Continued Elite Support for the Norwegian Version of the Nordic Model?

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Abstract: »Durchgängige Unterstützung der Elite für die norwegische Version des nordischen Modells?« In contrast to many other Western countries the Nordic countries, including Norway, have managed to uphold fairly high levels of employment and welfare states offering the citizens universal and relatively generous economic benefits. Moreover, the Nordic countries have industrial relations characterized by close cooperation between the main partners in the labor market. To a large extent the Norwegian version of the Nordic welfare state model rests on historical elite compromises forged between leaders of various class and interest organizations or movements. In general, there is (still) considerable support for the Norwegian welfare state model among the Norwegian elites. This is manifested by a widespread backing of more or at least the same level of spending on various important welfare programs. Such support is also demonstrated by an extensive endorsement of the collaborative system of industrial relations. The stability of the Norwegian version of the Nordic model is a result of a specific combination of facilitating conditions: A strong labor movement, a unique system of wage determination, institutional complementarity between this system and welfare state services and benefits, an influential profession of economists, a historically uncorrupt and efficient civil service, a strong rural counter-culture, and widespread egalitarian values.

Keywords: Welfare state, Nordic countries, Norway, elite compromises.

1. Introduction

In the last decade, Western societies have been confronted with several serious challenges. The international financial crisis that started in 2008 caused severe problems in several national economies, increasing unemployment, shrinking welfare budgets and national debt. Many observers and scholars alike have blamed national elites for allowing the financial crisis to unfold or given them outright responsibility for having caused it. In several countries elites have also been blamed for increasing socioeconomic inequalities, which have given rise to widespread anger in the population. Trust in political institutions has decreased or even plummeted in several countries, another indication of increas-
ing distance between elites and ordinary citizens (Klingemann and Hoffmann-Lange 2018, in this issue).

Against this background, Norway and the Nordic countries Denmark, Finland, and Sweden have received much attention for having been able to ward off several of the challenges facing other countries. The Nordic countries have managed to uphold fairly high levels of employment and welfare states offering the citizens universal and relatively generous economic benefits. The Nordic countries have industrial relations characterized by close cooperation between the main partners in the labor market. This cooperation has kept industrial conflicts and inflation at bay. At the same time, it stimulated investments and productivity. Economic inequalities are among the lowest in the world. Interpersonal trust is widespread, and the political institutions enjoy fairly high levels of citizen trust. Norway in particular has received much international credit for its economic policy. By a prudent use of oil revenues Norway has avoided the “curse of plenty” that has been detrimental to many other oil producing countries. Moreover, the success of the Scandinavian model is not a recent phenomenon. According to Barth, Moene and Willumsen (2014), both Norway and Sweden have after 1982 experienced higher economic growth rates than the US.

To a large extent the Norwegian version of the Nordic welfare state model rests on an elite consensus grown out of previous class compromises and compromises between opposing interest groups. Both the state and various popular movements, particularly the labor movement, have been important partners to these compromises. The compromises were forged between the leaders of the various class and interest organizations or movements. In that sense these compromises were elite compromises, in line with the theory of Field and Higley (1980) and Higley and Burton (2006), and they were examples of elite accommodation as discussed by Lijphart (1969a, 1969b) and Presthus (1973).

The elite compromises in Norway have a two-tier structure (Engelstad, Gulbrandsen and Østerud 1999; Gulbrandsen et al. 2002). According to Higley and his collaborators, first-order elite compromises are those historic settlements which establish a basic consensual unity among the main elites. They frequently lay down the constitutional structure in a society. Second-order compromises are sector specific agreements.

A basic elite compromise in the history of the Norwegian nation was the liberal Constitution of 1814, one of the most democratic at that time. This constitution established individual rights which have formed the political landscape ever since. For instance, the fathers of the constitution attached the right to vote to ownership of property, implying that also independent farmers and even leaseholders in the countryside were granted the right to vote (Myhre 2018). This meant that the numerical backbone of society, the peasants, among them even the tiniest smallholder, had a say in national political matters. According to Kühne: “More than elsewhere in Europe peasants were carriers of freedom.
and equality in Scandinavia” (2000, 209). This social group should later in the century become a significant political force in the Norwegian society. Similarly, the Constitution gave citizens freedom of speech. A couple of decades later this freedom was an important precondition for a massive upsurge of voluntary associations. Many of these associations later developed into national popular movements with considerable political influence.

Since the late 19th century we can identify at least three more first-order elite settlements in Norway that were important as preconditions for the emergence and development of the Norwegian welfare state model. In 1884 a parliamentary system of government was introduced. This reform also entailed constitutional recognition and legitimation of conflicts between political parties. The reform was pushed forward by a coalition of peasants, representatives of popular movements, and urban intellectuals. These groups founded the Liberal Party (Venstre). The Liberal Party was formed in 1884 in opposition to the ruling elite of senior civil servants and urban burghers. Representatives of the latter groups established the Conservative party (Høyre) also in 1884. Three years later – in 1887 – the Labor Party was formed. The basic elite compromise behind the institutionalization of a parliamentary system thus gave rise to new ways of channeling political demands from below into the political system.

The next decisive elite settlement was made around 1905 when Norway acquired national independence from Sweden. Most Norwegian elites worked together to achieve national independence. And during the first years of independence political discussions were tuned down in favor of the national project of building up the new nation. The last basic elite compromise in Norwegian history appeared in 1945. At the end of the Second World War the various Norwegian elite groups were firmly determined to work together for national reconstruction. This elite settlement manifested itself in a joint political program formulated and endorsed by all the main political parties in Norway.

