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1.0 Introduction

In this paper, we explore the Norwegian public’s attitudes to welfare services, outline key social policy debates and reforms from the last twenty years, and discuss future challenges for the Norwegian welfare state.

Norway is often portrayed as an example of the generous and universal social democratic welfare state regime (Esping-Andersen 1990; Arts & Gelissen 2002:152). Compared to most other OECD countries a good quality of life, high level of social trust, low poverty rate, and low economic inequality characterize Norwegian society (Moene & Barth 2004; Halvorsen & Stjernø 2008; Halvorsen et. al. 2015). The comprehensive Norwegian welfare services are underpinned by policies designed to foster high employment, peaceful industrial relations and economic growth. This a general feature of countries belonging to the political economy cluster, the Nordic Welfare model. Halvorsen et. al. summarizes key traits of the Nordic model in a recent article:

A key trait of the Nordic Model is the combination of active social and economic policies. It supports the equalization of life chances by ensuring free access to education, promoting participation in paid work for the whole adult population (including women) and, finally, by offering a comprehensive system of social protection. The Nordic social or welfare model is combined with economic and industrial policies oriented towards competitiveness and efficiency. To this end, economy-wide coordinated wage setting through collective agreements has long been a key feature of Nordic industrial relations (Halvorsen et. al. 2015:3).

In the last twenty to thirty years, the development of the Norwegian welfare state has differed in many respects from its European counterparts. The external and internal pressures for reform and retrenchment have been weak compared to most or all other nations, including the other Nordic welfare states. Sweden and Finland experienced a much greater economic downturn in the late 1980s and early 1990s. In addition, there was no great recession in Norway after the global financial crisis (GFC) of 2007-2008: Europe’s second largest exporter of oil and gas recovered quickly and unemployment figures stayed well below the OECD-average throughout the years of
Jens Stoltenberg’s red-green coalition government (2005-2013). These fortuitous economic circumstances contributed to the strong general support for state sponsored welfare services amongst politicians, the public, and the key organizations of the labour market. Meanwhile, neoliberal ideas attract limited support. In our view, little suggests that the present right-wing coalition government (2013-), consisting of the Conservatives and the Progress Party, will push for a fundamental retrenchment of the welfare state.

The broad consensus highlighted above, does not mean that there is an absence of disagreement over social policy in Norwegian politics, nor that there are no challenges confronting the Norwegian welfare state. We address several challenges and conflicts in what follows. First, immigration is periodically a contentious political issue, and studies suggest that “welfare chauvinism” is prevalent, or at least latent, in the electorate. Second, economic globalization exerts strong influence on the actions and attitudes of key politicians and policy experts. For instance, the centre-left and centre-right seems united in their support for lower tax rates in the private sector, to bolster the country’s prospects in the economic competition between nations. Third, population ageing is a real concern for politicians and policy experts. It is often cited as a justification for social policy reforms, such as the comprehensive pension reform implemented in 2011. In our view, the concern about the consequences of population ageing and support for work activation amongst elites has been the main driver of welfare state reform during the last decade. Fourth, there are currently many squabbles about social policy, labour market legislation, taxation and the funding of the welfare state in Norwegian politics. Finally, in the last decade Norway was shielded from the economic pressures prevalent in European countries affected by increasing unemployment and decreasing tax revenue. If the rosy years of the Norwegian economy end, however, we would argue that some of the latent challenges and conflicts in the politics of the Norwegian welfare are likely to manifest themselves; this includes the tricky issue of sickness benefits, the funding of welfare services and questions relating to immigration.

The paper has five main sections. The history and the main characteristics of the welfare state and Norwegian society are outlined in section 2.0. The next section covers key social policy debates and reforms from the last decade. We have organized these reforms and debates with the help of the following seven headings:
• The ageing society and social expenditure: the example of pension reform
• Sick pay and sickness absence
• Disability pensions
• Immigration and the welfare state
• Poverty in a wealthy country
• Family policy: cash for care, parental leave and kindergartens
• Privatization of welfare services

In section 4.0, we assess the Norwegian public’s attitudes to the welfare state, focusing on general attitudes to taxation, public spending, privatization and welfare services, “welfare chauvinism”, class cleavages and conflicts between generations. Then, in the concluding section, we address the future challenges that are more or less likely to confront the Norwegian welfare state in the future.

2.0 Norwegian society and the Norwegian welfare state

2.1 The Norwegian welfare state 1945-2015 – a short introduction

Economic growth and full employment were the main goals of the Labour governments of the postwar years (1945-1965). As noted by Kuhnle, ‘the fulfilment of both goals was regarded as a prerequisite for carrying out major social reforms’ (Kuhnle 1986:122). In the 1940s and early 1950s the agenda of the government was clear – ‘economic growth first, then distribution’ (Bjørnson 2001:210). The establishment of the State’s Housing bank to finance mass-construction of affordable housing, and the introduction of a universal child allowance scheme in 1946, were exceptions to the general rule. Thus, apart from the pressing concern of postwar reconstruction, the priority was the needs of the export industry (Bjørnson 2001; Kuhnle 1986).

However, when the first reconstruction years had passed an era of gradual welfare state reform commenced. Starting with the introduction of compulsory sickness insurance in 1953, a number of substantial social policy proposals won the backing of parliament. The 1960s was the golden age of universalism. In 1966, parliament introduced a comprehensive National Insurance scheme incorporating various public pensions. The National Insurance implemented the following year encompassed invalidity, old age, orphans’ and widows’ pensions; unemployment
benefits, health insurance and insurance for occupational injuries were added in 1971 (Kuhnle 1986).

