate less trust in parliament.

Column 2 in Table 16.1 shows which factors are related to the business leaders' trust in the cabinet. Again, the extent of contact, in this case with members of the cabinet, seems to affect their confidence, as was also the case in the analysis of the 2000 data (Gulbrandsen, 2012). The more frequent contact with ministers, the more trust in the cabinet. On the other hand, having had posts in public committees is negatively related to trust in the cabinet.

In contrast to the model in column 1, Table 16.1, business leaders' political preferences, as measured by their vote in 2013, correlate with their trust in the cabinet. Top leaders who voted for right-wing parties report somewhat more trust in the cabinet than leaders who voted for other parties. In addition, elitist attitudes towards politicians go hand-in-hand with lower trust in the cabinet, as was the case with trust in the parliament. On the other hand, perception of populism is not correlated with how business leaders evaluate their trust in the cabinet.

Column 3 in Table 16.1 shows the results of the analysis of the business elite's confidence in the public administration. In this analysis, no statistically significant correlation between the extent of contact and trust appeared, nor is experience on public committees and boards of any significance. However, occupational experience in public administration is positively and significantly associated with trust in the civil service. The more years a business leader had previously worked in public administration, the more trust he/she has in the public sector. As expected, top leaders' choice of political party in the 2013 election is not correlated with their confidence in the civil service. Confidence in the service is, however, related to the presence of elitist attitudes. The more that business leaders prefer important decisions be taken by professional experts or successful businessmen, the less trust they place in public administration. In contrast, a judgement of politicians as populist is unrelated to confidence in public administration.

In both analyses of trust in parliament and trust in the cabinet it appears that contact frequency encourages greater confidence. However, it may be that the causal direction of the relationship between the extent of contact and trust is the opposite. It is possible that the business leaders who already had the most confidence in

the political system also choose to establish and maintain frequent contact with representatives of this system.<sup>7</sup>

Table 16.2 gives a summary of the present chapter's theories/ideas, hypotheses and results of the analyses.

## 16.8 Discussion

### 16.8.1 Level of Trust

The analyses presented above show that the Norwegian business elite have a high level of trust in Norway's political institutions. Above I have argued that the Norwegian corporatist system of political decision-making may be a significant part of the explanation of this fact. This system brings a significant number of top business leaders in regular contact with politicians and senior civil servants. They are also regularly invited to take part in discussions of the development as well as the implementation of new policies. Following ideas within the research on corporatism and the general theory of trust these contacts should be expected to increase confidence in political institutions. The findings presented above do lend some support to these ideas. The business leaders' trust both in parliament and in the cabinet is significantly related to the frequency of contact with members of parliament and the cabinet. Moreover, business leaders who have occupational experience in public administration express more trust in this institution than those who do not (significant at the ten percent level). However, contact with civil servants does not seem to influence trust in the public administration, nor does experience on public commissions and boards have any significance for the level of trust in this institution. Accordingly, participation in the corporatist system for decision-making in Norway does not seem in itself to offer a sufficient explanation for the fairly high level of institutional confidence among members of the Norwegian business elite.

The relatively high level of political confidence may, however, also be a result of positive experiences with the corporatist system accumulated over a long period of time. These experiences, in line with Easton's (1975) ideas, can have been generalized into a relatively high level of trust. The core of the corporatist system is the collaboration between a strong trade union movement, centralized employers' associations and the state. This cooperation dates back to the beginning of the 20<sup>th</sup> century and was nationally institutionalized through the Basic Agreement in 1935 between the Norwegian Confederation of Trade Unions (LO) and (now)

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<sup>7</sup> To control for this self-selection it is possible to carry out a two-step regression analyses (2-SLS). Unfortunately, the dataset does not contain information which enables the construction of a satisfactory instrument variable for this kind of analysis.

the Confederation of Norwegian Enterprises (NHO). The Basic Agreement has since been amended and extended several times (Falkum, 2015). This national collaboration has been accompanied by close cooperation at the company level. The multilevel collaboration has over recent decades reduced the scope of industrial conflict, prevented uncontrolled wage growth and stimulated the productivity and restructuring of enterprises. It is a common understanding across the dividing line between employers and employees that the Norwegian industrial relations system has been beneficial for the economy (Gulbrandsen et al., 2002; Barth, Moene, & Willumsen, 2014). In a separate analysis not shown here the business leaders participating in the Leadership Study 2015 expressed strong support for the cooperation between the state and the partners in the labour market. Moreover it appeared that business leaders' attitudes towards this cooperation are strongly and positively related to their trust in parliament.

### 16.8.2 Increase in Trust

In 2000, the business leaders in Norway had a moderate to fairly high level of trust in political institutions. By 2015 their trust had increased significantly – but so had the political trust of other elite groups and the citizens at large. What might explain the increase in trust between 2000 and 2015?

As mentioned above, Norris (1999a) called attention to the possibility that such an increase might be a period-specific shift. A significant event in recent politics in Norway is that political parties on the right won the parliamentary election in 2013 and took over the cabinet from the previous red-green alliance. The two parties presently in power – the Conservative Party and the Progress Party – are generally very supportive of private business. They have also started to implement programmes to the benefit of business. According to Norris's 'constitutional' theory of 'winners and losers' (Norris, 1999b; see above), one should expect that this political change boosted the institutional trust of the business leaders who voted for the two right-wing parties. This 'effect' should be most visible in the case of trust in the cabinet. Table 16.1 shows that this is indeed so. The business leaders who voted for the Conservative Party and the Progress Party in 2013 reported more trust in the cabinet in 2015. In other words, Norris's theory receives support in the analyses presented in Table 16.1.

However, the change of government did not affect the degree of confidence in the parliament or in the civil service. Moreover, it is doubtful whether the change in government is also sufficient to explain the accompanying increase in trust among the other elite groups (and citizens in general). Among the other elite groups support for the right-wing parties is much lower than among the business leaders.

Empirical studies have shown that citizens' trust in political institutions depends on whether these institutions can deliver services or solutions that are

in line with citizens' expectations (McAllister, 1999; Miller & Listhaug, 1999). For instance, recent studies show that increasing unemployment in a country is related to decreasing confidence in the political institutions (Stevenson & Wolfers, 2011; Friedrichsen & Zahn, 2014). This implies that if a country manages to sustain a favourable economic situation, political confidence will probably be maintained or even increased. Another possible period-specific explanation is, therefore, that the dramatic international events that have taken place over the last 15 years have moved elites across sectors to rally around the Norwegian political institutions. In spite of a series of international challenges, *inter alia* the financial and EU crises, increasing climate problems and the international refugee crisis, the Norwegian society and economy have fared quite well. A testimony to this fact is that the disposable real income of households in Norway increased significantly between 2002 and 2015. On an index where 2009 = 100, disposable real income in 2002 equalled 80. In 2016 the disposable real income was equivalent to about 123 on the index (Statistics Norway 2016). In other words, the increased political trust on the part of the business elite, and citizens as well, may be related to an appreciation of Norwegian politicians' ability to cope with recent international crises.

Particularly the international financial crisis gave the Norwegian politicians a window of opportunity to demonstrate their capacity to fend off negative consequences and keep up the Norwegian model. That this opportunity was well used is demonstrated in a separate analysis (not shown here) in which 52 per cent of the business leaders in 2015 agreed that the finance industry needs to be subjected to more control.

Since individual business leaders' political trust is related to frequency of contact with politicians, it is possible that the increase in trust is also a result of an expansion of political contacts. A closer analysis of the data (not shown here) indicates that there was such a rise in the number of contacts of business leaders with politicians and civil servants between 2000 and 2015. In 2015 a slightly higher percentage of the business leaders had contact with politicians at least once a month compared to 2000, 21 versus 18 per cent. Moreover, in 2015 more business leaders than in 2000 contacted politicians and civil servants in order to influence the outcomes of concrete political decisions (67 per cent vs. 58 per cent). Hence, it is possible that the more extensive and more frequent contacts with the political system fostered higher political trust.

### 16.8.3 The Significance of Elitist Attitudes

Above I referred to Vogel (1978), who claimed that business leaders in the US have traditionally feared democracy. Inspired by Vogel (1978) I hypothesized that Norwegian business leaders' political trust is related to elitist attitudes on their part. In fact, a large majority of Norwegian business leaders believe that politicians are

**Table 16.2.** Summary of theories, hypotheses and empirical results

Theories/Set of ideas	Hypotheses	Results: Hypotheses rejected or supported
The significance of participation in the corporatist system of decision-making	Higher trust among business leaders who have frequent contact with politicians and public officials than among managers with less contact.	Partially supported
The importance of contact with politicians	Business leaders who have served on government committees have more political trust than managers without such experience.	Rejected
The importance of knowledge about the political system		
The importance of occupational experience in politics or public administration	The longer a top executive has previously worked in the public sector, the greater his or her trust is in the political institutions.	Partially supported
A 'constitutional theory': Winners and losers	Business leaders who voted for one of the two conservative parties in government exhibit more trust in parliament and the cabinet than business leaders who voted for other parties.	Partially supported Rejected
The significance of elitist attitudes	Political trust is lowest among business leaders who most strongly hold that Norwegian democracy is characterized by populism.	Supported
	Business leaders who hold elitist views on democracy have less trust in the political institutions.	

too populist in the sense that they are too eager to follow changing sentiments of the population. This perception was not, however, related to their trust attitudes. Secondly, in the multivariate analyses it appeared that top leaders who believe that significant political decisions should be left to experts or successful businessmen have less political trust than leaders without such ideas. However, they seem to constitute a minority (close to 20 per cent) within the business elite.

#### 16.8.4 Personal versus Institutional Trust

Offe (1999), as mentioned above, argued that trust in institutions is actually confidence in the individuals representing these institutions. The findings reported in Table 16.1 indicate that this theoretical idea has some relevance. As shown in the table political trust is related to contact with politicians and to experience in public administration. I believe that positive encounters with politicians and public administrators have fostered personal confidence in these persons and that this confidence has spread to or evolved into trust in the institutions concerned. Even trust in the cabinet, for which some of the business leaders have political support, may be a kind of personal trust. The prime minister and the other ministers of the conservative cabinet are probably well known to the business leaders. They may even know them personally. Such trust in cabinet may then be a combination of personal and ideologically based confidence.

#### 16.8.5 A Unified Business Elite?

The findings reported in this chapter imply that there are at least two different segments within the Norwegian business elite. One segment consists of business leaders who are actively involved in the network of personal contacts based in and revolving around the political institutions. They seem to have more trust in these institutions than other business leaders. What characterizes the members of this group? Separate analyses (not shown here) demonstrate that they are on average somewhat older than those business leaders who are less active in the contact network with politicians. They are or have been more often members of the boards of employer organizations. This fact suggests that their frequent contacts with politicians are related to their function as representatives of general business interests. They are more positive towards collaboration between the main organizations in the labour market. Moreover, in the parliamentary election of 2013 a higher share of the business leaders in this segment voted for the Labour Party.

In contrast, another segment of the business elite seems to stand at a distance from democracy and the political system. This segment declare that Norway would be better governed if significant decisions were left to successful business leaders or professional experts. Separate analyses (not presented here) reveal that they are also more in favour of private market solutions and less inclined to accept income redistribution. In line with this ideological leaning they voted more frequently for the Conservative Party in the 2013 parliamentary election. Moreover they are more reserved in regard to the Norwegian industrial relations system, characterized by extensive cooperation between employers, employee organizations and the state. This finding substantiates the impression that the members of this segment are not supportive of the Norwegian model. Within this segment we probably find those

business leaders who are most in favour of changing the model, for instance in a more neoliberalist direction.