In addition, consensual unity and political stability in Norway has been secured through a number of sector-specific elite compromises. In this paper I will particularly focus upon the compromises behind two of the most prominent elements of the Nordic model: (1) the welfare state and (2) the extensive collaboration between the trade union movement and employers’ associations. What may explain these elite compromises? How were they related to the more basic first-order elite settlements? Will the national elite compromises behind the Norwegian version of the Nordic model be upheld? Will the elites continue to endorse the generous welfare state and peaceful industrial relations? Have the challenges confronting Norwegian society during the last decade affected the elites’ willingness to support the Norwegian model?

These questions will be discussed with reference to Norwegian historical studies and by using data from two survey studies of elites in Norway. The first one was conducted in 2000 and the second in 2015.
2. The Nordic Model and the Norwegian Version of the Model

The idea that the Nordic countries make up a special group of democratic, welfare-capitalist countries is widely accepted. In his well-known analysis of welfare capitalism Esping-Andersen (1990) identified three types of welfare states: (i) social democratic, (ii) conservative, and (iii) liberal. The Nordic countries were analyzed as the proto-typical examples of social democratic welfare states. In the “varieties of capitalism” literature (Hall and Soskice 2001) the Nordic countries have been denoted as a variant of “coordinated market economies” as opposed to “liberal market economies.”

What are the main elements of this Nordic model? There is no consensus in the literature on the exact nature or content of a Nordic model. Moreover, each of the Nordic countries has its unique economic and social system. Nonetheless, the Nordic countries share a specific combination of institutions and policies, that justifies to consider them as a distinct category of democratic welfare states.

2.1 Welfare State and Welfare Policies

According to welfare state researchers (Christiansen et al. 2006; Kvist et al. 2011; Pedersen and Kuhnle 2017) the Nordic welfare state model is characterized by comprehensive public responsibility for the welfare and well-being of citizens and residents, a large public sector and comparatively generous welfare benefits. A key characteristic of the Nordic welfare states is the principle of universal social rights for the entire population or at least sizeable categories of the population.

The Nordic welfare state model clearly differs from the liberal welfare model that is prevalent in the USA and some of the other Anglo-Saxon countries. Liberal welfare states function to a large extent as market-based insurance systems in which benefits depend upon how much the individuals have paid. The Nordic model also differs from a continental model which is for instance practiced in Germany and France. In the continental model benefits are based on participation in the labor market and primarily financed through payments from employers and employees.

The precursors of the modern welfare state were introduced at the end of the 19th and the beginning of the 20th century (Seip 1984). In 1894 the first accident insurance law for workers in factories was passed. The first health insurance act in Norway was passed in 1909. It implied a mandatory insurance of all workers with an income under a specified level. As in several other European countries, these first “welfare laws” emerged in response to a growing concern about the extent and consequences of poverty in Norway. These concerns were propounded by workers and their organizations, professionals such as doctors
and priests, and by many members of the civil service elite, mostly lawyers, who – motivated by humanitarian values – were particularly involved in social policy issues (Seip 1984; Slagstad 1998). The concerns and interests of these diverse groups were picked up by the three political parties that were formed during the 1880s. It was the Labor Party which first and foremost formulated the demands for new social policy issues (Seip 1984). The Liberal Party, the dominating party at that time, picked up the demands and reformulated them in order to reduce budgetary pressures. The first welfare laws can thus be seen as outcomes of compromises between the elites of the Liberal Party and The Labor Party.

Successive extensions of the suffrage leading to a general suffrage for men in 1898 and women in 1913 implied that the political parties had to pay attention to new groups of voters. Social policies were particularly important for many of these new voters. Accordingly, social policy issues came to play a significant role as markers in the political discussions and between the political parties around the turn of the century.

However, the Norwegian welfare state as we know it today was established only after World War II. Universal family allowance, continued payment of wages during sick leave, health insurance, unemployment benefits, and old-age pensions were introduced in quick succession and combined in a National Insurance Act that was passed in 1967. There was broad political consensus across the different political parties behind the various welfare measures. Several scholars have seen the spirit of solidarity caused by the war experiences and the ensuing national determination to reconstruct Norwegian society as important factors in explaining the broad political consensus behind these modern welfare policies (Hatland, Kuhnle and Romøren 2013). However, consensus was probably also obtained and potential conflicts avoided due to the continual economic growth that took place in the decades after the war.

2.2 Collaborative Industrial Relations

Scholars within the industrial relations tradition focus more on the unique collaboration between a strong trade union movement, centralized employers’ associations, and the state as the main element of the Nordic model (Falkum 2016). The essence of this cooperation is a particular system of wage determination. The Nordic countries are characterized by small wage differentials (OECD 2015). The compressed wage structure is a result firstly of centralized wage negotiations combined with an extensive coordination of wage determination across different sectors. Secondly, the goal of compressed wages was adopted in the 1950s by the trade union movement both in Norway and Sweden under the slogan “Solidarity Wage Policy.” Even if the trade unions always have been distinguished by ideals of equality, the centralized wage determination was originally not based upon a wish to influence the income distribution.
of the Nordic societies. As discussed by Moene and Wallerstein (1995), the original reasoning was primarily based on efficiency considerations. At the beginning of the 1950s, two Swedish trade union economists – Gösta Rehn (1952) and Rudolf Meidner (1952) – advocated wage equalization across enterprises and industries based on the assumption that this would stimulate economic development, thereby allowing a faster restructuring of production by adopting new and more effective technologies. They argued that a compression of wages would push up wages in enterprises with low productivity and bring them down in highly productive companies. The result would be a faster replacement of less productive businesses by new and more modern ones. The consequence of centralized wage negotiations and a solidarity wage policy is thus a process of “creative destruction” (Barth, Moene and Willumsen 2014).