The oil crisis and downturn of the world economy in the early 1970s did not at first lead to cutbacks in state spending on welfare services and benefits. Trygve Bratteli’s Labour government (1973-76) implemented an ambitious countercyclical economic strategy in the belief that the problems of the world economy was a temporary setback. The 1970s was in many ways the high point of post-war housing policy; loans provided by state banks financed approximately 80 per cent of all new homes (Sørvoll 2015). Other areas of the welfare state also grew: the official retirement age decreased from 70 to 67 in 1973, the criteria for receiving disability benefits widened, and a reformed sick-pay program was implemented in 1978. The latter, sometimes labelled the world’s most generous sickness insurance, meant full wage-compensation for employees from the first day of sick leave (Bjørnson 2001; Hatland 2010).

At least to a certain extent, Labour’s policy positions moved to the left in the 1970s. Some of the policies it advocated – such as democratization of private banks and compulsory municipal distribution of housing – the Conservatives opposed vehemently (Sejersted 2011). The Conservatives, the largest opposition Party for most of the period after the Second World War, were also skeptical or hostile to some of the social policy reforms implemented after 1945.

As argued by the Swedish historian Klas Åmark and others, the Liberal Party – and particularly left-wing Liberals – was the main champion of social policy legislation amongst the bourgeois parties from the 1880s onwards (Åmark 2005; Andresen et al. 2011). Generally, however, most scholars agree that broad political consensus characterized the expansion of the Norwegian welfare state between 1945 and 1980 (Bjørnson 2001; Halvorsen & Stjernø 2008; Sejersted 2011). For instance, the centre-right Borten government
(1965-1971) proposed the comprehensive National Insurance Scheme of 1966. Moreover, as highlighted by Kuhnle, ‘the National Insurance Scheme became a prominent issue in the 1965 parliamentary election, not because parties disagreed on the substance of such a reform, but because they quarreled regarding each other’s reliability in their active support for a quick legislative solution’ (Kuhnle 1986:123).

Scholars have suggested various explanations for the relative consensus in the era of welfare state expansion between 1945 and 1980. First, it may be the product of inter-Party struggle for the lion’s share of the electorate. In the 1960s, there was established a politics of the “highest bidder”: Labour and the four bourgeois parties – the Conservatives, the Liberals, the Agrarians and the Christian Peoples’ Party – competed for the votes of a welfare state friendly public (Sejersted 2003). Second, Norway’s proportional electoral system gave welfare state friendly parties – such as the Liberals, Agrarians and the Christian Peoples’ Party – many seats in parliament and a strong voice in the bourgeois coalition government of the mid-1960s and early 1970s (Halvorsen & Stjernø 2008). Third, some have pointed to a genuine ideological consensus around the goals and methods of the welfare state (Hatland 2001).

From the late 1970s the debate on welfare services and public spending shifted somewhat. Public expenditure and the need to contain costs became a more pressing concern for politicians and policy experts. This discursive shift was arguably a belated adjustment to the end of the golden age of economic growth in the early 1970s (Bjørnson 2001; Hatland 2010). However, it seems overblown to speak of a neo-liberal revolution (Eilertsen & Lysestøl 2001) or a general retrenchment (Wahl 2011) during the last decades. Thus, we agree with Sven E. Hort’s view, that Norwegian social policy has admittedly ‘adapted to the winds of transformation’, but still ‘it would be a tremendous exaggeration to speak of the ‘fall of the welfare state’ in Norway (Hort 2014:158).

Still, priorities have shifted and many scholars speak of a ‘restructuring’ of the welfare state in the 1990s and after the millennium (Dølvik et al. 2007; Hatland 2010; Hippe et al. 2013; Berg & Christensen 2014). Cutbacks have occurred in the spheres of supplementary pensions, housing, disability benefits and unemployment insurance. As we will return to below, moreover, privatization of welfare services has happened to a certain extent, particularly in some of the largest municipalities. Political elites and policy experts have also been increasingly preoccupied with reforming the welfare state, by adjusting it to the ageing society and increasing cost-
efficiency and incentives for labour market participation. For instance, the pension reform of 2005 was justified with reference to the demographic challenges of the ageing society and the need to stimulate labour supply (Bergh & Christensen 2014).

In an insightful book chapter, Hatland (2011) mentions other examples of welfare state restructuring from the last decade. First, freedom of choice has increasingly become a hallmark of social policy adjustments. Since 2001, for instance, patients may choose their hospital of choice. In addition, one of the consequences of the pension reform of 2009 was that there is no longer a fixed retirement age. People may choose to start receiving a pension, in full or in part, any time between the age of 62 and 75. The longer they work, the more generous the pension. Second, the number and power of highly educated professionals in the Norwegian welfare state has increased greatly during the last fifteen years. Doctors and other professionals exert power by being the umpires and gatekeepers of the welfare state; they often decide who gets what and why. In 2009, sickness and disability benefits originally sanctioned by the medical profession accounted for 118 billion of the state’s budget. Third, Hatland highlights the shift from cash benefits to welfare services. Whilst the government has refrained from increasing the real value of the child allowance since 1998, it has championed and expanded day care services in the same seventeen years. This is just one example of the increased weight of services in the economy of the welfare state. Fourth, Hatland draws attention to the fact that there is a tendency for politicians and policy experts to be less concerned with redistribution and more preoccupied with creating incentives for labour market participation. A long list of reforms from the last decade – such as the pension reform and the housing allowance reform of 2009 – have been justified in part with reference to work incentives. The discourse of ‘labour market activation’ has been a trademark of welfare state reforms and the political discourse of the last decade. Kenworthy (2010) speaks of an ‘activation’ turn affecting all affluent democracies. Fifth, according to Hatland, earnings-related benefits have increasingly weighed heavier in the welfare state’s budget than redistributive measures. Pensions and sick pay are examples of expensive items on the budget that are primarily earnings-related.