The existence of these two different segments indicates that there is likely not any prominent unity within the private business elite in Norway.

## 16.9 Conclusion

The members of the business elite in Norway are ideologically in favour of limiting the range of public sector activities and of curtailing state interventions in the economy (Gulbrandsen, 2005). The members of this elite group do not, however, fear democracy. On the contrary, they exhibit a high level of trust in the main political institutions, only moderately less than other elite groups in Norwegian society. Moreover, they have more trust in the political institutions than citizens in general. In addition, business elite trust increased significantly from 2000 to 2015.

Business leaders' trust is to some extent promoted by the individual business leaders' participation in the extensive corporatist system of political decision-making characteristic of the Norwegian society. Their trust is probably also a generalized result of decades of beneficial relations between private business, employee organizations and the state.

Confidence in the political institutions increased among the members of the business elite in the period 2000–2015. A significant event in this period which may have affected their attitudes was the international financial crisis. In contrast to many other Western countries Norway managed to avoid the severe economic consequences of this crisis, to a large extent due to the politicians' firm control of the economy. The financial crisis and the Norwegian response may have moved many business leaders to become more sceptical of unfettered capitalism and more inclined to endorse the Norwegian model.

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## 17 Elite Compromise as a Mode of Institutional Change: The United States and Norway Compared

The history of democracy may be read as a story of tensions between government by the people and governance by political and social elites. Over the last 200 years, from the emergence of modern ideas of democracy, these tensions have taken different forms, and they are still felt in the 21<sup>st</sup> century. Intuitively, it is not surprising that elite groups fear that their position is threatened and defy popular demands for influence; and likewise that subordinate groups challenge elite power. In more principled terms, the problem was stated in classical elite theory (Bachrach, 1969). In opposition to socialist ideals of equality, Vilfredo Pareto (1991) argued for the inevitability of elite governance, disparaging democracy as wishful thinking. Gaetano Mosca (1939) regarded representative institutions as a necessary supplement to secure elite supremacy. Their theoretical argumentation found support in Robert Michels's detailed study of the German Social Democratic Party (2001), which revealed an 'iron law of oligarchy' even within an organization devoted to diminishing inequalities.

In later elite theory the relationship between democracy and elites has been modified and restated (Field & Higley, 1980; Higley & Burton, 2006). This alternative version shares with classical elite theory the assumption of the necessity of elite formation in any large-scale society; it follows from the unavoidability of large-scale organization for social and political governance and the ensuing need for leadership. But it differs from the classical view by turning the relationship between elites and democracy on its head, positing that compromises between competing elite groups is a necessary condition for democracy to emerge.

In *Elite Foundations of Liberal Democracy* John Higley and Michael Burton (2006) give a broad description of the institutionalization of compromises between elites as the initial steps to democracy in a large set of societies. If elite groups find it in their interest to institutionalize frameworks for the regulation of conflict between them, in other words to 'agree to disagree', it may initiate a process towards democratic governance. Taken as a systematic emphasis on elites and group action, this conception may be criticized for lack of nuances and for overlooking crucial elements in the historical context. Prominent discussions of the establishment of democracy have introduced a large set of structural factors as *explananda* of the emergence of democracy: industrialization (Lipset, 1959), economic development (Dahl, 1999), the presence of a bourgeoisie (Moore, 1966), level of education (Dahl, 1989), social capital (Putnam, 1993) and social movements (O'Donnell & Schmitter, 1986). Samuel Huntington (1991) even 'lists twenty-seven additional variables that affect the causal chain' behind the introduction of democracy in addition to elite action (Higley & Burton, 2006, p. 3).

Higley and Burton defend their lean conception of elite action against the introduction of excessive numbers of variables in historical analysis to achieve saturated explanations. Simple models carry more explanatory power; they yield salient insights by virtue of their simplicity. Emphasizing elite action does not deny the role of mass movements in the formation of democracy, but powerful mass movements are also dependent on their own elite representation. At the end of the day, forging viable compromises and agreements is impossible without intervention by elite groups. Yet, important as initial compromises may be as openings for democracy, over time they cannot remain stable. There is of course no lack of examples of the instability and decay of democracies (Higley & Burton, 2006, *passim*). At the same time, the changes in constitutive compromises are just as important in societies which have remained democratic and even those that have deepened democracy over time. This is the main topic to be discussed in the following while remaining within the lean conception of elite action.

This presupposes broadening the conception of elite compromise beyond the constitutive compromise envisaged by Higley and Burton by redefining it as a sequence of the institutionalization of compromises. These sequences take different trajectories in different societies. The reformulation may be made in three steps. The *first* is by going into the dynamic nature of initial elite compromises. To what extent are they able to remain stable, given a specific set of institutional patterns? Alternatively, how can they be combined with the necessary flexibility? The *second* is by broadening the concept of compromise to include the notion of subsequent, more specific secondary elite compromises. Ongoing social change implies the differentiation of social spheres and hence the reconstitution of elite groups in their specific fields of interaction. When new compromises are settled within these spheres, they may have aggregate effects on constitutive compromises. How, and to what extent, are they influenced, reinforced or changed by secondary compromises? *Third*, the dynamics of elite compromises should be described and reinterpreted within an institutional framework. To be sustainable, compromises must be institutionalized. Yet, institutions are not deterministic. Tensions emerge among them, and they become fields of competition, reinterpretation and power struggles; thereby they are in constant, albeit slow, change. Given different institutional configurations, these processes follow specific patterns in different societies; comparing trajectories opens up for the adjustment of existing theories of institutional change.

The fruitfulness of these assumptions is assessed by comparing central points in the political history of two countries, the United States and Norway. These two societies are strikingly different in many, some would even say most, respects. Size is an obvious dissimilarity, but far from the only one. The United States was from the outset an immigrant society in territorial expansion, for a long time with an underdeveloped state bureaucracy (Fukuyama, 2014). Slavery was a constituent part of the US for 80 years. Norway had from the beginning of state sovereignty fixed

borders and a relatively well-established state apparatus. The country had no nobility, and a high number of independent farmers.

Nevertheless, there are decisive parallels in the initial stages preceding democracy and democratic institutions that motivate a more extensive comparison. The two countries took the first steps on the trajectory to democracy some years before and after 1800, when they both gained independence from a colonial power. As part of the liberation both adopted a constitution, very radical for its time; presently they have the world's two oldest constitutions which are still in existence. At later stages, both countries experienced the forceful processes of modernization and democratization. In several areas, the United States has also given important inspiration to Norwegian politics. This gives a unique opportunity to sketch and compare long-term social and political developments in the light of elite theory.

The analytic strategy lies in the comparison of two societies, which initially had some important similar traits but over time developed in different directions. The combination of similar and dissimilar traits in the two cases, both highly significant, invites neither a most similar nor a most dissimilar methodological approach (Ragin, 1987). The comparison cannot assess the effects of specific variables but can give a rich description of different social and political trajectories shaped by the institutional requirements of modernization and democratization. In the analysis of these developments, the notion of elite compromise serves as a sensitizing concept. The empirical material is mostly limited to standard secondary sources; the gist is in the comparison, making the two cases illuminate each other. Whenever relevant, references are also made to the Open Access contributions to the two additional volumes in the series on institutional change in the Nordic area (Engelstad & Hagelund, 2015; Engelstad, Larsen, Rogstad, & Steen-Johnsen, 2017).

The exposition starts with brief accounts of elite theory and theory of institutional change. Next, the dynamics in the original elite compromises are outlined, followed by a discussion of the different shapes of secondary elite compromises. The concluding sections summarize the observed differences in trajectories of institutional change, and finally, challenges to democracy in the two societies are sketched. The ideas presented draw on earlier work connected to a large-scale elite study in Norway but are limited to this country only (Gulbrandsen et al., 2002; Engelstad, Gulbrandsen, & Østerud, 1999). Making the comparison with the United States develops a more comprehensive picture of the variation in elite compromises and their possible role in the maintenance of democracy.

## 17.1 Elites and Compromises

An early version of the institutionalization of elite interaction in economic life was developed by Ralf Dahrendorf in *Class and Class Conflict in Industrial Society* (1959). In modern democracies class conflict between labour and capital along the lines

described by Marx has not vanished but is modified and tempered by a series of institutional restrictions. Building on traditional elite theory, Dahrendorf pointed out that in the long run it is in the interest of both parties to institutionalize their relationship by setting up frameworks for regularized negotiation. Thereby class antagonisms are translated into power differentials between elite groups, opening up for the study of elite relations in an institutional perspective.

Higley and Burton (2006) take a related stance in their large-scale survey of successful and failed attempts at instituting elite compromises at the societal level. Elite relations fall into one of three main types: elites may either (i) be divided into hostile camps, or (ii) they may be coercively united under a strict ideological umbrella or (iii) they may coexist in a consensual relationship with moderate conflicts that do not threaten their coherence (Higley & Burton, 2006, p. 14). Only if elites are consensual in the latter meaning does democracy become possible. The compromise of elites on a *modus vivendi* despite extensive social conflicts implies agreement on a political order and some sort of constitution, be it formal or informal, including rules for interaction and binding decisions. Elite compromises do not abolish political and social conflicts; rather, they channel and regulate them. In addition, elites must be able to mobilize support from ordinary citizens; thus each elite is acting along two axes – on their relationship to other elites and their relationship to their rank-and-file constituency. The former implies reciprocal understanding and bargaining, and the latter rests on various degrees of voluntary compliance and mobilization.

Which groups, then, constitute the elites? The concept of ‘elite’ has many connotations: in the present chapter it designates the persons who fill powerful positions in high politics and at the summit of large organizations and thereby influence political outcomes (Field & Higley, 1980; Gulbrandsen et al., 2002). Elite composition is altered over time due to social differentiation and cultural and economic change. The elites that entered into the original settlements in the United States and Norway were few and relatively undifferentiated (Frydenlund, 2014). Over time they have differentiated and been complemented by new elite groups, while other groups have lost power over the long run. In modern societies, elites comprise a broad set of groups:

not only the familiar ‘power elite’ triumvirate of top business, government and military leaders, but also top position holders in parties, professional associations, trade unions, media, interest groups, religious groups, and ... socio-political movements. ... The ability to affect these [political] outcomes regularly and substantially distinguishes elites from all other people in a society. (Higley & Burton, 2006, p. 7)

The power of elites has a specific character, delimited by extensive rules and regulations pertaining to their institutional field as well as the specificity of their sources of power, often termed asset specificity (Williamson, 1975). The varying modes and forms of their interaction constitute the elite structure in different societies.

The question arises as to how, after the original elite compromise, various elite interests are integrated and upheld. Given support for compromises and the political values they embody, actors assume that others will also live up to shared values, which shapes their own long-term interests. By a logic of path dependency (Pierson, 2004), reciprocity engenders trust. But even if informal communication and political values are crucial for regulating power relations, they are too imprecise to constitute a persistent basis for reciprocal understanding between groups. To be sufficiently robust, they must be anchored in institutionalized agreements. This is not limited to a formal constitution but instead embraces the broader field of ‘constitutional culture’ (Smith, 2003) – that is, the combination of constitutional texts, their institutionalized interpretation and political practice.