A third significant element in the Norwegian system of wage determination is that internationally competitive industries negotiate first, establishing a norm for the rest of the wage settlements in the economy (Aukrust 1977). The intention is to ensure that wage growth in the economy is not higher than the industries exposed to international competition can sustain. This way of organizing the wage negotiations is based on the acknowledgment that Norway is a small economy and that her prosperity depends on the competitiveness of her industries (Katzenstein 1985).

The collaboration between the major organizations in the labor market is not limited to wage determination. It also includes measures for improving the work environment and the introduction of new technologies and new forms of work. The cooperation rests on an extensive participation by both employees and employers. About 52 per cent of all employees in Norway are members of a trade union, and 67 per cent of all employees in Norway work in an enterprise that is member of an employer organization (Stokke, Nergaard and Evju 2013).

This cooperation dates back to the beginning of the 20th century when employers and union leaders realized that strong international competition forced them to enter into moderate wage settlements. During the 1930s employers were eager to introduce a centralization of wage negotiations expecting it to lead to more moderate wage claims from the leaders of the national unions. By this, they hoped to undermine the power of militant leaders of local unions (Bowman 2002). After the war it became more important to leaders of both the Confederation of Employers and the Norwegian Confederation of Trade Unions to use centralized wage settlements to ensure the competitiveness of the open Norwegian economy.

In Norway the collaboration was first institutionalized through the Basic Agreement of 1935 between the Norwegian Confederation of Trade Unions (LO) and the Confederation of Norwegian Enterprises (NHO). The basic agreement was concluded between the top leaders in the two organizations and is thus an example of the kind of second-order elite compromises discussed above. The Basic Agreement regulates conflicts in the work place, the rights
and responsibilities of shop stewards and local unions, and the procedures in connection with significant changes of the enterprises. These “self-regulations” are complemented by various public regulations of the working conditions.

Over the last decades, the cooperation has considerably reduced the scope of industrial conflict, prevented uncontrolled wage growth and stimulated productivity and the restructuring of enterprises. Both employers and employees agree that the system of industrial relations has been beneficial for the Norwegian economy (Barth, Moene and Willumsen 2014).

2.3 Institutional Complementarities in the Norwegian Model

As Dølvik, Fløtten, Hippe and Jordfald (2015) have emphasized, a unique quality of the Nordic model is that the various policies and institutions ‘interact.’ Or in line with the theories of Hall and Soskice (2001), there are considerable ‘institutional complementarities’ between the various elements of the model. Firstly, the generous welfare provisions constitute an elaborate social safety net that protects individuals who lose their jobs during periods of recession and/or substantial restructuring. This safety net makes it less risky for employees and unions to take an active part in management decisions to increase productivity or to adjust the production to changes in demand. Moreover, in all Nordic countries public authorities invest heavily in education and training to facilitate a high mobility of the work force. During recessions it has for instance been common in Norway to scale up the number of students in institutions of higher education in order to prevent unemployment among young people.

As already Katzenstein (1985, 24) observed a couple of decades ago: [E]lites in the small European states [TG: including Norway], while letting international markets force economic adjustments, choose a variety of economic and social policies that prevent the costs of change from causing political eruptions. They live with change by compensating for it.

2.4 Nordic Differences

The Norwegian version of the Nordic model differs from those of the other Nordic countries in several respects. Firstly, on several occasions national collective bargaining in Norway has involved the state, while the Swedish state is rarely ever engaged in national wage negotiations. Secondly, in Norway unemployment benefits are administered by public authorities. In Sweden and Denmark, such benefits are administered by unemployment insurance funds, separate organizations which are, to a large extent, related to the labour unions. Thirdly, in spite of an increasing privatization of public companies and services, the private welfare sector in Norway is small. In contrast, the conservative government that ruled Sweden in the period from 2006 to 2014 emphasized a privatization of welfare services. As a result, the private welfare sector in Sweden is significantly larger than in Norway and the other Nordic coun-
tries. Fourthly, Norway is characterized by active policies to preserve a widely scattered spatial distribution of the population, a result of the strong position of peasants in Norway mentioned above. Substantial economic transfers to rural areas are a significant element of these policies. In contrast, Sweden has no similar policies for rural areas. As described above, the historical tensions between rural movements and their elites on one side and the urban elites on the other side, a center-periphery conflict – urban centers vs. rural areas – has become evident when Norwegian voters in national referendums in 1972 and 1994 turned down government proposals to join the European Union. On both occasions a pro-EU center and the anti-EU periphery represented the two sides of the conflict.

2.5 Changes in the Model

Two decades ago, Pierson (1996) observed that – in spite of considerable pressures – the resilience of the welfare states was surprising. He suggested that this stemmed from the generally conservative characteristics of democratic political institutions. In contrast, Hemerijc (2013) has recently shown that many welfare states have introduced a number of qualitative changes especially in macro-economic policy, labor market policy, industrial relations, old age pensions, and social policies.