It is also interesting to consider the commonalities between welfare state reforms in the Nordic countries in the last decades. Dølvik et al. summarizes the conclusions of Nordmod, a recently completed research project on the ‘Nordic model’:
The main thrust of welfare-state modernization has been to raise Nordic labour market participation by reducing inactivity, unemployment and disability claims; by raising the retirement age; by making it easier to combine parental responsibility and work; and by ensuring that people with health problems utilize whatever capacity they still have for work. Intensified training efforts have been accompanied by a major new commitment to integrate immigrants into the labour market (see Djuve & Grødem, eds., 2014). Welfare reform has brought to light the dense web of linkages between Nordic labour, social and education policies.

The reforms, to be specific, have utilized both carrot and stick, and can be divided roughly into four types:

1. Measures to increase labour supply through benefit cuts and restructuring of social insurance.
2. Social investments through the educational system and family policies.
3. Active labour market policies and new programmes and initiatives to assist those furthest away from the labour market.
4. Major pension reforms.

The Nordic tax systems, moreover, have also been reformed with an eye to increasing work incentives (Dølvik et al. 2015:91).

Notable changes to the Norwegian welfare state notwithstanding, the budgets for the welfare state’s core areas – like health, education and pensions – continued to grow after 1980. Between 1995 and 2009, a period where the Norwegian economy grew rapidly, social expenditure’s proportion of mainland GDP stayed at the same level (Ervik & Hatland 2011). In addition to increased welfare state spending, the number of people employed in the health and social services has increased since the millennium. Between 2000 and 2010 the number employees in the health and social services increased by 132 000 people (Hatland 2011). This seems to underscore that it is misleading to speak of a general retrenchment. Furthermore, publicly funded day care and other family benefits, such as ‘cash for care’ and state sponsored parental leave, expanded rapidly over the course of the last twenty years (Hippe et al. 2013; Hatland 2010). The expansion of childcare institutions and parental leave are one of the drivers of Norway’s high level of female labour market participation, and thus constitutes an important modification of the welfare state.

As noted by Bjørnson, in the first postwar years ‘married women were not perceived as a potential labour resource […]. Children were to be raised in the family, not in public or private childcare institutions. This concept of the good home combined with the authorities’ limited resources hindered initiatives to advance the idea of women working’ (Bjørnson 2001:211).

Finally, in this section, it is interesting to observe that the Norwegian government only spent a fraction more than the OECD-average on welfare benefits and services in 2012, according to the OECD database on social expenditure (OECD 2014). However, this may paint a
misleading picture of the size of the Norwegian welfare state. If our point of departure is social expenditure’s proportion of mainland GDP, thus leaving Norway’s oil wealth out of the equation, only Luxemburg had a higher social expenditure in 2009 (Ervik & Hatland 2011; see also, Vabo & Øverbye 2009). It should be added, that money spent on welfare services account for more than 40 per cent of Norway’s total social expenditure. This is a high figure compared to many other European countries. Just like in other Scandinavian countries, kindergartens and services to the elderly and disabled account for large parts of the welfare state’s budget (Hatland 2011).

It follows that Norway may be termed a ‘social investment state’, albeit to a lesser degree than its Scandinavian neighbours. ‘Social investment’ – or commitment to publicly funded day care, education and active labour market policy – is currently a ‘euro zone buzzword’. It is widely considered conducive for generating human capital and economic growth. However, even before it became an established term, social investment has characterized the Norwegian welfare state (Schøyen 2015). In recent years, the Nordic commitment to social investment is ‘illustrated by family policy reforms, increased commitment to education, and training programmes targeting groups with weak labour market prospects’ (Dølvik et al. 2015:91). The expansion of day care and state sponsored day care in Norway are prime examples of this emphasis on social investment.
Composition of social expenditure in rich democracies
Share of total social spending

- Transfer emphasis: Cash benefits
- Service emphasis: Expenditure on health
- Activation emphasis: Active labour market programmes
- Service emphasis: In-kind benefits (excl. health)

For Denmark observations refer to 1986 instead of 1985.
Source: OECD

Evolution of total public social expenditure in Norway
1985-1990

- Health care
- Old age & health care
- Total old risks (incl. family allowances)
- New and old risks
- Total (incl. primary & secondary education)
- Total (incl. overall education)

Source: OECD.Stat export
2.2 Norwegian society: data on income, inequality and poverty

Norway is a prosperous country by any standards. Today it is the richest country in the OECD-area; in 2012 its GNI (Gross National Income) per capita was 66 904 US Dollars. This mean that Norway has a considerably higher GNI than neighbouring Nordic countries and the larger European nations. In 2012, the GNI of Sweden, Denmark, Finland, Germany, France and Great Britain was 45 235 (Sweden), 43 854 (Germany), 37 939 (Denmark), 40 419 (Finland), 37 931 (France) and 32 826 (Great Britain) US Dollars respectively (OECD 2014).