Even if elite compromises shape the rules of the game, and the actors in the next round are conditioned by these formal and informal rules, the stability is only apparent. Institutions are constantly targets of power struggles and efforts to alter rules. In addition to changes in external factors, new social groups arise, interpretations of norms and values do not remain constant and patterns of power resources are in flux, creating changes in citizen rights, voting rights and in the relationships between political institutions. One possible source of stabilization is that the original compromise is supplemented by secondary elite compromises (Engelstad et al., 1999; Gulbrandsen et al., 2002) between specific elite groups in restricted social spheres, such as working life, the welfare state or culture. These compromises do not concern basic citizen rights but rather regulate and shape power relations within the given sector and modify the frames of debate, competition and conflict, while at the same time they become relevant to specific policy fields at the national level.

## 17.2 Institutionalization and Institutional Change

Crudely, institutions may be described as relatively stable macro regulations in the form of norms, legislation and large-scale agreements, shaping the behaviour of individuals, groups and organizations (Thelen, 2004; Mahoney & Thelen, 2010; Engelstad & Hagelund, 2015). They have both formal and informal aspects (Scott, 2008). A conception of institutional structure and stability, indirectly related to that of Dahrendorf, was elaborated by Peter Hall and David Soskice in *Varieties of Capitalism* (2001). They focus on the labour-capital relationship via its institutional surroundings – most prominently education, vocational training and labour market policies. A salient point is that these institutions are bundled in systematic ways, also with other institutions, such as the juridical and political. The shape of bundles varies across countries but is assumed to be relatively stable because each has specific productivity advantages. On this basis, modern capitalist societies are classified into two main types: Liberal Market Economies and Coordinated Market Economies. The United States and Norway represent extreme cases of the two types; in this respect

they represent fruitful cases for comparison. The theory of varieties of capitalism is criticized for being too static, disregarding inconsistencies and tensions within and between institutions which engender constant change (Thelen, 2012). However, the concept of bundling as such is not necessarily static; it may also refer to central conditions shaping modes of institutional change.

Basically, theories of institutional change fall into three types: one focusing on path dependency and the sudden ruptures of given patterns, one emphasizing the long-term aggregate effects of many small elements, and a third version underscoring the salience of ideas and ideology in institutional change. Even though these theories are often presented as alternatives, they are not incompatible and are better regarded as complementary perspectives (Thelen, 1999; Engelstad & Hagelund, 2015). The basic idea of *path dependency* assumes that stability is a normal condition, reinforced by actors taking given social patterns for granted and adjusting their actions to them; hence in the next round it becomes more costly to break away from it. Changes occur when external shocks engender crises, opening a window of opportunity for a new policy. Paul Pierson (2004) broadened the theory, insisting on the salience of timing and sequencing – how options in one given situation open up for or close to options in the future. The theory of *aggregate effects* is based on the assumption that a large number of actions in micro produce changes in institutions over time. Kathleen Thelen has pointed to several mechanisms of gradual institutional change: layering, displacement, conversion and drift (Thelen, 2004; Mahoney & Thelen, 2010). In contrast to path dependency theory, aggregated processes elicit changes endogenously; but in the long run they, too, may contribute to a large-scale crisis, opening a window of opportunity. Both these conceptions take a somewhat narrow view of political processes and the ideas underlying them. As underscored by Vivien Schmidt (2009), *political ideas* are salient for understanding institutional change. Thus, theories of institutional change point to possible combinations of external shocks, internal long-term micro processes and ideology and political values as sources for changes to elite compromises.

### 17.3 United States and Norway: Establishment of Primary Elite Compromises

The constitutions of the United States and Norway, dating from 1787 and 1814, materialized in the wake of secession from a colonial power, Britain and Denmark, respectively. This is one reason why they hold a privileged position in each country's political history. At the time of their adoption, both constitutions represented radical steps in the direction of democracy, by the institutionalization of a parliament, by according voting rights to a substantive part of the population, by a separation of powers and by the creation of an independent judiciary. Nevertheless, broad elite groups in both societies were opposed to democracy in any modern sense (Wright,

1995; Hommerstad, 2014). A majority of the population was left outside the political process: all women and un-propertied men, and in the United States also slaves.

Pressures for a modern democracy with political equality emerged in parallel during the 19<sup>th</sup> century, eliciting decisive renewal processes. But the substantive content and the pace of change differed. In part this had to do with modernization in each country going through dissimilar types of drastic crises, and in part their differences in 19<sup>th</sup>-century political development were due to the position of the public bureaucracies in the two countries – the United States had a weak bureaucracy (Fukuyama, 2014), whereas the civil service achieved a dominant position in Norway during the same period (Seip, 1968).

### 17.3.1 United States

The United States being the first modern state to establish a democratic regime, it took several decades before elite compromises shaping the constitutional culture were definitely established. Focal points in this period are the Articles of Confederation 1777/1781, replaced by the Constitution of 1789, the complementary Bill of Rights two years later and the establishment of judicial review by the Supreme Court in 1803 (Wright, 1995; Wood, 2009). The establishment of the Constitution became an elite compromise out of the necessity to coordinate separate states with widely differing interests against the colonial power and later integrate them under a federal umbrella (Higley & Burton, 2006, p. 112f.). At the same time, a deep and principled disagreement over the centralization and decentralization of power remained unresolved and was later manifested in several heated conflicts over power relations between the states and the federal government (Wright, 1995; Wood, 2009). Even so, the basic structure of the political institutions was secured from the early 19<sup>th</sup> century. The growing centrality of the Supreme Court in that period significantly contributed to the stability of the compromise (Wright, 1995, p. 302; Wood, 2009, pp. 433ff.).

An implicit part of the compromise, the question of slavery and its blatant discrepancy with the Bill of Rights, became increasingly conflict-ridden in the following decades. The Constitution remained open in regard to the citizen rights of the black population; the Southern states set as a precondition for joining the union that slavery be left untouched, while it was gradually prohibited in the North. The uneasy relationship was formalized by federal legislation as the Missouri Compromise in 1820, prohibiting slavery in the then unorganized ‘Missouri Territory’ (not to be confounded with the State of Missouri) of the Great Plains, while it remained in the South (Wright, 1995, pp. 275ff.). When the Missouri Compromise was overthrown by the Supreme Court in 1857, the political struggle that later led to the Civil War was released, and the compromise broke down.



### 17.3.2 Norway

The Constitution of Norway emerged after the Kiel treaty in the wake of the Napoleonic Wars transferred Norway, then a province of Denmark, to Sweden. In the interregnum of the transference in the spring of 1814, a coalition of the Danish crown prince and Norwegian elites created the Constitution and declared Norway a sovereign state (Stråth, 2005; Dyrvik & Feldbæk, 1996; Midgaard, 1989). A war broke out with Sweden, which claimed Norway as its possession; it was a short war that Norway was destined to lose. As a result, the Constitution was revised in the same year to conform to the political union with Sweden. It actually became more democratic than the original Constitution as the royal prerogatives of the Swedish king over Norway were restricted (Stråth, 2005, pp. 96ff.; Dyrvik & Feldbæk, 1996, p. 162f.).

Despite Swedish supremacy in certain areas, the Constitution represented a compromise between Norwegian elite groups (Higley & Burton, 2006, pp. 122, 143f., are ambiguous on this point). Parallel to the American case, the original impetus for the compromise was opposition to the colonizing power combined with common enlightenment ideals. At the same time the leading actors were divided in their views on the viability of Norwegian sovereignty. A group of patriots opted for full national sovereignty; a second large group saw maximal autonomy in a union with Sweden as the only realistic path; and the Danish crown prince, elected as Norwegian king, may have had plans of restoring the union between Denmark and Norway. The final compromise was the acceptance of the revised Constitution, within a relatively loose political union with Sweden that would last until 1905. For a century the existence of a separate constitution within the union became a bulwark for Norwegian autonomy against Swedish supremacy. Norwegian semi-sovereignty was reinforced by the establishment of representative local democracy in 1837 (Sejersted, 2001, pp. 207ff.; Lauten, 2014; Midgaard, 1989). Moreover a large part of the leading elite members were civil servants trained in Denmark, without close connections to the Swedish administration. This regime, lasting for seven decades, was later termed the 'Civil Servant State' (Seip, 1963; Slagstad, 1998).

## 17.4 Processes of Regime Stability and Change

Parallel extensions of civil and political rights in the United States and Norway took different paths, not least due to different degrees of flexibility in regard to changes in their respective constitutions. Politically induced changes in the American Constitution take place very infrequently; the wording of the Constitution of 1787 remains untouched, and amendments have to be ratified by three-fourths of the states. The main source of changes in the constitutional culture does not reside in revisions of the Constitution but in its interpretation and application to new areas by

the Supreme Court. Hence, judicial expertise plays a prominent role in shaping the political regime.

In Norway the Constitution has undergone more than 300 adjustments over the last 200 years; until 2014 about two-thirds of the original articles had been reformulated (Hoelseth, 2014). That year saw a thorough revision, *inter alia* to include core articles on human rights (Kierulf, 2014). A revision of the Constitution requires a majority of two-thirds of votes in parliament and cannot be put to final vote before the following parliamentary period after it has been introduced; thus the Norwegian constitution is stable and supple at the same time (Sejersted, 2014; Smith, 2003, pp. 29–30). The Supreme Court of Norway has a different position from that of its American counterpart; even so, judicial review has a certain place, partly due to inspiration from the United States (Slagstad, 1995) and was included in the Constitution in 2014. Yet, changes in the constitutional culture are mainly driven by parliamentary processes.

#### 17.4.1 Regime Stability and Change in the United States

When the original elite compromise settled by the Constitution broke down with the outbreak of the Civil War, it took more than a decade before the compromise was re-established, based on the ratification of the Reconstruction Amendments – the 13<sup>th</sup> abolishing slavery, the 14<sup>th</sup> guaranteeing legal protection and citizen rights to all adult citizens and the 15<sup>th</sup> according the right to vote to all men. Against ferocious opposition from the South, these changes were forced through by the victorious party. A renewed elite settlement was finally established with the Compromise of 1877, over the deadlocked presidential election of the preceding year, along with the withdrawal of Northern troops from the South (Foner, 1988). The new compromise implied, on one hand, that the extension of citizenship was broadly democratized as the 15<sup>th</sup> Amendment prohibited denial or abridgement of the (male) right to vote ‘on account of race, color, or previous condition of servitude’. On the other hand, informally the South was accorded a sort of ‘home rule’ due to loopholes in the 14<sup>th</sup> and 15<sup>th</sup> amendments, which allowed a crude interpretation of the political and social rights of citizens, agreed upon by the Supreme Court, by means of a series of ‘tests’ to be passed in order to vote. Social discrimination continued, and the political rights of the black population were effectively undermined (*ibid.*).

An important outcome of the processes leading up to the Civil War and Reconstruction was the establishment of a relatively stable system of political parties. In various loose constellations political parties had already existed since the first decade after independence. Shortly before the Civil War more lasting foundations for the party system were laid down, and what were to be the two main parties were instituted in the ‘Third Party System’ – thereby creating a more viable framework for the agreement to disagree. The introduction of male franchise had as a natural sequel the emergence of a growing movement for women’s right to vote, which was

introduced gradually in some states and fully recognized by the 19<sup>th</sup> Amendment in 1920.