In line with Hemerijc’s observations (2013), the Nordic model has not been static either. There are three major types of change: (1) Consolidating changes: One important example of such change was an income policy introduced in Norway in 1992, called the “Solidarity alternative” (NOU 1992, 26). The introduction of the “Solidarity alternative” implied that all parties joined a macro-economic understanding that costs and prices as well as real wages are best served by moderate wage settlements. In addition to an agreement about wage moderation the “Solidarity alternative” included a combination of moderate wage subsidies, employment-creating measures, simplification of public regulations, training measures for working life, and stabilization of Norwegian currency. This income policy has since contributed to a stable economic development in Norway.

Another example is a budgetary rule concerning the usage of capital gains from “The Government Pension Fund – Global of Norway” which was introduced in 2001, popularly called “The oil fund.” The purpose of the rule is to ensure that the sovereign wealth fund, predominantly consisting of oil revenues, will secure continued economic development for future generations. The budgetary rule is supposed to continue yielding surpluses even after the petroleum resources of the North Sea are exhausted. The rule states that a maximum of 4% of the fund’s stock will be allocated to the annual government budget. This budgetary rule represents an institutionalization of a macro-economic
assumption that a balanced economic development requires that public authorities avoid overheating of the economy by overly expansionist fiscal policies.

Both institutional innovations are testimonies of the significant influence of Norwegian economists on political thinking in Norway.

(2) Adjusting changes: In order to adjust their old age pension systems to the demographics of an ageing population, all Nordic countries have enacted pension reforms in order to improve the long-term financial sustainability of the systems. The Swedish reform is the most radical in this respect – transforming the Swedish pension system from one of the most generous among the OECD-countries to one of the most meagre (Pedersen and Finseraas 2009). The Norwegian pension reform was passed after two broad settlements. The details of the system were worked out within a small circle of top leaders from the Cabinet, the Labour Party and the Federation of Trade Unions (Grødem and Hippe 2018). This policy change illustrates that there is no soft-headedness or concern for democratic participation when the ruling elite in Norway considers it necessary to take political action.

Another adjustment has been an increasing emphasis on “activation” and incentives to motivate and qualify the unemployed and disabled to work in the regular labor market. This approach is similar to earlier plans to change welfare to workfare. Similarly, the present government has introduced a mandatory duty to participate in qualifying and work preparing activities as condition for receiving social assistance (Langford 2017).

(3) Structural changes in the economy with the potential to undermine the Norwegian model in the long run. Future growth in employment will primarily take place in private services. Because union membership is less common in these industries, trade union density in Norway is expected to decline. Such a development may undermine the power of the labor unions. Several scholars see strong and influential trade unions as a significant factor behind the emergence and resilience of the Nordic model (Korpi 1981). A lower degree of unionization in the Norwegian economy may tempt groups of employers to reduce their participation in the national system of industrial relations. Moreover, an increasing number of labor migrants (mostly from Eastern Europe) and refugees put pressure both on national wage levels and union density, thereby also challenging the position of the labor unions in the Norwegian society.1

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1 As in several other European countries, immigration has become a significant and heated political issue. The Progress Party, a right wing populist party, has grown to be the third largest party in Norway, first and foremost based upon their strong opposition to immigration, particular from the third world.
2.6 The Political Implementation of the Norwegian Model

The preceding discussion has identified some pivotal causes behind the Norwegian model. First of all, since the burgeoning of the welfare state a strong labor movement has been an important initiator of welfare policies. It has also been party to elite compromises on significant elements of the Norwegian model such as the Basic Agreement in 1935. At crucial moments in Norwegian history, the labor movement and the Labor Party were able to join forces with and receive support for its initiatives from other political groups in society. At the turn of the 20th century, the interests of workers were supported by the Liberal Party, which otherwise represented peasants and some popular movements like the “New Norwegian Language” movement, the temperance movement and the lay church movement. Later the Labor Party could climb to governmental power after a historic settlement, again supported by the political representation of the peasants – now the Farmers’ Party. This happened in 1935, after several years of economic crisis and high unemployment. At several occasions initiatives for welfare reforms also received support from representatives of powerful elite groups. At the turn of the 20th century, civil service elites supported welfare reforms for humanitarian reasons. Likewise, business leaders endorsed the introduction of the Norwegian system of wage determination after World War II.

The support for welfare policies from important segments of the civil service elite is a testimony to the significance of national values, or mentalities, as prerequisites for the emergence of the Norwegian model. The prevailing philosophy of the civil service elite contained a vision of the common weal. They believed that it was the obligation of the state to promote general welfare through economic growth (Myhre 2018; Slagstad 1998). A significant element of the strategy for achieving this was the development of a public educational system for all citizens. Inspired by German theories, leading Norwegian civil servants – who were mostly jurists – emphasized that the state is not only supposed to be based on the rule of law but should also be a “Kulturstaat.” This “civilized state” should be “a strong arm” protecting the weak (Seip 1984). At the end of the 19th century, both social liberal and conservative politicians adopted these ideas. These historical observations are in line with Vivien A. Schmidt’s “discursive Institutionalism” (Schmidt 2008) underlining the important role of ideas, cognitive as well as normative ones, in political discourse.

The formation of the Norwegian model was also facilitated by important institutional and structural conditions. As mentioned above, the Constitution of 1814 established individual rights which laid the foundation of the ensuing political mobilization of broad segments of the Norwegian population. The institutionalization of a parliamentary system and a party system in 1884 opened up channels for bringing demands into the political system from the popular movements that arose from that mobilization. The extension of voting
rights gave power to groups and parties that particularly promoted these demands and paved the way for alliances between them.