Moreover, Norway has less poverty and inequality than most other OECD-countries. In 2011, Norway had the lowest Gini coefficient in the whole OECD, except for Slovenia. However, inequality increased from the late 1980s and peaked in 2005 (OECD 2015; see also, Eurostat 2014). That year capital gains were unusually high because investors looked to circumvent the new tax on capital proposed by the government. In the years after 2005, inequality decreased; in 2011, the Gini coefficient for Norway was at the same level as in 1997. It follows that economic inequality has increased if one looks at the period 1990 to 2011 as a whole. Income from capital gains is the most significant cause of inequality. The distribution of wage-income has changed little in comparison. A compressed wage structure was still a feature of Norwegian society throughout the period after 1990 (Hippe et al. 2013).

Not surprisingly, the Norwegian poverty rate – and the number of Norwegian households at risk of becoming poor – is very low in a comparative perspective (Eurostat 2014). According to Norwegian Statistics, 5 per cent of the population was poor in 2012, meaning that they had an income of less than 60 per cent of the median income. In the ten preceding years leading up to 2012, the poverty rate for the population as a whole was reduced by a little over 1 per cent. However, child poverty has been on the rise in recent years. Between 2006 and 2012, the proportion of children living in households with an income of less than 60 percent of the median level increased from seven to eight per cent. Increased poverty amongst children with an immigrant background primarily accounts for this development (Epland & Kirkeberg 2014).

This relatively modest increase in child poverty notwithstanding, the most recently available EU-SILC data show that Norwegian AROPE-figures – or the risk of poverty or social exclusion – are the second lowest in the European Economic Area. In 2012, only 17 percent of all households without children and 10.4 per cent of households with children were in risk of

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poverty or social exclusion (Eurostat 2014:30).\(^2\) Norway belong to the category of countries where in 2013 the risk of poverty or social exclusion was 20 per cent or less for the population as a whole. Apart from Norway (14 %), this group of nations included Iceland (13%), Denmark (19%), Sweden (16%), Switzerland (16%), Finland (16%), the Netherlands (16%), Luxemburg (19%), France (18%), Germany (20%), the Check Republic (15%), Austria (19%), Slovakia (20%) and Slovenia (20%) (SSB 2015).

3.0 Lucky Norway? Recent reforms and debates

What is the main story of the Norwegian welfare state in the last two decades? In our view, the main story is continued support for a generous welfare state amongst politicians and voters, limited external pressure for welfare state retrenchment, and elite consensus about social policy reforms. As mentioned above, the expansion of day care and paid parental leave is also a significant development. Moreover, there has been conflict and controversy concerning a number of issues, including sick pay, disability benefits, poverty, immigration and the ageing society.

Although views differ on the priorities of social policy and the organization of welfare services, the broad political agreement concerning state funding of core welfare services remains a fact of Norwegian life. As noted by Bay and colleagues, moreover, large parliamentary majorities for social policy reforms have continued to be the norm in the two last decades (Bay et al. 2011). The broad welfare state consensus even arguably includes the rightwing, populist and anti-immigration Progress Party, established as a liberalist anti-tax Party in 1973. At least since the late 1980s, the Party gradually broadened its appeal, became less consistently liberalist, and championed a wide range of causes, including state funded eldercare and health services. John I. Alvheim, in particular, was an effective voice for increased public responsibility and expenditure in the health service (see for instance, Bay 2005). According to Opsahl, moreover, the Party ‘silenced its attacks on public housing support, sick pay and other social benefits to citizens previously accused of not being worthy of such aid’ (Opsahl 2007:3).

To be sure, anti-immigration policies have mobilized many Progress Party voters (Hagelund 2003; Ravik Jupskås 2013). Nonetheless, the support of key features of the welfare service remains a fact of Norwegian life.

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\(^2\) ‘AROPE, standing for ‘at risk of poverty or social exclusion’ indicates the number of persons who are (i) either at risk of poverty (as indicated by their disposable income); or (ii) face severe material deprivation (as gauged on accessibility to a standard, objective set of material items); or (iii) live in a household with very low work intensity’ (Eurostat 2014:26).
state seems to be one of the factors behind the Party’s success, culminating in the parliamentary elections of 2005 and 2009, in which it won the backing of over 22 per cent of the electorate (Opsahl 2007; Ravik Jupskås 2013). Crucially, the Norwegian electoral surveys from the mid-1980s to 2009 show that a vast number of Progress Party voters rank health care and eldercare as two of the most crucial issues for their electoral behaviour (Ravik Jupskås 2013:11).

What are the mechanisms behind the welfare state consensus of the last decade? Why has there not been a general retrenchment of welfare services and welfare benefits? For a start, Norway has avoided the direst consequences of what has been termed ‘politics in the age of austerity’ (Schäfer & Streeck 2013). In the last thirty years ‘OECD countries have […] run deficits and accumulated debt. […] The financial and fiscal crisis has only exacerbated the long-term shrinking of the room governments have to maneuver. […] In Ireland, Italy, Portugal, Spain and of course Greece, governments of any colour will for decades be forced to cut and hold down spending’ (Schäfer & Streeck 2013:1). This quote does not cover the historical trajectory of the Norwegian economy and politics.