The crucial position of the US Supreme Court is illustrated by the series of decisions reinforcing racial discrimination. Segregation was confirmed by the Supreme Court in *United States v. Reese* (1876) on restrictions of voting rights and in *Plessey v. Ferguson* (1896) on the ‘separate but equal’ doctrine (Morison et al., 1980, vol. 2, p. 274; Fishel, 1996). A growing opposition against formalized race discrimination was building in the following decades, which became constitutionally effective in the mid-1950s, when the Supreme Court verdict in *Brown v. Board of Education* (1954) banned racial segregation in schools. That signalled a new breakthrough for the reinforcement of citizen rights by the Civil Rights Act in 1964 and the Voting Rights Act of 1965 in the wake of the Civil Rights Movement. These acts did not change citizens’ formal constitutional rights, but they made non-discriminatory intervention in non-political agencies enforceable in the federal legal system, concerning both race and gender.

Another type of compromise is linked to the interplay of politics and economic and social interests. The Progressive Era of the early 20<sup>th</sup> century saw a series of modernizing reforms at all levels of society, ‘shaping the modern state’ (Freidel & Brinkley, 1982, p. 93), albeit still *in statu nascendi*. Many of the initiatives had their base in state, municipal and individual initiatives concerning education, municipal administration, health care and family policies. Others strengthened the federal level through crucial regulations of the economy (Morison et al., 1980, vol. 2) – among these the adoption and later reinforcement of antitrust legislation to secure free enterprise, the establishment of the Federal Reserve and the establishment of federal income tax by the 16<sup>th</sup> Amendment. Given the subsequent stability of these reforms, they may be seen as an extension of the initial elite compromise.

The core of the revisions to the American political regime is basically the consolidation of individual constitutional rights. These processes have a double face as the reinforcement of individual rights implies strengthening federal authority for setting and enforcing these rights. Constitutionally, this meant a significant increase in federal power over the states. The long-living compromise on racial inequality lost its force, and racial discrimination, albeit in no way abolished, was gradually pushed out of the open landscape of the public sphere.

#### 17.4.2 Regime Stability and Change in Norway

After 1814 three all-embracing crises appeared, all connected to national sovereignty, which may be regarded as a renewal or reinforcement of the initial elite compromise (Gulbrandsen et al., 2002, p. 27; Higley & Burton, 2006, p. 122). The first crisis had as its formal element an amendment of the Constitution in 1884, allowing members of cabinet to meet in parliament. The wider consequence of the introduction of the system of parliamentary governance was a drastic change in the power balance as the

cabinet was made accountable to the parliament and no longer to the king (Stråth, 2005, pp. 264ff.; Hagemann, 1997, pp. 122ff.; Midgaard, 1989). The change had a double character – on one hand as an institutional transformation in the system of checks and balances, with a clear democratic element. In addition came the growth in Norwegian independence within the political union. Given that the king was Swedish, parliamentary governance meant a drastic reduction of the power position of Sweden in the union, a change that meant a boost to the Norwegian movement for full national sovereignty.

The political transformation had traumatic consequences, however, as it ended in the impeachment of prominent politicians of the old elite. A further result was the formation of stable political parties. Despite the heated conflicts leading up to the political transformation, the principle of ‘agreeing to disagree’ was institutionalized on a broader basis in politics (Hagemann, 1997, p. 130). Nevertheless, it took another decade and a half before general voting rights for men were introduced, in 1898, whereas universal female suffrage was instituted in 1913. Voting rights at the national level came as the result of strong social movements and after full participation in various types of local elections and referenda (*ibid.*, pp. 204ff.; Langeland, 2014), much as in the United States.

The second crisis came with the final breakup of the union with Sweden and the establishment of a sovereign Norwegian state in 1905. This came at the end of a long-term process where the conflicts between rural and urban interests, which to a large extent coincided with attitudes towards the Swedish-Norwegian union, were tempered, and a national consensus on sovereignty developed. But only a few years later the national consensus was put to a serious test by the emergence of a radical labour movement and heated class struggles in the 1920s and 1930s (Sejersted, 2011, pp. 122ff.; Kjeldstadli, 1994). However, politically these conflicts were mitigated by the introduction of a new electoral system, where the majoritarian system was replaced by proportional representation in 1920. One intention behind the change was to contain the expansion of the labour movement (Danielsen, 1984, p. 19), but it also eased the achievement of compromises within the political system despite class conflict.

A third agreement of far-reaching consequences was settled by the end of the Second World War. During the German occupation from 1940 to 1945 elite members of different political persuasion shared traumatic experiences in concentration camps. Out of these experiences emerged new political networks and a significant reciprocity of confidence across political demarcation lines. The class struggles of the 1920s and 1930s made room for a new elite consensus in the postwar period (Lange, 1998). Even with Labour Party dominance for more than two decades, and despite confrontations, political relationships between the left and right remained largely cooperative (Sejersted, 2011, pp. 296ff.). The Labour Party accepted private property rights and made several attempts at creating institutions for employer-employee cooperation, ending in a compromise in regard to participation in working life starting in the 1970s (Falkum, 2015; Engelstad, 2015). In the field of security policies, former neutrality

was given up. Bipartisan support emerged for the anchoring of Norway in the Western bloc via membership in NATO and inclusion in the Marshall plan (Lange, 1998, pp. 136ff.). As a long-term result, the postwar consensus opened up for the erection of the Norwegian welfare state.

## 17.5 Secondary Elite Compromises

If the original elite settlement is not self-reinforcing, and may even be threatened by breakdown, how is it nevertheless maintained? One possibility is that the constitutional culture is complemented by the institutionalization of secondary elite compromises in specific social spheres – working life, religion, welfare state provisions – relevant to policies at the national level (Engelstad et al., 1999; Gulbrandsen et al., 2002). Compromises may be settled between opposing groups in a given field, such as employers and employees in the labour market (Dahrendorf, 1959), or between sector leaders and political actors at the overarching state/federal level – or both at the same time. Important actors in secondary elite compromises are social movements. Even if they mobilize broad groups of adherents, they are also dependent on organizational leadership, which in given instances entails sector elites in the sense specified above.

### 17.5.1 The United States

The United States may be regarded as a cradle of social and political movements, hosting long-term commitments to a single cause or a specific set of policies beginning with the liberation movement for independence in the 1770s. Typical for the United States is that such movements do not constitute unitary associations but rather consist of several, often scattered, groups and organizations joining forces at crucial points. Partly they have common or related aims, while at the same time they are divided by differences in strategies and short-term goals. There is also a clear tendency for movements towards specific goals to be opposed by counter-movements.

Through American political history a chain of dominating social movements stand prominently, with others, less visible, flowing in parallel streams. From Independence until the end of the Civil War the abolitionist movement was dominant (Wright, 1996, pp. 432ff.; Morison et al., 1980, vol. 1, pp. 499ff.). Starting in the late 1860s the suffrage movement, not least inspired by abolitionism, took centre stage, up to the interwar period (Scott, 1982). Industrialization and later economic crisis brought the labour movement to the fore in America (Dubofsky & Dulles, 2010) until the mid-1950s, when the Civil Rights Movement took a prominent role (Weisbrot, 1991). In the aftermath of the 1960s, the picture is more blurred, with many parallel ‘new social movements’, none of which have a similar dominant character (Oberschall, 1993). Many have a double character: on one hand they are single-issue movements; if on the other their

ambitions are universal, they aim at changing the interpretation of citizenship – in other words, the constitutional culture. In the United States, this implies that they target decision-making at the level of the federal state.

Among these the labour movement has held a somewhat ambiguous position as it has promoted workers' rights in bargaining with employers, acted as an interest representative in policies of welfare and social security and partly also advocated more general aims of social change. Likewise, the neo-feminist movement from the 1960s on is a special type of single-issue movement, but clearly with broad implications. Its goals stretch from reorienting the interpretation of civil rights connected to body and reproduction, to gender discrimination covered in the Civil Rights Act of 1964 along with race, to struggles for reform and the reinterpretation of intimate relationships between women and men. The pro- and corresponding anti-abortion movements both raise profound political questions: what constitutes a person, under which conditions does an organism acquire rights and what is the extension of these rights?

Other significant movements are directed at federal policies but are limited to one specific policy field. Farmers' movements give a prominent example. A particular case is the temperance movement, which for a period won an extreme victory by adding the 18<sup>th</sup> Amendment to the Constitution, prohibiting commercial manufacture and distribution of alcohol (Gusfield, 1963). But prohibition soon turned out to be a failure and was repealed by a new amendment (21<sup>st</sup>). From the mid-1960s the 'new' social movements gained momentum from the Civil Rights Movement but with different orientations: anti-war movements, with resistance against the Vietnam War as the most prominent case; gay movements, consumer movements and environmental movements are other examples.

To what degree have these movements engendered secondary elite compromises? Clearly, the abolitionist, suffrage and civil rights movements have been successful, but it hardly makes sense to characterize them as secondary compromises as they go to the core of what constitutes citizenship and are thus related to the original compromise. The institutionalization of policies for affirmative action, based in the Civil Rights Act of 1964, may be seen as a secondary compromise, within the legal system as well as in innumerable local versions. Even if limited, the institutionalization of collective bargaining rights may also be regarded as a secondary compromise. For the other 'new' movements the situation is less clear; their immediate aims are mainly directed at specific political decisions – stop this law, prevent this pipeline, end this war – which are dependent upon the compromise of agreement to disagree but which in themselves are not constitutive compromises. For the most recent movements, the Tea Party and the Occupy Wall Street movements, the idea of compromise seems utterly irrelevant, at worst a sign of moral or patriotic deficiency.

A different type of compromise is the gigantic set of programmes adopted during the New Deal (1932–1938) as a response to the economic crisis after 1929 bearing many characteristics of a secondary elite compromise. Reorganization in the financial sector, the creation of a housing policy, legislation on social security and labour

market policies giving jobs to millions of people were core elements of the reforms. The overarching pattern of the programmes ‘... can be summarized in a single word: security ... Job security, life-cycle security, financial security, market security’ (Kennedy, 1999, p. 365). The Social Security Act of 1935 instituted new forms of federal social provisions (DeWitt, 2010). The National Labor Relations Board (NLRB), established 1933–35, had as one of its aims to handle employment disputes and secure collective bargaining rights. The Fair Labor Standards Act of 1938 introduced among other things the 40-hour work week and a minimum wage. In parallel, membership in trade unions was steadily increasing in the 1930s and up to the 1950s (Domhoff, 2013).

In the institutional sense, the New Deal may be regarded as three separate elite compromises. One is based in the restructuring of the financial sector, with salient consequences for housing policies. A second is the structuring of employment relations and the functioning of the National Board of Labor Relations. And a third is the consolidation and expansion of Social Security programmes. The active federal state was a precondition for establishing these ambitious policies. They introduced a form of mixed economy that did not break with the basic logic of capitalism; the point was not ‘socialization’ but rather regulating competition and channelling flows of private capital, thus settling a compromise between capital and labour: ‘[E]verywhere the objective was the same: to create a uniquely American system of relatively riskless capitalism’ (Kennedy, 1999, p. 371). The New Deal decisively changed the institutional landscape. At the same time it was a sweeping political success, leading to the dominance of the Democratic Party for decades afterwards.