The situation of Norway as a small economy that is strongly exposed to international competition has represented a structural condition for collaboration across class divides. As Katzenstein (1985) observed, the economical vulnerability of small nations in Western Europe, including Norway, Denmark, and Sweden, led to what he called “democratic corporatism,” a mixture of ideological consensus, centralized politics, and complex bargaining among politicians, interest groups, and bureaucrats.

At the end of the 20th century a broad cooperation was also stimulated by the emergence of the new oil industry. At the outset uncertainty about the potential of the continental shelf and a “wait and see” attitude led to a preference for foreign oil companies. The first major oil discovery in 1969 persuaded Norwegian politicians to start what has been called a “Norwegianization” of the oil industry. A state-owned oil company was soon established and given an ever stronger role in the extraction of oil. Moreover, an increasing number of assignments in the oil industry were given to national industries. This “economic nationalism” was supported by all political parties as well as by employers and trade unions (Sejersted 1999).

3. Continued Elite Support for the Norwegian Model?

A national elite survey, which was carried out in Norway in 2000, indicated that the majority of Norwegian elites supported the basic institutions and policies of the Norwegian version of the Nordic welfare state model and the political compromises upon which they are based (Gulbrandsen et al. 2002). They expressed strong support for the system of centralized wage settlements, a main element in the industrial relations system. They rallied behind continued economic transfers to the regions. A majority of the elite groups preferred to uphold the state as the main provider and distributor of welfare services and to continue policies for a reduction of income differences.

In the following, I will attempt to examine whether Norwegian elites continue to support this model. For this purpose I will use data from the Norwegian Leadership Studies 2000 and 2015 (see more below). As demonstrated above, the Nordic model is complex and includes many interrelated elements, so it is difficult to provide a comprehensive account of all of its facets. Therefore, the following analysis will focus on elite support for two of the main pillars of the model: (1) an active and at the same time extensive welfare state and (2) the cooperative system of industrial relations.

The dramatic international events that have taken place during the latest fifteen years may have affected elite support for the Norwegian model in various ways. On the one hand, both the financial and the EU crisis, problems associated
with climate change and immigration may have caused the Norwegian elites to doubt the ability of the Norwegian model to ward off negative consequences for their country. Moreover, during the first years of the new millennium it seemed as if neo-liberal ideas had increased the reluctance of some national leaders, particular those in the private business sector, to continue their endorsement of this model. Belief in the merits of market mechanisms took hold even in parts of the public sector. As a result, ever more public services have been exposed to competition from private suppliers. Moreover, market-like mechanisms of governance were introduced in public institutions. These changes may have contributed to a decline in support for the Norwegian model among influential elites.

On the other hand, the same international events may rather have moved elites of all sectors to rally around the Norwegian political institutions. In spite of the many international challenges, the Norwegian society and the Norwegian economy have fared quite well. The favorable development may have strengthened elites’ interest in solutions provided by the Nordic model, with coordinated bargaining and generous welfare states.

Moreover, as indicated above, there are aspects of Norwegian society which will probably contribute to uphold the main elements of the Norwegian model. Structurally, the Norwegian economy is still, and perhaps even more, exposed to intense international competition. Exports and imports make up about 50 percent of GDP. This situation implies, in line with Katzenstein’s (1985) analysis, an economic vulnerability which can be expected to motivate elites to continue to maintain the “democratic corporatism” he observed some decades ago. Therefore, it is likely that the elites of capital and labor will continue to endorse the cooperative industrial relations. Accordingly, it can be expected that the analysis will show continued elite support for this cooperation.

Another structural precondition for the resilience of the Norwegian welfare state is the exceptionally favorable economic situation. The oil revenues give ample opportunities to retain various welfare programs and to fulfill budgetary promises. This economic freedom of action can explain why significant welfare policies and programs still receive broad support in Norwegian society, even among elites that usually tend to be skeptical of a large public sector. Against this background, I expect to find that broad welfare programs are generally endorsed by the Norwegian elites.

Moreover, the Norwegian welfare state model rests on an egalitarian culture, which is expressed by widespread preferences for economic equality (Aalberg 1998; Myhre 2018). Admittedly, in the last decades this culture has been challenged by a more self-conscious upper class and by a government which has introduced tax reductions that primarily have benefited wealthy people. Nonetheless, the value of equality still looms large in Norwegian culture. However, there is not the same consensus on the role of the state as an executor of necessary policies to achieve this goal. For instance, public ownership of business and
progressive taxation is less popular in Norway than in many other Western countries (Aalberg 1998).

The disagreement regarding effective policies to achieve higher equality is an expression of the main cleavage in Norwegian politics – the role and scope of the state (Rokkan 1987; Aardal 2003). Closely related with this issue is the extent of economic redistribution through taxes and an income policy based on solidarity. The two largest political parties in Norway – the Conservative Party and the Labor Party represent the two sides of this private-public cleavage or left-right cleavage. Elites’ attitudes towards various aspects of the Norwegian welfare state model are probably related to how they position themselves along this basic political divide. Therefore, it can be expected that Norwegian elites will diverge in their opinions about a large and active state as the main provider of social services.