In short, the external pressure for reform and retrenchment in Norway has been low in the last thirty years in comparison with most, or all, European countries. To be sure, the mobility of capital in the globalized economy has influenced the perceptions and actions of political elites. Currently, for instance, the government is considering lowering the tax rates of private businesses to attract investment and stimulate competitiveness (NOU 2014:13). In our view, however, this does not undermine the claim that external pressure for welfare state retrenchment has been comparatively low in the last decades. As noted by Nanna Kildal and her colleagues, the ‘economic recession that hit the Nordic countries during the 1990s did not hit Norway’ as hard as Sweden and Finland (Botten et. al. 2003:81). This is at least one of the reasons why Norway, in contrast to ‘the other Nordic countries, […] made no changes to its sick-pay scheme or unemployment insurance in the wake of the 1990s crisis’ (Dølvik et al. 2015:90). The GFC of 2008 also had few long-term consequences for the Norwegian economy (NOU 2011:1). Unlike many other governments, including the governments in neighbouring Nordic countries, the Stoltenberg government (2005-2013) choose a Keynesian response to the GFC; in 2009, the government stimulated the economy by spending an unprecedented amount of Norway’s oil wealth (Hippe et al. 2013). Norway is one of only three OECD countries were the GFC did not entail increasing
public debt (Schäfer & Streeck 2013). Grytten and Hunnes points to other factors that underscore the limited impact of the GFC for the Norwegian economy:

GDP contracted between two and 16 percent in most capitalist economies in 2009. Norway has so far definitely been a winner with an annual stagnation of about one percent and substantially lower unemployment rates than almost any comparable economy, with a little more than three percent unemployment in 2009. Bank losses have also been very limited in Norway so far (Grytten & Hunnes 2010:23).

In general, the pots of black gold from the North Sea insulates Norway from downturns in the world economy to some extent. The oil wealth boosts the economy in many different ways; it affects aggregate demand directly and indirectly in related industries, the private service sector and the public sector (Halvorsen & Stjernø 2008). Thus, unemployment numbers, though recently on the rise, have been much lower than in most other European countries throughout the last decade. Between February 2006 and October 2007, unemployment decreased gradually from 3.8 to 2.4 per cent, its lowest level in the last decade. Unemployment stayed put at 2.4 per cent until May 2008, and then started to increase slowly. In March 2015, the Norwegian unemployment rate was at 4.1 percent (SSB 2015). Youth unemployment in Norway is also considerably lower than the OECD-average. In 2013, the average unemployment rate of males and females aged 20 to 24 years old was 9.2 and 5.6 per cent respectively (OECD 2014). These low unemployment numbers have had a positive effect on tax revenues, and therefore Norwegian politicians from Left to Right have felt little serious external pressure to cut back on welfare services and welfare benefits. Unlike countries were public debt increased after the GFC (Schäfer & Streeck 2013), there has been little cause for politicians to make choices at odds with the welfare state friendly attitudes of large sections of the public (see section 4.0).

The internal pressure for retrenchment has also been relatively weak. In the absence of strong external pressure, the public and elite support for the tax-financed welfare state has been strong and consistent (see section 4.0). Furthermore, many European countries were hit stronger and earlier with the effects associated with the ageing society (Sørvell et al. 2014). In addition, some of the main features of the welfare state – such as unemployment and disability benefits – are reasonably, but not lavishly generous in a comparative perspective (see for instance: Bjørnson 2001; Sjöberg et al. 2010). Therefore, politicians and experts were arguably not particularly compelled to push for retrenchment in these areas. The role of the Norwegian trade unions and
tripartite negotiations in the labour market, may also help explain the absence of major welfare state retrenchment. In Norway the trade unions are very much part of the policy making process, compared to trade unions in other European countries that are typically protesting outside the halls of power (Hippe et al. 2013).

Even though there has been no big push for welfare state retrenchment in the last twenty years, there have been many noteworthy debates and reforms in line with the ‘restructuring’ thesis mentioned above (see section 2.0). Hippe and his colleagues highlight five important welfare policy debates from the last two decades. We summarize these debates with the aid of the following headings: the ageing society and the need to contain social policy expenditure, poverty, immigration and the export of welfare benefits, sick pay and sickness absence and disability benefits (Hippe et al. 2013). To these five debates, we would like to add the discussions on family policy and privatization of welfare services.

3.1 The ageing society and social expenditure: the example of pension reform

The concept of the ageing society is present in everyday Norwegian parlance through the frequently used term “elder wave” (eldrebølge). As touched on above, the absolute and relative increase in the number of pensioners in their 60s, 70s, 80s and 90s – often combined with the discourse of ‘work activation’ – is probably the main justification used by experts and politicians to defend major changes to welfare services and benefits. As will be shown below, the policy discourses on public pensions, sick pay, disability benefits, immigration, poverty and family policy are all characterized by a strong emphasis on the need to stimulate the supply of labour in the service of the welfare state’s long-term economic sustainability.

In 1982, the government established a policy commission to formulate a response to the challenges of the aging society for the National Insurance Scheme of 1967. The mandate of the commission stated that the expenditure of the National Insurance would surely grow in the coming years, due to the many consequences of population ageing, whilst the level of future economic growth was more uncertain. Thus, the government feared a growing mismatch between funds and expenditure in the National Insurance Scheme. It highlighted that more seniors would mean increased spending on pensions and a need for more health services. However, more importantly, according to the government, was that the pensioners in the future would have more
extensive pension rights and receive much larger pensions compared to previous cohorts. Thus, substantial changes, including cutbacks, should be considered (NOU 1984 10:7).

The work of the commission led on to cutbacks in the pension system and disability benefits in 1992 and to a Swedish-style pension reform almost twenty years later (Hippe et al. 2013). As noted by West Pedersen (2009), however, the cutbacks of the 1990s were modest, virtually insignificant in comparison to the Swedish pension reform in the same decade (Hort 2014). Moreover, some adjustments made in the 1990s even made the Norwegian pension system more generous than before. Government documents from this decade argued that the expected increases in pension expenditures was a manageable problem, potentially solved without resorting to substantial tax increases (Pedersen 2009). This was, to be sure, not the dominant tune of the next decade.