As with all compromises, these became arenas of power struggles. Reconfiguration has taken place by stagnation, retrenchment or expansion. From 1938, no more reform programmes were initiated by the Roosevelt administration. This may be due to its limited economic success: economic growth rates were falling, and voter support was in decline. But there are other important factors – was it really a compromise or only a provisional victory over adversaries? A stable compromise may well start with the sceptics being defeated, but in the long run they must change attitudes and accept the result. This was hardly the case with the New Deal. After 1938 further developments of reform programmes were blocked in Congress by an informal but strong coalition of Republicans and conservative Southern Democrats (Patterson, 1967; Morison et al., 1980, vol. 2, p. 523). This coalition was operative until the early 1960s.

In working life reforms were later pushed back. The Taft-Hartley Act of 1947 stripped the National Labor Relations Board of many of its functions and deemed illegal a series of forms of conflict (Dubovsky & Dulles, 2010, pp. 325ff.). A few years later trade union membership started declining, from more than a third of the workforce in the early 1950s to slightly above ten percent in 2010 (*ibid.*, pp. 344ff.; Domhoff, 2013). In part this is due to the restructuring of the economy and a massive reduction of traditional jobs in manufacturing, but also to active resistance among employers.

In the area of social security, expansion was the main picture until the mid-1970s, concerning benefits as well as coverage (DeWitt, 2010). Ideals from the New Deal became the backbone of the politics of the Great Society during the 1960s. Under the heading of War on Poverty, programmes on education and health were introduced along with relatively generous increases in welfare provisions. Most central were the Medicaid and Medicare programmes, the former securing basic medical treatment for people with low incomes and the latter targeted to persons aged 65 and over. They have remained quite robust over time (Béland, Howard, & Morgan, 2014). A period of selective retrenchment began in the late 1970s, under the heading of neoliberalism; resistance to welfare state provisions increased, leading to partial contractions in the 1990s (DeWitt, 2010). Bipartisan support for the compromise has slowly withered away over the last three decades, indicated early on by the rejection of universal health care coverage in the early 1990s. The present attempts to dismantle the Affordable Care Act of 2010 bear witness of continued elite conflict over the American version of the welfare state.

Even if cutbacks have been made in welfare policies, this in no way means that these policies are being dismantled. Paul Pierson (2000) has argued that retrenchments meet much stronger resistance than the establishment of new forms of provisions. Discussion and critique of his theory have pointed out that the stability is less secure than assumed by Pierson (Levy, 2010), not least because significant parts of welfare provisions are anchored in private sources. But even under Republican presidents the programmes have been expanded (*ibid.*). Social Security policies will hardly be abolished, even if the balance between public and private elements is continuously in flux (Béland, Howard, & Morgan, 2014). This is also difficult for ideological reasons. A striking example of the ambiguity in welfare policies was expressed by President Reagan, otherwise famous for his adherence to neoliberalism, when he signed a bill revising the funding of Social Security in 1983: ‘This bill demonstrates for all time our nation’s ironclad commitment to Social Security’ (DeWitt, 2010). If some regulations of working life remain, and Social Security is after all not threatened despite retreats and continued resistance from parts of the elites, a lasting legacy of the New Deal is ‘a set of institutional arrangements that constituted a more coherent pattern than is dreamt of in many philosophies’, as emphasized by David Kennedy (1999, p. 365), albeit in a modest version.

### 17.5.2 Norway

Protest movements are an important part of Norway’s political history, dating back to the 18<sup>th</sup> century. Anti-tax rebellions among farmers regularly took place as did protests against the discrimination of religious sects and against the monopoly of the State Church. These movements culminated around 1850, with a nationwide mobilization of workers in favour of universal suffrage for men (Bjørklund, 1970; Furseth, 2002),



but were met by violent reactions from political authorities. Starting in the mid-1850s, however, along with the emergence of a broader national consciousness, new forms of social movements emerged. They were better adjusted to the ongoing political system and had as their goals a combination of a national-democratic development and single-issue-based mobilization.

From the 1870s on, movements pressing for voting rights gained support – in the first round male franchise, whereas the feminist movement took hold somewhat later and with a broader set of goals linked to women’s family rights as well as rights of free choice of education and occupation (Hagemann, 1997). Most important besides these movements were the so-called ‘countercultures’, a label covering broad movements of religious revival, temperance and strivings for a New Norse language separate from established Danish linguistic norms (Rokkan, 1970). Women also played a prominent role in these movements, something that eased the relatively early introduction of full franchise for women in 1913 (Hagemann, 1997, pp. 160ff.).

A wave of revival movements in the second half of the 19<sup>th</sup> century succeeded in breaking the monopoly of the state church, and in 1908 a separate divinity school was established outside the state university, which soon educated the majority of the ministers of the Norwegian state church. As part of the national mobilization of the 19<sup>th</sup> century, the New Norse language was instituted as a second official language, on a par with the dominating language shaped during the political union with Denmark. In these cases, the strategy was that of conquering the state apparatus within one specific field, thereby institutionalizing policies and strengthening democratic legitimacy for minority groups. The temperance movement, like its US counterpart, was initially very successful but then lost out (Bjørklund, 2005). However a compromise was settled by accepting state monopoly on the distribution of wine and liquor (Hamran & Myrvang, 1998, p. 69ff). Common to these counter-cultural movements was that they organized themselves on a national basis with local chapters and a national headquarters. Not only did they operate as pressure groups but also as organizational actors, with the main strategy of conquering the state apparatus in their field, extending political rights and democratic legitimacy to minorities or groups with low social status.

Having exhausted their potential or reached their original goals, the counter-cultural movements are of moderate significance today. But their mode of operation is continued by more recent social movements (Mjøset, this volume), albeit in a more decentralized way. Most successful is the feminist movement, a branch of which in Norway goes under the label of State Feminism. This notion points to the role of the state in promoting gender equality – not only by prohibiting discrimination (the American case served as a powerful example) but also by actively promoting women’s interests linked to family policies and health care as well as to working life (Hernes, 1987; Teigen & Skjeie, 2017). Besides neo-feminism, environmentalism is the most visible among the ‘new’ social movements, consisting of a broad set of organizations from national bodies to special lobby groups. In line with the countercultures, the new movements have established close contacts with the state while at the same

time retaining their political independence. They exert considerable influence by functioning as consultants as well as oppositional counterparts to state agencies (Kjellman, 2007). A different type of protest is the anti-EU movement, which defeated the elites in the referenda both in 1972 and 1994, thus keeping Norway outside the European Union (Sejersted, 2011, p. 476f.). This movement represents a continuation of the national-democratic strivings for national sovereignty of the 19<sup>th</sup> century, where defence of the Constitution played a crucial role. The subsequent elite compromise was Norwegian membership in the European Economic Area, including the country into the EU inner market but without political membership rights.

Less of a single-issue movement is the labour movement, the other main part of the movement landscape. Due to a close relationship between the Labour Party and the trade union federation LO, the labour movement has from the beginning of the 20<sup>th</sup> century had a broad anchorage in politics. In 1935 the Labour Party came to power, which marked the beginning of social democratic hegemony. It also meant the beginning of close connections between the labour movement and the state (Kjeldstadli, 1994, pp. 212ff.; Sejersted, 2011, pp. 301ff.). Whereas the New Deal in the US became a drastic but short period of reforms in the 1930s, the opposite was the case in Norway. In the short term, the change of power did not have strong effects; the main innovation of the mid-1930s was the settlement of the Basic Agreement between the national associations of employers and trade union federations, having taken place some months before (Falkum, 2015; Seip, this volume). The agreement was a compromise guaranteeing the rights of trade union officers within enterprises and at the same time a formal recognition of employer prerogatives. Living in a small country with an economy strongly exposed to the world market gave Norwegians a strong impulse to seek social cooperation across class boundaries (Moene, 2013), resulting in a high degree of social trust.

The combination of political power and the Basic Agreement had long-term effects on the relationships between the labour market parties. For decades wage bargaining has involved nationwide associations of employers and employees. The state plays a role as an active regulator as well as facilitator, sometimes even as an active participant creating compromises in the negotiations. Employees in large and medium sized (i.e. by international standards quite small) joint-stock companies have the right to elect representatives to the board of directors, and in virtually all companies management and workers participate on an equal footing in Health and Security Committees, exerting considerable power (Trygstad & Alsos, this volume; for a comparative discussion see Engelstad, 2004). That these regulations are a part of viable compromises was amply demonstrated in a survey among Norwegian elites, where 80 percent of CEOs and board chairs in the largest enterprises expressed support for the Norwegian labour market regime (Gulbrandsen et al., 2002, pp. 169ff.).

The cooperative relationships between the labour market parties also paved the way for a gradual extension of the largely universalist welfare state. Schools and universities, health care institutions and nursing homes are basically public

institutions, albeit with some elements privately owned and run (Trætteberg, this volume). A common assumption is that the volume of welfare state services is linked to the prevalence of leftist parties holding political power. However, support from employers is of equal significance (Huber & Stephens, 2005). Employers have a general interest in a well-functioning welfare state; if they have problems supporting it, it is no so much a result of direct resistance as of collective action problems (Gulbrandsen & Engelstad, 2005; Gulbrandsen, this volume). A long-term effect of the Basic Agreement is that the employer and employee federations exert significant influence on a wide range of issues outside the labour market, such as health policies, education policies and pension systems (Hagelund & Pedersen, 2015). Welfare state issues are the top preferences of the electorate and have remained so since the mid-1980s (Aardal, 2003, p. 16). Since the introduction of the general welfare state system, several adjustments have been made, some expansive, others of a more contractive character. But talking about welfare state retrenchment in Norway does not make sense.

## 17.6 Varieties of Elite Compromises

Three theoretical postulates were stated at the beginning of the present chapter as a reformulation and broadening of the basic assumption of elite compromises as a precondition for the emergence of democracy: (i) Initial elite compromises must be confirmed, renewed and partly even drastically changed to meet the demands of a developing democratic society. (ii) In this process, the original settlement is reinforced by secondary elite compromises. (iii) Elite settlements are more precisely understood when formulated in terms of institutional change.

Despite noteworthy similarities in the early phase, crucial differences between the United States and Norway have been pointed out. In the United States the renewal of the initial elite compromise became dramatic. Remarkably, after the Civil War substantive changes in the structure of political institutions were not made. Renewal became foremost a question of reinterpretation and the ensuing displacement of power from states to federal authorities. The extension of the franchise to new groups was an unavoidable part of democratization and elicited overwhelming social conflict. The most drastic challenge to constitutional culture was the inclusion of the non-white population as citizens in the full sense, even if it was countered by new discriminatory measures in the South. The Progressive Era saw important institutional changes in the relationship between politics and economy, which mostly meant changes in constitutional culture in a form that did not break with ideas of free enterprise. Thus, the original elite compromise was and still is living on in the United States, albeit in a broader and more developed form. The Constitution is the main political glue, and the Supreme Court its guardian, notwithstanding enormous social changes.

In Norway, the process of democratization was less dramatic while at the same time characterized by more flexibility. Changes in the Constitution and constitutional culture were substantial. In addition to the necessary extensions of the franchise, decisive changes in the governance system were implemented: first by the introduction of the parliamentary system, limiting the power of the king, and second by reform of the electoral system, where the first-past-the post system was replaced by proportional representation. In addition to these transformations, the incessant minor reforms of the Constitution represent a form of flexible adjustment without invalidating its continuity over a 200-year period.