4. Data and Method

The Leadership Study 2000 was a survey of a net sample of 1710 Norwegian top leaders within ten sectors of the Norwegian society: (1) Politics (members of parliament, state secretaries, mayors of the largest municipalities), (2) civil service, (3) culture, (4) mass media, (5) business sector, including some corporations with shared government/private ownership, (6) civic/voluntary organizations, including business organizations and trade unions, (7) universities and large research institutes, (8) police and courts of justice, (9) military services, and (10) the church. This study was an important part of the Power and Democracy Project, a five year project commissioned by the Norwegian parliament. The Leadership Study was conducted by the Institute for Social Research, Oslo, in collaboration with Statistics Norway. The response rate of the survey was 87%. The purpose of the Leadership Study 2000 was to examine the social backgrounds and careers of Norwegian top leaders, their relationships with each other, their attitudes on key policy issues, their lobbying activities, etc.

In 2015, a second survey of Norwegian elites was carried out, The Norwegian Leadership Study 2015, which was again organized by the Institute for Social Research and Statistics Norway. This time the net sample consisted of 1352 top leaders from the same sectors as in the first study and with a response rate of 71.5%. To some extent the second study was a replication of the Leadership Study 2000 and included the same core questions. These two surveys enable us to chart to what extent various elite groups in Norway continue to endorse the main elements of the Norwegian welfare state model and whether their opinions have changed since 2000. Moreover, it will be possible to distinguish issues where elites diverge and where tensions between elites can be expected to precede institutional changes. The data will also permit the identi-
fication of what may be called “change agents,” i.e. powerful elite groups or individuals expressing demands to change significant elements of the model.

The percentage of respondents within each elite group who disagreed with the statement: “In Norway we have come far enough as to the reduction of economic inequalities” was used to measure the elites’ endorsement of egalitarian values.

The top leaders’ support for concrete welfare policies was measured by asking them to indicate whether public authorities should spend more, the same as today, or less on the following welfare areas: (1) Health care, (2) education, (3) child care, (4) parental and maternity leave, (5) labor market measures, and (6) social assistance.

As a measure of the elites’ attitudes towards public versus private solutions an index was constructed that was based on the average of the respondents’ scores for the following three statements: (a) “It is more important to extend public services than to reduce taxes”; (b) “In Norway one should put stronger emphasis upon privatization and a smaller public sector”; (c) “State influence on private business should be reduced.” The leaders were given four response alternatives: (i) Strongly agree, (ii) agree somewhat, (iii) disagree somewhat, (iv) strongly disagree. The coding for item (a) had to be reversed since it was phrased in the opposite direction. The items in the 2000 study had a range of values from 1 to 4. A score of 4 indicated that the leaders fully backed the public sector and an extension of public services, while a score of 1 indicated that the leaders favored a smaller public sector, more privatization, and a curtailing of the state’s power over private business. In the 2015 study, the statements were presented with five response alternatives and accordingly the index had a range of scores from 1 to 5. A score of 5 indicated support for an active and intervening state, while a score of 1 denoted that the respondents preferred more privatization and less extensive public services. To enable comparisons of the elite responses in the two years, the 2000 index was converted into one with scores from 1 to 5. This was done by dividing the 2000 values by four and multiplying them by five.

Finally, the elites’ attitudes towards the collaborative system of industrial relations in Norway were determined by first asking them to locate their personal preferences on a 0 to 10 point scale where a value of 0 denotes that they considered the benefit of collaboration between employers, unions, and the state as being very low, while a value of 10 signifies that it is very high. Secondly, they were asked to state whether they agreed or disagreed with the following statement: “In your opinion, how important is it to Norway to continue the centralized wage settlements in the years to come?”
5. Results

Some historians see widespread support in the Norwegian population for social equality as an important basis for the emergence of the welfare state (Myhre 2018). This support is captured in the title of a well-known book about the Nordic countries published three decades ago – “Norden: A passion for equality” (Graubard 1986). Scholars have documented that Norwegians more than citizens in most other countries want society to be characterized by an even distribution with relatively small economic differences (Aalberg 1998). Moreover, laboratory experiments have demonstrated that Norwegians are less willing than for instance Americans to accept inequality based on luck (Almås, Cappelen and Tungodden 2016). The widespread egalitarian values indicate support for policies aiming at a reduction of economic inequalities. As a result of such policies, income differences in the Nordic countries are relatively small. For instance, in 2013 Sweden and Norway had the smallest pay differentials among all OECD-countries (OECD 2015).

But is a reduction of economic inequalities also supported by the elites? Figure 1 shows the percentage of respondents within each elite group who disagree that Norway has done enough to reduce economic differences. Figure 1 demonstrates that in 2000 a majority of the respondents in all elite groups, except for the private business elite, advocated a continuation of policies for reducing economic disparities. In 2015 the percentages in favor of reducing economic inequalities were lower in all elite groups. This change may to some extent be a result of the different response alternatives in the questions in the 2000 and 2015 studies. In 2015 the respondents were given the option to answer “neither – nor”, while in 2000 they had to choose either confirming or negating response alternatives. This difference in response options may have reduced the percentages in favor of a continued reduction of economic disparities. On the other hand, some of the decline in support of equalizing policies is probably real. Nonetheless, there were still majorities within most elite groups who disagreed that enough has been done to reduce economic differences. Within the business sector (including some corporations in which ownership is shared by government and private owners), there was even a small increase in the percentage of members who supported this opinion.