In 2001, a minority Labour government headed by the economist Jens Stoltenberg established a commission of experts and politicians with a mandate to evaluate and propose principles and aims for the pension system. The commission presented its conclusion in its final report from 2004. It concluded that it was necessary to reduce the long-term costs of the public pension system. If the existing rules were unaltered, expenditures could treble in the next fifty years, according to the commission (Pedersen 2009).

The majority in the commission, including the members representing Labour, the Conservatives and the smaller parties in the centre of the political spectrum, agreed to the following principles for what they called a ‘modernized National Insurance Scheme’ (NOU 2004 1:11): First, a ‘modernized’ pension system meant a stronger link between individual lifetime earnings and pensions. This principle was intended to provide incentives for employees to extend their working life and thereby increase labour supply. In a departure from existing rules, the pension system should give individuals’ credit for all work throughout their life course, according to the commission. Second, regardless of lifetime earnings every citizen should have the right to a basic public pension. Third, ‘modernization’ meant adjusting the pension system to the fiscal demands of the ageing society: if life expectancy increased, an automatic reduction of public pensions must follow. Fourth, individuals could counteract this by postponing retirement. According to the commission, fixed retirement ages should be abolished and replaced by a flexible arrangement, starting from 62 years of age. Fifth, the commission discarded the old goal
of tying pensions to wages. Instead, future pensions were to be calculated based on the average
development of incomes and prices (NOU 2004:1:11-12).

The pension reform implemented in 2011 was no blueprint of the commission’s proposal.
It was more generous towards pensioners and meant less cutbacks than what the commission
envisaged (Pedersen 2009). Thus, the Norwegian pension reform is sometimes described as a
‘mild’ or ‘kinder’ (Dølvik et al. 2015:97) version of its Swedish counterpart of the 1990s.
However, the broad parliamentary majority that voted for the reform in 2009 endorsed the broad
aims and principles of the Norway pension commission’s majority. The reform increased
incentives for labour market participation and cut future costs, as outlined by Finseraas and
Jakobsson:

The reform provides strong incentives to postpone retirement. First, in the old system early
retirement at 62 was heavily subsidized through the Early Retirement Scheme (Avtalefestet
pensjon, AFP). This subsidy has now been removed for those in the private sector who had access
to the AFP under the old system, while it is still in place for those in the public sector. Second, as
the divisor implies that the amount of pension is tied to life expectancy, one’s pension will be
reduced if one does not postpone retirement as a response to an increase in the life expectancy of
one’s cohort. Third, the relationship between your earnings and amount of pension is strengthened
and will now depend on one’s work history throughout life (Finseraas & Jakobsson 2014:252-
253).

According to Haugsgjerd Allern, Bay and Saglie (2009), the Norwegian pension reform is in
some ways a classic example of welfare policy consensus and elite cooperation. They highlight
that elites within the major parties agreed on the wisdom of changes to the public pension system
in light of population ageing. Through the commission of 2001 and parliamentary compromises,
including a deal reached before the 2005 election, the issue of pension reform was to some extent
depoliticized and shielded from competition for the vote of the welfare state friendly public. In
the commission, only the representatives of the parties furthest to the left and right – the socialists
of SV and the Progress Party – presented alternative models. The member from SV agreed that
expenditure should be contained, but wanted a reform that emphasized redistribution and
protected the interests of low-income households. Inger Marie Ytterhorn of the Progress Party, on
the other hand, was the only member that disputed the need to cut costs in the long run (NOU
2004:1). In the end, only the Progress Party voted against the pension reform of 2009.

To be sure, the Norwegian pension reform is in many ways an example of elite
cooperation and consensus. On the other hand, it has been fiercely criticized by sections of the
left, including SV, a party that actually supported the reform as a member of the Stoltenberg government in 2009. Critics say the reform is detrimental to the interests of women and low-income households, and is a concession to the claim that there is ‘no alternative’ to cutting costs (Haugsgjerd Allern, Bay & Saglie 2009).

3.2 Sick pay and sickness absence

The Norwegian state’s sick pay program is sometimes labeled the ‘world’s best’ or the ‘world’s most generous’. It is the only Norwegian welfare state benefit that gives workers full wage-compensation. As noted by Blekesaune and Dale-Olsen, very few other countries have such generous public sick pay arrangements covering all employees (Blekesaune & Dale-Olsen 2010). The main features of the sick pay reform of 1978 have survived. This means that employees receive full wage-compensation for up to 50 weeks from the first day of sickness absence. Employers fund the first 16 days of sickness leave, whereas the state covers additional expenses connected to long-term absences.3

During the years of the centre-left majority government headed by Jens Stoltenberg (2005-2013), there was a vigorous public debate on the sustainability of state funded sick pay. This debate was a continuation of sick pay discussions in the 1980s and the 1990s. In fact, the ink on the reform proposal of 1978 was barely dry when debates on the issue commenced.

The ageing society and the discourse of ‘work activation’, increased costs, and concerns about the short- and long-term sustainability of current levels of social expenditure fueled the sick pay debate. Increased costs were connected to what critics say were rising levels of sickness absence. Some contest this claim vehemently, however, and claim that illness related leave in Norway during the last fifteen years is characterized by stability. According to Blekesaune and Dale-Olsen, state funded sickness absence, excluding the first days of employer funding, increased in the years between 1980 and 2009 as a whole. Between 1980 and 2003, state funded sickness absence increased from eight to fourteen days per employee (Blekesaune & Dale-Olsen 2010). Data from Statistics Norway show that sickness absence decreased dramatically in 2003 and 2004, before it increased between 2005 and 2009, peaking and increasing rapidly in the latter of these years. After 2009 sickness absence has fluctuated, but has decreased in most years.