Despite important parallels in the process of democratization, differences in secondary compromises have turned out to be highly significant. Social movements played a crucial role in both countries, with the United States as inspiration for Norwegian movements; however, except for movements directly related to citizenship, differences are clearly visible. In the United States these social movements mostly aimed at and remained at the local level, or at the level of states. In Norway, movements to a large extent have had wider political targets, aiming at changes in policies at the level of the nation state, as exemplified in the language and religious movements. A curious exception from the rule is the temperance movement, which reached the top political level and then shortly after failed in both countries. Significantly, the outcome in Norway primarily was an overarching compromise on alcohol distribution, whereas alcohol policies in the United States, in a more diluted version, remained at the level of states.

In the wake of the Progressive Era, partly in contrast to it, the New Deal introduced in 1932–1933 a set of policies of unprecedented dynamism lasting for a six-year period. Its heritage still lives on, albeit in a diminished version. Parts of the New Deal reforms were durably institutionalized, most clearly in the field of social policy. Other parts of the reforms did not represent viable compromises in the long run and were to a large extent pushed back, albeit not totally abandoned. In contrast, when the Labour Party came to power in Norway in 1935, their reform programme was by far more modest. Even though inspiration from America was considerable in Norway in this area, too, subsequent developments took very different trajectories. The compromise of the Basic Agreement 1935 became a stepping stone for national federations in the labour market to evolve into powerful political actors, initiating broad policies of wage formation and working life reforms. In the next round, these also became crucial partners in the building of a comprehensive welfare state.

## 17.7 Modes of Institutional Change

A systematic interpretation in the light of institutional theory has brought a variety of elements into a coherent frame of analysis. The emphasis on institutions, in common with the elite perspective, invites analyses of group competition and the exertion of

power. In the following a brief comparison of modes of institutional change is sketched. Given the complexity of these developments, all three sources of institutional change mentioned above (p. 368) – shocks, gradual effects and ideology – are of relevance.

Take first the assumption of changes by external shocks. In the case of the primary compromise in the United States this was relevant in the early period. The wars with Britain of the late 18<sup>th</sup> and early 19<sup>th</sup> centuries certainly had the character of external shocks, releasing and later consolidating Independence and the adoption of the Constitution. The Civil War, undoubtedly a shock, was not an external shock in the same sense but more of an explosion let loose by internal tensions and pressures building up over a long time. The main cause of these tensions was the implicit compromise over race in the Constitution in combination with the expansion of the United States westward and the conflicts over slavery in the new territories. Remarkably, the utterly dramatic confrontation that followed did not bring additional changes to the Constitution other than the three Reconstruction Amendments, which were more of the nature of specification of the original text than a substantive change, even if the constitutional culture was not left unaffected. Progressive reform in economic policy as well as legislation on women's franchise and later on civil rights have the same baseline: that of affirming individual constitutional rights, albeit accompanied by increased federal authority.

The secondary compromise of the New Deal, however, clearly stemmed from an external shock, and it released feverish reform activity over a period of a few years, albeit without confronting established American traditions. Even if the New Deal left some institutional footprints, many of the reform measures were subsequently toned down. Only to a limited extent did the external shock engender viable, or at least expansive, impulses.

Likewise, war opened a window of opportunity for the development of the Norwegian Constitution. In a short period the peace settlement of the Kiel treaty offered national groups the chance to draft a separate constitution for Norway. This occasion is obviously in line with the theory of path dependency, like in the United States. The war and German occupation of 1940–45 also came as an external shock, which later reinforced the spirit of cooperation in politics and working life. However, in this case the outcome was more representative of continuity as the war and the ensuing peace sped up processes already underway before the war, when the Labour Party came to power. The crises of 1884 and 1905 were of a different character. They were most of all results of long-term tensions building up over Norwegian sovereignty within the union with Sweden, resulting in drastic institutional changes with the replacement of old regimes by new ones – in the first case by introducing parliamentary rule and in the second by achieving full national sovereignty. The electoral reform of 1920 was equally a displacement resulting from tensions building up, albeit related to social class and not national interests. In parallel, secondary elite compromises in the last half of the 19<sup>th</sup> century developed as a reflection of a complex set of tensions connected to movements springing out of conflicts between centre and

periphery, national strivings and democratic mobilization. The strong class tensions dominant in the first decades of the 20<sup>th</sup> century subsequently were mitigated by the Basic Agreement.

Brief as it is, this sketch presents a mixed picture. External shocks are of importance, but more clearly present in both countries is the picture of internal tensions driven by political and ideological conflict, which in critical moments may explode. In contrast, only in special cases do external shocks seem to drive viable changes – that is, as long as they do not invite new compromises. Here the difference between the long-term effects of the New Deal and the Basic Agreement offer an illustration. Given the gradual character of institutional change that emerges from this juxtaposition, crucial differences between the United States and Norway have come to the fore regarding the mechanisms developed by Thelen for gradual institutional change. Table 17.1 gives a rough summary.

**Table 17.1.** Dominant modes of institutional change

	<b>Conversion</b>	<b>Displacement</b>	<b>Layering</b>	<b>Drift</b>	<b>Addition</b>
United States	Yes	No	Yes <sup>1</sup>	Yes	No
Norway	No	Yes	Yes <sup>2</sup>	No	Yes

Typical of the United States is the importance of *conversion*, in the sense that the letters of the Constitution have remained virtually unchanged, while its interpretation and the constitutional culture have gone through great changes, partly by additional legislation, partly by reinterpretations by the Supreme Court. Conversion, however, is less typical in the Norwegian case. The corresponding process has rather been that of *displacement*, breaking out of political union, changes in electoral system and the transformation of balance between powers – none of which are more than weakly present in the United States. Thelen’s two additional mechanisms are more complex. *Layering* is a mode of change that is ubiquitous and is certainly present in both countries. In the present context, however, one noticeable difference stands out – that of the social security system. The American system is layered in the sense that it represents a very complex mix of private and public arrangements, which makes it quite resilient, for better or worse. In one sense the Norwegian system is more transparent as social security is mainly a public task. However, this development goes together with a broad politicization, where strong civil society actors have a formalized influence on possible reforms. Likewise, *drift* is a ubiquitous phenomenon. Institutions gain or lose positions by changes in how they are supported, or put to use. One important instance of drift in the American case is the drastic reduction in labour union membership. In parallel, support for the ‘old’ social movements has been clearly declining in Norway, and trade union membership has shown a certain

decrease. But in practice this is mitigated by the strong institutionalization of the policy fields that these movements still represent and sustain.

These observations also point to a type of institutional change that is not part of Thelen's taxonomy, namely the *addition* of new institutional arrangements to those already in existence. This is primarily due to institutional differentiation and specialization linked to the emergence of new technologies, new professions or generally new modes of thinking. The mode of institutionalization is affected by the state taking on new responsibilities and developing new policy fields, such as more comprehensive policies for social welfare or culture (Engelstad, 2017). At the same time existing institutions are affected by the emergence of new ones as they change the environment of those already in existence (Luhmann, 2013). This should be related to the concept of institutional bundling in the varieties of capitalism theory perspective (p. 367 above), where it is implicitly assumed that the two types of capitalist economies engage similar institutions but with different designs. The presentation here reveals a more complex picture, indicating that institutional differentiation affects the pattern of bundling. Even if institutional differentiation in one sense means greater stability, from a different viewpoint it may represent greater flexibility. The differences between the American and Norwegian institutional bundles indicate how secondary elite compromises develop differently in the two societies, despite similarities in their point of departure in constitutional governance and in democratic development.

## 17.8 Resilience of Democracy

In light of these observations, how has the persistence of constitutional culture in the United States been possible? A set of reasons often cited has to do with economic progress over time. Despite crises and depression, taken as a whole the American economy has been a tremendous success, not least to the benefit of the elites, who are the most powerful guardians of the system. The crucial combination of the Constitution, the position of the Supreme Court, and the power of small states within the institutions of the federal structure constitute impediments to collective action sufficiently powerful to ward off attempts at decisive changes (Dahl, 2001). In addition come central motivations. Higley and Burton (2006, p. 113) suggest a rather crude explanation: a common fear of a new civil war keeps everyone within bounds. This latent fear may be supplemented by manifest political values with strong normative power: liberty as the core concept and the Constitution as the basis of liberty. The conception of liberty driving the American Revolution was a version of negative freedom understood as minimized external authority. This is well accommodated by wide-reaching acceptance of social inequality. Together these factors shape a society that is quite tolerant of internal tensions.

There could be good reasons to assume that the flexibility of the Norwegian Constitution and constitutional culture leads to a lack of robustness, but this

has not been the case. An extensive set of secondary elite compromises has had a significantly stabilizing effect. This is combined with the strong symbolic significance of the Constitution due to its central position in the long line of national resistance to the political union with Sweden throughout the 19<sup>th</sup> century and to the German occupation. Moreover, broad exposure to the world market has served to ease social cooperation across class boundaries. The power of political values in Norway resides above all in ideas of equality, income security and a generous welfare state, which entails a general acceptance of collective solutions to social problems.

Undoubtedly, both systems have actual and prospective downsides. The main problem of a conservative constitutional culture is its inability to adapt to new circumstances. The United States has to a large extent been self-sufficient with economic resources, but is not so any longer. Refusal to accept this change in conditions has led to what Fukuyama (2014) has characterized as political decay – pressing institutional changes will not be made as long as there is no room for a new elite compromise. At the other end, the presently advantageous flexibility of the Norwegian system may also run into an impasse. The large network of compromises, with many actors looking after their special interests, may lead to a lack of political realism in the face of serious threats to political and economic stability. If so, flexibility turns into stalemate. Without the ability to develop broadly democratic and efficient leadership, in the worst case, both systems will face serious challenges.

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## **18 Afterword: Institutional Differentiation and Change**

In the Introduction to this volume, as well as in the previous two books in the series on institutional change in Nordic countries, the three dominant approaches to institutional change have been introduced: path dependency and turning points, aggregate effects and political ideas. They take a prominent role in the empirical studies in all three volumes. Despite different profiles, what distinguishes the three approaches is not so much how institutions are conceived but mainly the types of situations and mechanisms they highlight. The relevance of each of the models is determined by the problems and cases studied. Each is potentially fruitful; they may also be combined, as illustrated by the contribution to the first volume by Hagelund and Pedersen (2015) on successful and failed negotiations over welfare reforms. Given their character of middle-range models, they have a common propensity to focus on one institution at a time; for many purposes this is an obvious advantage, but at the same time important processes may be overlooked.

An additional approach to institutional change is indicated in the Introduction to the present book, namely institutional differentiation and accordingly the dynamic interplay between institutions. Even if institutions enjoy a necessary degree of independence, they are simultaneously interdependent or complementary, as pointed out by Hall and Soskice (2001). But complementarity does not mean that they remain static (Thelen, 2012). When institutions coexist, they constitute environments for each other; thereby changes in one affect the functioning of the others (Luhmann, 2013). As a theoretical conception of institutional change, this approach is interesting in itself, but it also gains a substantive justification by democracy being a main topic in this book. Given that the quality of democracy is dependent on the relationship and interplay of several institutions, institutional differentiation becomes a pertinent topic for democracy (Aakvaag, this volume), as briefly sketched towards the end of this chapter. In the following, the fruitfulness of this conception will be put to the test by drawing on the empirical studies in all three volumes of the series.