As Figure 2 shows, attitudes towards reducing economic differences are polarized within the political elite. Both in 2000 and 2015 politicians belonging to the Socialist Left Party, the Labor Party, and the Centre Party were strongly in favor of continued efforts to reduce economic inequalities. In contrast, among politicians of the Conservative Party and the Progress Party clear majorities believe that enough has been done already. In other words, the attitudes of the politicians follow the left-right continuum. The private business elite, and to some extent the military elite join the Conservative party and the Progress party in a resistance to more economic leveling.
Has this lack of elite consensus led to a faltering elite support of concrete welfare programs? The findings presented in Figure 3 indicate that the answer is “no.” Figure 3 presents the elites’ attitudes in 2015 towards various welfare programs. It shows the percentages within each elite group who opted for an increase in 2015. It also confirms that there is broad elite support for increasing the grants for major welfare programs such as education and health care. Moreover, a further analysis (not presented here) demonstrates that for those programs for which the elites are hesitant to increase public budgets, e.g., social assistance, there is nonetheless a willingness to keep up the current level of grants.
Above, I discussed how the emergence of the modern welfare state in Norway built on extensive elite consensus. The findings presented in Figure 3 indicate that there still is a widespread elite consensus about keeping up the main welfare programs. This implies that the financial crisis has not affected the elites’ dedication to maintain the generous and universalistic Norwegian welfare state. Of course, the favorable economic situation of Norway, caused by the high oil revenues, has made it easy for the elites to stand by this conviction.

As mentioned before, one function of the social safety net is to provide help to those who lose their jobs due to the necessary structural adaptations in the Norwegian economy. The continued support for labor market measures and social assistance in Figure 3 indicates that elites wish to uphold this function.
Figure 3: Elite Attitudes towards Public Grants for Various Welfare Programs, Average Percentages in Favor of Larger Grants

Figure 4: Politicians’ Views on Public Grants for Various Welfare Programs, Average Percentages in Favor of Larger Grants


Figure 4 provides the attitudes of the party politicians towards the various welfare programs. Support to increase or at least maintain the present levels of spending on education and health care is fairly high among them as well. Beyond these two programs, the results appear somewhat “messy,” however. On the one hand, there are disagreements between the parties along the left-right continuum. For instance, the two right-wing parties are less inclined than the Socialist Left Party and the Labor Party to expand labor market measures, social assistance, kindergartens, and maternity leave. This finding illustrates the significance of the left-right cleavage in Norwegian politics. On the other hand, responses seem to be related to the issues over which the political parties claim issue ownership. For instance, while the leadership of the Christian People’s
party flag strong support for maternity leave, the politicians of the Centre Party express no intention to expand the existing program.

Figures 3 and 4 illustrate the continuation of a long tradition of elite consensus about the desirability of maintaining a welfare society with programs also for the less privileged. As mentioned above, this elite consensus has historically not extended to an agreement about the role of the state as the main provider of welfare services and about the level of taxation to finance the services. The cleavage between those supporting public solutions and high taxation and those preferring more private solutions and lower taxation is central in Norwegian politics. Figure 5 shows the attitudes of Norwegian elites to private versus public solutions in 2000 and 2015.

**Figure 5:** Elite Support for Public versus Private Solutions, Average Scores on an Index from 1 to 5


Figure 5 demonstrates that the majority of the elite groups exhibited a moderate support for public solutions in 2000. Politicians, church leaders, leaders of culture, and top leaders within the academic sector emerged as the strongest supporters of the role and size of the public sector. Nonetheless, their backing for public solutions and a high level of taxation appeared to be moderate. Top leaders in the military service and private business leaders distinguished themselves by being in favor of more privatization and a decrease of taxation. Senior public officials, top leaders in the voluntary organizations, in the police and the judicial system as well as top leaders within the mass media held more
centrist attitudes. Fifteen later, in 2015, the average scores had increased in nearly all elite groups. This result indicates an increase in support among Norwegian elites for public solutions and for maintaining the present level of taxation.

There are two notable changes. Politicians were somewhat less enthusiastic in 2015 than in 2000. The main reason for this change is that the composition of the members of the Storting (the Norwegian parliament) changed as a result of the parliamentary election of 2013. The election was won by political parties of the right. The other change is that members of the private business elite in 2015 were less opposed to public solutions than in 2000.

Above, I asked whether the financial crisis might have weakened elites’ support for the Norwegian welfare state model. Figure 5 indicates that their support for an active state had rather strengthened. The resolute intervention from Norwegian authorities to neutralize negative effects of the financial crisis may explain this. Already during a banking crisis in Norway at the beginning of the 1990s, the state acted tough-mindedly by letting even large banks go bankrupt and by assuming ownership of these banks. In the wake of that crisis, the Ministry of Finance tightened capital and liquidity requirements for the banks. When the financial crisis hit Norway in 2008, the government responded to increasing demand by reducing the interest rate from 5.75 to 1.25 per cent and by expanding the fiscal stimulus. These policies steered Norway successfully through the crisis. The financial crisis and the Norwegian response may have moved many top leaders to become more skeptical of an unfettered capitalism and more inclined to endorse the Norwegian model. An indication of this endorsement is that elite trust in the political institutions rose between 2000 and 2015 (Gulbrandsen 2018).