3 In 1989, the maximum period for receiving sick pay was reduced from 52 to 50 weeks. Nine years later, in 1998, the period of employer funding was extended from 14 to 16 days (Blekesaune & Dale-Olsen 2010).
Moreover, numbers from Statistics Norway and OECD suggest that the level of sickness absence in Norway is higher than in comparable countries (Hagelund 2014a).

In the political debate, the latter is mostly framed as a problem – critics connect high levels of sickness absence to the generous public sick pay introduced in 1978. They therefore call for reforms that increase work incentives – for instance, by reducing wage-compensation, making the worker pay for the first day or days off from work, or extending the period of employer funding. However, some have challenged the dominant narrative. They argue that high levels of sickness leave reflect low unemployment in general and high rates of employment for women and seniors in particular. Crucially, the latter groups are traditionally comparatively prone to absences from work. Thus, in light of this, high rates of sickness absence is proof that the ‘Norwegian model’ works (Manifest 2009; Bjørnstad 2010; Hagelund 2014a). Within the trade unions and large parts of the left, there has, moreover, been a tendency to explain sickness absence with reference to harsh working conditions and the growing demands of employers, the so-called ‘brutalization’ of working life.

Between 1982 and 2013, Norwegian governments tried to reform public sick pay by cutting costs and increasing work incentives. However, as remarked by Hagelund in an article in the *Journal of Social Policy*, ‘despite the considerable costs of Norway’s comparatively high level of sickness absence (OECD, 2010) and the many claims made to increase self-risk and reduce government expenditure, hardly any such attempts have been successful’ (Hagelund 2014b:70).

In the 1980s, the centre-right government headed by the Conservative Kåre Willoch (1981-86) and Gro Harlem Brundtland’s minority Labour administration (1986-89) cited the need to scale back social expenditure when proposing relatively small adjustments to public sick pay. The Labour government, for example, sought and failed to extend the period of employer funding from two to three weeks. In the 1990s, the discourse of work activation and the rising levels of sickness absence motivated reform proposals. During this decade of minority governments, Labour introduced a number of proposals calling for extending the period of employer funding. These reforms were meant to cut costs and increase incentives for employers to organize work and assist workers in ways that contributed to reducing sickness absence. On the other hand, the Conservatives and the Progress Party opposed all reforms increasing the costs of private businesses. Instead, they called for reductions of wage-compensation and making employees pay
for the first days of sick leave. However, neither the left nor the right managed to win a majority for their sick pay reform proposals in parliament during the 1990s (Hagelund 2014a).

During the last fifteen years, tripartite cooperation between the state, trade unions and private business has characterized reforms aiming at reducing sickness absence. Successful reduction of illness related absences from work, were increasingly seen as a case of prevention, rehabilitation and control aiming at speedy recoveries. At the same time, the debates about reducing wage-compensation and extending the period of employer funding continued. In 2000, a government policy commission – headed by the former Labour minister Matz Sandman -- proposed a revision of the reform of 1978. The majority in the commission suggested that workers should accept a twenty percent cut in their wage-compensation in the first sixteen-day period. In addition, it proposed that employers should co-fund twenty per cent of sick pay expenses after this first period had ended. The majority in the commission defended their proposals by citing the need for increasing incentives to stay and return to work: whereas full wage-compensation was said to reduce incentives for employees to return to work, the existing sick pay program allegedly did not give employers sufficient motivation to encourage workers back to the factory or office (NOU 2000:27).

However, it proved impossible to win the backing of the parliamentary majority for the commission’s proposal. The Conservatives, the Progress Party, the Liberals and the Christian People’s Party seemed ready to accept the proposal. The socialists of SV and the Agrarian Pary opposed all curtailments of workers sick pay rights. Within Labour some probably backed the general line of the commission, however, the party was under pressure from the trade unions, where resistance to Sandman’s proposal was strong. In the end Labour -- which secretly had tried to cutback the sick pay program when in government from 2000 to 2001 -- fell back on a traditional defense of workers’ rights, whereas the Conservatives unsuccessfully tried to sell larger cuts to the sick pay program than envisaged by the commission to the electorate (Hagelund 2014a).

The last major attempt at reforming the Norwegian sick pay was the Stoltenberg government’s attempt to increase employer funding in 2006. The minister of Labour Affairs, Bjarne Håkon Hansen, proposed that employers should pay twenty per cent of costs for the first six months of sickness absences, and cover ten per cent of expenditures for the remainder of the 50-week period. However, it is almost an understatement to call the reactions of the trade unions
and the organizations of private business negative. LO-boss Gerd Liv Valla in particular was extremely vocal in her opposition to Hansen and the government’s reform proposal. The employers and the trade unions called the government ‘deal breakers’, citing agreements made in tripartite negotiations. Rather quickly the government, yet again, backed down (Hagelund 2014a). Currently, all major parties seem to accept the status quo; the present Conservative-Progress Party government have decided to stick with current levels of wage-compensation and employer funding, at least for the time being. However, Prime Minister Erna Solberg seems willing to listen to new retrenchment reforms. In 2014, the government proposed to double the income requirements for receivers of sick pay. As before, however, the minority government was unable to secure the backing of the parliamentary majority or the organizations of the labour market (Aura Avis 23.10.2014; Glåmdalen 4.27.2015).