The theoretical route into the field of institutional interplay goes through conceptions and theories of institutional differentiation. However, in long stretches this road is a slippery slope paved by various types of functionalist (Abrutyn & Turner, 2011) or neo-functionalist (Alexander & Colomy, 1985) methodology paired with systems theory or related holist conceptions (Luhmann, 1977). At least implicitly, functionalism in many versions assumes a delimited social unit where change is driven by some form of efficiency pressures, 'needs', the reestablishment of 'equilibrium' or, in Foucauldian terms, even 'oppression without oppressors'. The question arises, then, as to how a 'society' is conceived in this perspective. In the history of sociology from Durkheim ([1893] 1997) to Parsons (1971), societies are described as relatively coherent

unities, in modern times much like nation-states, evolving due to processes of internal rationalization. Later developments in the theory of institutional differentiation have a less unitary bent, according more weight to specific historical analyses of political action and resistance to change (Alexander & Colomy, 1990). Nevertheless, despite exceptions (e.g. Münch, 1990) a holistic leaning remains the rule in this tradition.

However, there is no necessary link between the basic idea of institutional differentiation and functionalist methodology or systems theory. A clear-cut alternative is a bottom-up conception based on social interaction. One possible path is to develop further Michael Mann's (1986) conception of the history of social power, which he elaborates in terms of four relatively independent power networks – economic, political, military and cultural. Mann's main idea was not to lay claim to a new conception of society but to indicate possible contexts for various forms of power by underscoring that these networks differ in their mode of operation as well as in their social and physical extension. The conception of several power networks raises critical and fruitful questions in regard to the idea of a unitary society. At the same time, Mann (1986) remains vague on the question of if and how it, nevertheless, makes sense to speak of 'societies' as specific, albeit multiplex, units integrating a wide variety of organizations with highly different resources and different modes of functioning and control. But despite blurred borders and inconsistent systems of governance, modern societies as nation-states are held together by historical narratives and by being the centre of political legitimacy, citizen rights and state regulation. As 'societies' they are too complex to be grasped as unitary entities, but it is still possible to understand the specificities of their institutions, and to regard a society as a special constellation of institutions, held together by partial and provisional integration, despite dissimilarities in the extension and mode of operation of their institutions.

Institutional differentiation is of course driven by changes in the external environment, be they natural disasters, geopolitical conflicts or technological change. Equally important are internal forces: cognitive and practical innovation in combination with specialization and increased efficiency. Parsons (1966, 1971) underscored the requirement of adaptive upgrading for changes to remain stable – that the innovation must not only be more efficient within the borders of the institution where it originates but also in the relationship between institutions. The question then arises, how is a society held together when confronted by continuous processes of differentiation? Is it possible to establish lines of communication between institutions to establish necessary integration? Aakvaag (this volume) answers in the positive by pointing to the Nordic model, where the state is established with a combination of democratic governance, corporatist coordination and civil society. These important points may be supplemented by the requirements of the life-world of its inhabitants. A minimal consistency between institutions is necessary for citizens to be able to navigate between families, workplaces, health organizations, criminal justice and a series of other institutional arrangements. To this comes two types of requirements in organizations. They must be able to act fairly rationally and

consistently when interacting with other organizations in a variety of fields, be they financial markets, labour markets, interest organizations or tax authorities. Moreover, organizations are never pure, never solely enterprises, bureaucracies, congregations. In their midst, they also encounter problems of economic, political or cultural nature. In sum, strong integrative forces are at work in modern societies.

But, even if strong, integration is porous; if the notion of a social system is meaningful, it is at least quite unstable. A main point in Michael Mann (1986) is the incongruence of power networks due to their hugely different extensions. As a crude example, a state can regulate processes within its own territory, but not in the same way economic transactions involving national enterprises operating outside its borders. Moreover, how efficient and how consistent are measures for state surveillance, regulation and control, after all? This becomes even more intricate as institutions develop unevenly due to their specific modes of operation. The result of such 'imperfections' is a constellation of social institutions in reciprocal change. These observations also throw light on the problem of general conceptions of social change, discussed by Raymond Boudon (1986). He demonstrates that societies as such hardly have a specific mode of change; when societies change, it is their institutions that change. In the long run, the effects of changes originating in, or concentrated in, one institution are manifested as repercussions in other institutions as well. This perspective makes it possible to renounce all-embracing theories and nevertheless describe dynamics in social macro structures as anchored in social action.

In the following, this approach is illustrated by a large number of empirical examples from the present book and the earlier volumes on the Nordic model, and with Norway a typical case. The studies constitute a reservoir of cases of change by institutional interplay. Here, three types are highlighted: (i) The most comprehensive type of change occurs where institutional differentiation becomes clearly visible in novel institutional patterns. This is necessarily a long-term historical process. A typical example is the emergence of the arts as a specific institution, no longer a form of craft production, mostly taking place in the 18<sup>th</sup> century. Processes of differentiation may also revert into dedifferentiation (Lechner, 1990); in practice, differentiation and dedifferentiation may take place at the same time. (ii) In contrast, short-term changes do not have similar wide-ranging effects. Hence, they are not tracked in obvious changes in institutional patterns but become visible in their mode of functioning. A simple example may be a change in the pension system (a sub-institution in the welfare state) that incites employees to stay longer in paid work (the institution of working life). In the short run, this does not elicit observable changes in institutional patterns in the employment system; nevertheless, in the longer run rules and regulations in enterprises are affected. (iii) Even if intentional or unintentional pressures for change do occur, they may be impeded by incompatibility or resistance in already existing institutional patterns. A typical example may be the negligible effects of foreign aid on social and economic development in countries dominated by clientelism and 'big man' politics.

## 18.1 Differentiation and Dedifferentiation

### 18.1.1 General Effects of Differentiation

Differentiation as such – that is, the growth of the number of basic institutions and more specific institutions – may in itself yield important social outcomes. One case described in the present volume is the effects of differentiation on the freedom of citizens, discussed by Aakvaag (this volume). Social differentiation entails increases in the number of options open to citizens; thereby their possibilities for choosing how they want to build their identity and life career are increased. This is a democratic improvement. Simultaneously, differentiation has ambiguous effects on social tensions. It may reduce tensions by separating fields that increasingly stand in opposition to each other, such as religion and science. At the same time, tension may increase. If new structures do not allow individuals to navigate between institutions without losing their capacity to act, or to make meaning in their lives, either institutions break down or individuals collapse. The former is exemplified by the collapse of communism in Europe, the latter most famously illustrated by Franz Kafka's *The Process*. Even when institutional compatibility is upheld, tensions between institutional demands belong to everyday life. Antinomies, like those between the economy and family life, between national government and local communities or between health care and bureaucracy, may be handled differently, but they do not disappear.

### 18.1.2 Emergence of New Institutional Elements

Processes of differentiation always take specific forms (Colomy, 1990). When new institutional elements first occur, they are in an undeveloped form; they evolve over time and have their own history. A spectacular, if rudimentary, institutional renewal was the introduction of suffrage, which took place both in the United States and in Norway around the year 1800 (Engelstad, this volume, Ch. 17). At the outset, only a minority of the adult population was accorded the right to vote. But when the right to participate in democratic decision-making was achieved by one group, other groups started demanding the same rights, be they property-less men, women or people with a non-white complexion. The long-term consequence of widening suffrage to broader groups of citizens was a change in the conception of citizenship, and thereby the demands of citizens vis-à-vis the state. Moreover, the campaign for broadening suffrage took the form of comprehensive social movements, with lasting organizational changes in civil society as a consequence (Aakvaag, 2017; Mjøset, this volume).

From the Lutheran Reformation in the 16<sup>th</sup> century and up to the end of the 20<sup>th</sup> century, all the Nordic countries had a state church (Furseth, 2017). Over most of this period, the king was the undisputed head of the church. But gradually, the

state loosened its grip. Around the mid-19<sup>th</sup> century, dissenting sects were legally recognized, and low-church movements became a vital religious and political power. In the state church, members of local bodies at the level of the congregation were appointed from below. Over the 20<sup>th</sup> century the gradual increase in church autonomy resulted in the abolishment of the state church in Sweden, Finland and Norway. Even so, differentiation is not on a par with the French *laïcité*, as the former state churches still keep important bonds to the state and enjoy considerable economic and political support.

State intervention to regulate work conflicts in the early 20<sup>th</sup> century Norway (Seip, this volume) took the form of legislating institutions for arbitration. At the beginning, the reform met with moderate success; in the years up to the economic breakdown in 1929, the conflict level actually remained exceptionally high. However, the long-term consequences were significant. The reform established the state as a legitimate regulator in labour market processes. This was to be a condition for the adoption of the Basic Agreement in the mid-1930s, regularizing the relationship between the labour market parties on a more permanent basis (Falkum, 2015). Over a still longer time perspective it paved the way for the role of the state in the tripartite wage formation; moreover the Basic Agreement became a significant element in the building of the welfare state after the Second World War.

The institution of property rights constitutes the other side of the coin in labour conflict as well as in the regular mode of operation in the economy. Property rights belong to a basic bundle of democratic rights and have a long history; they are institutionalized by political processes and vary between societies and over time (Engelstad, 2015). In the Nordic model, property rights have been adjusted in several instances, most importantly with the right of employees of joint-stock firms to elect representatives to the board of directors and the introduction of health and safety committees with fifty-fifty representation of employers and employees. Most recently, gender quotas for boards in public limited liability firms in Norway represent an adjustment of property rights. But adjustments have a limit. Constraints to further adjustments materialized when the ‘socialization’ of commercial banks in Norway and later the Wage Earner Funds in Sweden were introduced and subsequently withdrawn (*ibid.*).

Between the political institutions and the public sphere a wide set of institutionalized arrangements have been built up in the Nordic countries as well as in other parts of the world. One type of such arrangements is publicly appointed committees where experts, political representatives and bureaucrats meet for broad deliberation. These committees mostly focus on pressing problems and political issues calling for a solution or on future challenges. In a comparative case study of high-level committees in Germany and Norway, Krick and Holst (this volume) point out that such committees can function very well but that they hardly avoid tensions created by the ambition to combine independent expertise, academic or otherwise, with political representativity. In Sweden and Norway, the outcomes of many such



committees are collected in large series of public reports. Thereby they represent a form of deliberation different from the one envisaged in Habermas's conception of the public sphere (1989).

### 18.1.3 Dedifferentiation

There is a fine line between institutional adjustments as an expression of minimal compatibility between institutions, in the relationship to the state sector or otherwise, and forms of dedifferentiation that comprise a noticeable change in the mode of operation of institutions. The Nordic model, with its heavy emphasis on state intervention, in parallel with political reluctance to reduce institutional autonomy, makes visible a grey zone between the two extremes. Another grey zone is visible where differentiation is not completed, as in the former state churches (see above).

A general case of dedifferentiation is found in Teigen's analysis (this volume) of the transfer of norms of representation from politics to the economy. Traditionally norms of descriptive representation have been reserved for political decision-making. However, in Norway at the beginning of the 2000s, a norm justifying the regulation of gender balance was made applicable to the boards of several large corporations, most notably the stock-listed companies (Teigen, 2015). A related case of normative transfer between politics and the economy is discussed by Holst (2015) on equity norms in wage formation. The Norwegian system of tripartite wage formation has brought forth uncommon norms of redistribution to justify the reduction of wage differentials between men and women.