Figure 6 shows that the political parties both in 2000 and 2015 were more divided in their views on the role and scope of the state than the other elite groups. The Venstre Party is not included in the figure because only one representative of that party participated in the 2015 survey. As expected politicians belonging to the Socialist People’s Party (SV), The Centre Party (Sp), and the Labor Party (Ap), favored public solutions, while members of the Conservative Party (Høyre) and the (right wing) Progress Party (FrP) stated clear preferences for more privatization. Therefore, the figures indicate that the Conservative Party and the Progress Party are the natural allies for the private business leaders in their resistance to state intervention and a large public sector.
Figure 6: Politicians’ Support for Public vs. Private Solutions, Average Scores on an Index from 1 to 5


Figure 7: Elite Support for the Collaboration between Employers, Unions, and the State, Average Scores, Range 1 to 10

How do the various elites consider the value of the collaboration between employers, unions, and the state for Norway? Figure 7 demonstrates a strong and almost unanimous approval of the Norwegian system of industrial relations in 2015. All elite groups scored high on this issue and the inter-sectoral differences are small. Figure 8 shows that the support was strong among the politicians of all parties. Only the Progress Party was less enthusiastic. Figure 9 reveals that support for an important element of the Norwegian industrial relations systems – centralized income settlements – was similarly strong, both in 2000 and 2015.

These results imply that a significant pillar of the Norwegian model enjoys solid support in the Norwegian elite. There is widespread understanding in the Norwegian society regarding the benefits of the collaborative industrial relations. As Katzenstein (1985) has maintained, these industrial relations may be seen as a solution to the problem of economic vulnerability facing small countries exposed to strong international competition. Nonetheless, he found that the specific system of wage determination distinguishes the Nordic countries from the other small European countries. This system was an institutional innovation invented by Swedish economists and further developed by Norwegian economists. It is a testimony to the influential role of economists in the Nordic countries and to the adoption of their macro-economic orientation by employers, trade unions, and political parties.


<table>
<thead>
<tr>
<th>Party</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Socialist People's Party (SV)</td>
<td>9.0</td>
</tr>
<tr>
<td>Labour Party (AP)</td>
<td>9.6</td>
</tr>
<tr>
<td>Centre Party (SP)</td>
<td>9.0</td>
</tr>
<tr>
<td>Christian People's Party (KrF)</td>
<td>7.0</td>
</tr>
<tr>
<td>Conservative Party (Høyre)</td>
<td>7.5</td>
</tr>
<tr>
<td>Progress Party (FrP)</td>
<td>5.7</td>
</tr>
</tbody>
</table>
In general, there is (still) considerable support for the Norwegian welfare state model. This is manifested by the widespread backing of more or at least the same level of spending on various important welfare programs. Such support is also demonstrated by the extensive endorsement of the collaborative system of industrial relations. It is a testimony to a pervasive recognition of the benefits of this system, benefits that have been demonstrated by several leading Norwegian economists. Moreover, the percentage of elites who are in favor of public solutions for important welfare policies, increased from 2000 to 2015 even among members of the business elite.

Among the politicians the attitudes towards public solutions are closely related with the traditional left-right cleavage. The two right-wing parties – the Conservative Party and the Progress Party – favor more privatization and less taxation. But even within the Conservative Party there is a slight increase in the number of politicians who approve of public solutions.
It has frequently been claimed that egalitarian values have a good foothold in the Norwegian population. The analyses presented above indicate, however, that many elite members are more reserved as far as continued efforts to reduce economic disparities are concerned. Reservations are greatest within the business and the military elite as well as among politicians belonging to the two right-wing parties.

What may explain the stability of the Norwegian version of the Nordic model? There are well developed welfare states in other European countries. Other countries are exposed to the same international competition. Corporatism is found in other European countries as well. Strong Labor parties have been prevalent in several other countries. Is the stability nonetheless due to factors specific to Norwegian society? I suggest that it is primarily the specific combination of facilitating conditions rather than specific factors which can explain the resilience of the Norwegian model: A strong labor movement, a unique system of wage determination, institutional complementarity between this system and welfare state services and benefits, an influential profession of economists, a historically uncorrupt and efficient civil service, a strong rural counter-culture which is easily mobilized for “economic nationalism,” and widespread egalitarian values.

But will the Norwegian model persist? In the two latest parliamentary elections in Norway the voters enabled the two right-wing parties in Norway to form a government, supported by two small center parties. As was demonstrated above, in the Norwegian Leadership Study of 2015, the politicians belonging to these two right-wing parties, supported by the private business elite, expressed skepticism with regard to significant elements of the “Norwegian model.” In line with their political attitudes, these parties initiated several political changes that in the longer run may undermine the model. The government has for instance continued to leave the provision of public services like the building and maintenance of roads, nursing homes and kindergartens to private providers. Another example is that the government has – through changes in the Work Environment Act – expanded the time span for which employees may be employed on a temporary basis. This change has increased the number of employees with such contracts (Strøm, von Simson and Østbakken 2018). It is well known that such employees have a lower unionization rate. This policy may gradually weaken the power of the trade unions in Norway.

However, the attitudes of these potential change agents are not necessarily consistent. A good example is the Progress Party. The Progress Party (Fremskrittspartiet) is a right-wing populist party which entered Norwegian politics in 1973 on a low-tax, anti-state-involvement platform. During the last decades it has supplemented its traditional platform with a strong resistance towards immigration. Nonetheless, it also exhibits a strong advocacy for using more “oil money” to the benefit of the sick and elderly. In other words, it is also a defender of several traditional welfare programs.
Similarly, among many members of the business elite there is a common recognition of the intrinsic complementarity between industrial restructuring and welfare policies. There was also a wide perception and an appreciation within the business elite of the state’s resolute intervention to avoid negative effects of the international banking crisis. This was demonstrated in a separate analysis (not shown here) in which 52 per cent of the business leaders in the Leadership Study 2015 agreed that the financial industry needs to be subjected to more control. It is also noticeable that in the parliamentary election of 2014 22 per cent of the top leaders in private business voted for the Labor Party, another indication of support for an active state.

References