The emergence of the tripartite system in the labour market is simultaneously a case of dedifferentiation. Institutional walls between politics and the economy become more porous. A long-term consequence of coordination in wage formation is the emergence of several forms of institutionalized economic-political arrangements (Falkum, 2015). Some of them are activated before the bargaining processes start, in the form of broad consultation and expert committees on the sustainability of the national economy. At the other end, if conflicts remain unresolved, public arbitrators are engaged; in Norway the parliament may even end the dispute by legislation. A further effect of the tripartite system is the establishment of a privileged position for the labour market parties to influence policy-making in such fields as education, health care or pensions (Hagelund & Pedersen, 2015).

A weaker type of dedifferentiation emerges through state support for the arts and cultural life (Larsen, 2017). The comprehensive subvention of culture is found in all the Nordic countries, and most strongly so in Norway, where the culture policy of the state is largely justified by the protection of national cultural production. Large-scale purchases by the state of art works and literature – along with the heavy subvention of theatres, opera and film production – are some of the parts of this policy. The dependence of the arts and cultural life on the state necessarily raises the question of

artistic autonomy: does the one who pays the piper also call the tune? The established counter-norm is that of arm's-length distance; what political authorities require from recipients is active marketing in order to reach new audiences, but when it comes to decisions on artistic matters, they are supposed to stay aloof. Nevertheless, conflicts do occur (*ibid.*) but mostly over the distribution of subsidies to various projects and art forms. A similar case of conditional dedifferentiation is found in the field of media policy; the state gives economic support to media to secure the quality of social and political deliberation. Here the same arm's-length principle applies, but in a double sense – both vis-à-vis the state and media owners.

## 18.2 Dynamic Interplay

When viewed in the short term, institutional differentiation does not become immediately visible. Thus, to the degree that changes are observable, it is mostly related to institutional functioning, not so clearly to structural qualities. These relations may go both ways, to some extent reciprocally. The cases presented below are sorted according to types of institutions and mechanisms: effects on the political behaviour of individuals or organizations, patterns of deliberation shaped by the media and the mode of operation of public agencies.

### 18.2.1 Political Behaviour

A crucial example is the relationship between the degree of inequality, the educational system and the level of political knowledge in the electorate. Hesstvedt (this volume) displays the institutional effects of educational systems and patterns of inequality on political behaviour. The degree of egalitarianism in both has significant effects – partly unintended – on political competence in voters. In the next round this also affects participation in elections. In the same vein, Skorge (this volume) shows that educational structures affect women's demand for work-family policies, both as concerns the prevalence of higher education and the pattern of skill specificity. A related case, albeit more implicit, is the study of retail trade apprentices by Rogstad and Reegård (this volume). Here the highly organized working life surrounding employment relations affects their on-the-job autonomy and loosens strict de-limitations of employer prerogatives.

Another set of mechanisms is linked to changes on the international scene. The problems of the financial crisis and the way they were solved by the Norwegian government had the effect of increased confidence in political institutions, both within the general public and among national elites. Albeit as one among several events, this showed up in the subsequent election in 2009 but was still observable as increased trust in the parliament and the government among Norwegian top

business leaders, even if the change of governing party may also have played a role (Gulbrandsen, this volume).

An additional example of changes on the international scene is Mjøset's comparison (this volume) of 'old' and 'new' social movements. Common to the old social movements – the labour movement or the feminist movement – is that their goals were located within the confines of the national state. This entailed an institutionalization of the relationships between these movements and the state as they were able to formulate interests that could be handled directly by politics. The new movements, in contrast, focus on problems and challenges where solutions mostly lie outside the national borders and thus must find their solution in international fora. Thereby the relationship between movements and the state also changes. The new movements are less efficient; they may operate as lobby organizations but have less direct impact on policy formation within their specific fields.

### 18.2.2 Deliberation and Changes in the Media Structure

The most dramatic change in the media structure in decades is the emergence of social media, with its effects on social and political deliberation. It may be discussed whether the net effect of social media on the quality of democracy is positive or negative; studies point in different directions (Enjolras & Steen-Johnsen, 2017). A case study of the interaction of politicians and voters at the local level (Segaard, 2017) concludes in the positive after showing that social media broadened participation in political discussions among groups that otherwise would be more passive: women, young people and citizens with lower education.

Another crucial change in the functioning of the public sphere is the emergence of the professional information industry (Engelstad, 2017). As with social media, the development is ambiguous – the result is both more and less transparency in the flow of information. Lobbying becomes more efficient, while ministries and public agencies hire information officers to counter attacks from both journalists and lobbyists. One outcome is that the requirement of increased information from the agency affects bureaucratic routines towards more short-term production and presentation of information material.

A field highly influenced by the media is religion (Lundby, 2017). In the Nordic area, churches and other religious sites are only to a limited degree sources of information to the public about religion. Rather, the most common source is the media. This contributes to changing the general image of religion and, in the next round, of articles of faith. Influences also go the other way. Elgvin and Rogstad (2017) point out how the Norwegian media have changed their coverage of religious, and particularly Islamic, issues after the publication of cartoons of the Prophet Muhammad in Denmark and later in Norway. Jihadic threats have a certain effect: even if journalists

and cartoonists do not feel personally threatened, they have changed their mode of presentation of Islamic matters.

### 18.2.3 Public Agencies

In a broad set of welfare state agencies there is strong pressure to redefine the position of patients and clients into ‘users’ of health and social services. To a significant degree this follows from democratic considerations, the expectation that clients and patients shall be treated as autonomous individuals. In Hagelund’s discussion (this volume) of the challenges of social workers in the social service agency NAV, some paradoxical traits come to the fore. One consequence of the ‘user’ orientation is that the process of and criteria for allocating provisions are changed. The question is no longer solely whether the recipient has a ‘right’ to the provision; the challenge is more a question of mobilizing the motivation of users to take part in social service programmes.

The increased influx of immigrants has had a strong impact on a broad set of public agencies. One critical point is changes in the conceptions of citizenship (Olsen, this volume). Until the mid-1990s the interpretation of citizenship was virtually a non-issue in Norway. Public documents have in subsequent years increasingly focused on citizenship not only as a criterion of social inclusion but drawn a link to the according welfare state rights, while at the same time introducing increasingly high thresholds for acquiring citizenship in the kingdom of Norway. Citizenship is not only a source of rights for its bearers – it has also become a means of control for political authorities.

Another effect of immigration is studied by Nicolaisen and Trygstad (2015), related to labour immigration into special industries in the economy. The influx of workers willing to, or forced to, accept much lower wages than regular wage agreements has created a grey-to-black segment in the labour market. In addition to troubles for workers, this also has considerable effects on the system of labour inspection in Norway, which over the last decades has changed from direct inspection to the supervision of health and security plans in enterprises. This relationship of trust is undermined by unscrupulous employers, something that creates pressure to revert to the old and less-productive system of direct on-the-site inspection.

## 18.3 Resistance to Change

Equally important as the cases of institutional repercussions are those where little or no change occurs due to resilience or resistance in the environment. Attempts at reforms may show themselves to be impractical as early as their introduction, or they may slowly disintegrate or be expelled in the long run. Resistance may either be indirect, by taking the form of institutional incompatibility, or it may be based in a form of veto power, as envisaged by Mahoney and Thelen (2010, pp. 18ff.).

A clear-cut case of institutional incompatibility are the attempts at broadening local political engagement in the Nordic region by introducing forms of participatory budgeting inspired from Brazil. Even though serious interventions were made in some cities, the effects turned out to be very modest. The example from the city of Fredrikstad demonstrates that the highly elaborate institutionalization of rules and regulations in local and national politics created very strong limits on popular participation in the allocation of municipal budgets (Legard, this volume).

Likewise, the comparative study of resistance in Trætteberg's discussion (this volume) of the prevalence of commercialization in the social sector is mostly a case of institutional incompatibility. In Sweden, the commercialization of service provision has been extended very far, in contrast to Denmark and Norway, where resistance has been stronger. A main reason for this dissimilarity is found in the strong position of nonprofit organizations as part of civil society in Denmark and Norway, which has enabled them to fend off market-based actors.

An example of a mixed case is found in the adaption of agreements and legislation furthering employee participation in decision-making. Trygstad and Alsos (this volume) find that legislation and agreements between the labour market parties directly affecting governance routines in the enterprise to a large degree. In contrast, legislation concerning employee health and security is implemented in the overwhelming majority of enterprises. Low degree of implementation is particularly noticeable for the agreements between the labour market parties, even though these are voluntarily adapted and not forced through by legislation. A similar tendency is demonstrated by Hagen (2015), describing the decline of the institution of Corporate Assembly, initially introduced to further economic democracy. A common justification is that the Assembly is experienced as an unnecessary addendum to the structure of decision-making.

The abolishment of the Norwegian 'socialization' of commercial banks and the Swedish Wage Earner Funds mentioned above are clear examples of resistance to change by veto power, even though it took several years before the reforms were reversed. An example of a large-scale reform in working life which never was realized is the proposition from powerful Norwegian social democrats to extend the amount of employee representatives on company boards from one-third to one-half (Engelstad, 2015). This, too, was a case where the political adjustment of property rights threatened to undermine their essential traits.

## 18.4 Institutional Differentiation and Democracy

This Afterword is concentrated on methodological questions of institutional change. But given the theme of the book, the relevance of institutional differentiation to the understanding of democracy deserves a final remark. This is not to deny the usefulness of the three main approaches to institutional change in regard to analyses

of democracy; it is demonstrated by how they are brought to use in this book. However, some distinctive aspects of democracy are best captured by this focus on institutional differentiation.

First is the role of the state in processes of social differentiation. Here a two-way relationship is present. In societies where the state is fairly efficient, it is directly or indirectly connected to the central institutions as a regulator or superordinate, for instance. Just as institutions must be sufficiently compatible with patterns of interaction among citizens, citizen interaction embedded in institutions must be sufficiently compatible with the mode of operation of the state. Even if the relationship between the state and the totality of institutions is necessarily imperfect, it already indicates a close connection between democratic governance and the workings of institutions in macro.

These examples from the Nordic model demonstrate that the state has played an overwhelmingly active part in processes of social differentiation. Even if the selection of cases is somewhat arbitrary, a main tendency often overlooked becomes visible. There is a significant link between the state and the way institutional differentiation is taking place. Thus, when politics to a large degree shape the development of society, democracy is at play. This is true not only when changes affect the political institutions as such, or have a direct effect on the democratic elements of other institutions, but is also relevant for the further institutional repercussions.

Second, what institutional differentiation as a theoretical approach brings forth is a specific image of modern society. A main point that has come out clearly here is that societies are very unevenly delimited entities in a state of continuous disequilibrium. This also means that democracies may turn out to be relatively fragile arrangements, in continuous need of support, maintenance and renewal. If this is the case, relatively resilient institutions constitute important sources of social and political stability.

At several places in this book it has been argued that the broad set of social institutions forms a crucial part of democracy. A challenge in this connection is the problem of power dispersion. If institutions become too tightly integrated, a victim is not only the productive capacity of internal tensions but also the freedom of citizens. If differentiation makes the institutional relations too loose, society disintegrates. The first case mainly implies the loss of negative freedom, the latter positive freedom. A viable modern society rests on both.

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