In brief, the Norwegian sick pay debate is a classic example of political elites – from the right to the centre-left – agreeing on the need to ‘do something’, the right generally wanting to shift more of the burden to workers, and the centre-left generally but not exclusively calling for larger contributions from private businesses. The question is why successive governments failed in their attempts to reform the ‘world’s best’ public sick pay? Why have Norway not followed the Swedish example of sick pay retrenchment of the 1990s?4

Hagelund discusses these questions at length in an article co-authored with the Swedish scholar Anna Bryngelson and in her book, *The Politics of sickness absence*, published in 2014. Not surprisingly, Hagelund points to the fact that the external pressure for retrenchment has been much stronger in Sweden. Economic crisis hit Sweden hard in the 1990s, and the reductions in wage-compensation and the introduction of increased employer funding in that decade were part of a broader cutback strategy. Hagelund also highlights the fact that tripartite cooperation has been a constant feature of Norwegian discussions on sick pay. This may have made it harder for Norwegian governments to change the rules of the game on their own. At times LO and NHO – the largest employer organization in Norway – presented an effective united front against the retrenchment proposals of the government. In contrast to the Norwegian case, moreover, the ideals of dialogue and consensus have not characterized Swedish reforms of sick pay arrangements, according to Hagelund (Hagelund 2014a; Hagelund & Bryngelson 2014). In brief,

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4 Sick pay in Sweden was reformed in many steps between 1991 and 2008. During the 1990s, employer periods were introduced and wage-compensation was substantially reduced. In 1996, wage-compensation was reduced to 75 per cent from day 2 of sickness leave (Hagelund & Bryngelson 2014).
‘we seem to be faced with the type of situation portrayed by Pierson (1996), where necessary cutbacks do not take place due to the political risks entailed by promoting cutbacks and resistance from organised interest groups’ (Hagelund 2014b:70).

3.3 Disability pensions

The 1970s was not only the era of sick pay reform; the disability pension was also made more generous. Bjørnson writes that the 1970s was a decade of ‘modifications in the conditions for receiving […] disability benefits compared to the rigorous conditions of the 50s and 60s. This liberal ideology was based on expectations of continued economic growth, and made Norway a safer country to live in. However, it also led to an increase in the number of disability benefit claimants’ (Bjørnson 2001:26; see also: Bjørnson & Haavet 1994).

Much like in the case of sick pay, concerns about the ageing society, the discourse of work activation and increasing social expenditure fueled the debate on disability pensions in the last two decades. In line with the loosening of requirements highlighted by Bjørnson, the costs and number of disability pension recipients increased greatly between 1979 and 2012. The number of people receiving disability pension increased from almost 200 000 in 1990 to 310 000 in 2012. In 2012, approximately 10 per cent of the working age population received disability pensions. This is a high figure compared to most other OECD countries; the OECD average was around 6 per cent in 2012. Presently, disability pensions is a larger item on the Norwegian state’s budget than unemployment insurance, sick pay and some other minor benefits put together (Hippe et al. 2013; see also: Blekesaune et al. 2010).

As remarked by Blekesaune and his colleagues, the possible explanations for the increasing number of disability pension claimants resemble the factors mentioned in the sick pay debate. These include, the ‘brutalization’ of working life, changes in perceptions of what is considered ‘permanently disabled’ amongst doctors and the wider society, high labour market participation, and the generosity of the disability pension (Blekesaune et al. 2010; see also: Bjørngaard et al. 2009).

In light of the increasing costs and number of claimants, it is not surprising that governments have attempted to reform and cut back on spending connected to disability pensions (see for instance: NOU 2007:4). The governments of the 1990s tried to halt increasing expenditure by making the criteria for receiving disability pensions clearer and stricter. Since
2000 the government has mostly focused on work activation; trying to find ways for disability pension recipients to return to full-time or part-time work (Hippe et al. 2013).

### 3.4 Immigration and the welfare state

Immigration has been high on the political agenda in Norway since the mid-1970s. In the last decade, the consequences of immigration for the welfare state has increasingly become a topic of political discussion. The government has been concerned about the employment rates of certain immigrant groups and the export of welfare benefits to other countries (see for instance: NOU 2011:7).

Norway first experienced net migration in the post-war years as late as the end of the 1960s. In the 1960s and early 1970s, immigration in Norway was characterized by labour migrants from Turkey, Pakistan and Morocco. In 1975, the parliamentary majority introduced a strict immigration stop. Ironically, immigration expanded to unprecedented heights in the years after the stop law. Between 1975 and 2004, immigration increased from the South through the legal loophole of family reunification, and because of the arrival of refugees and asylum seekers (Brochmann & Djuve 2013). After 2004 and 2007, the years of European Economic Area enlargement, labour migrants from Poland and other former communist countries arrived in relatively large numbers. Since 1990, immigration has increased quite rapidly in Norway. Between 1990 and 2012 the number of immigrants and their descendants increased from 170 000 to 660 000 people. In 2012, immigrants and their descendants accounted for 12 per cent of the Norwegian population. According to Statistics Norway, 60 per cent of this group originated from non-EU members in Eastern Europe, Asia, Africa and Latin America (Fløtten et al. 2013; Djuve 2014).

The Progress Party spurred and attached its wagon to anti-migration sentiment in the 1980s. It made immigration a topic of discussion in election campaigns, particularly from the local election of 1987 onwards, and was for a long time the only openly critical party of the consequences of immigration. It capitalized on this in the electoral arena: voters concerned about immigration flocked to the Progress Party from the mid-1980s onwards (Hagelund 2003).

Unlike the Sweden Democrats, the Progress Party has predominantly avoided contact with extreme right-wing groups, such as Neo-Nazis or other racists. According to Ravik Jupskås, the Progress Party has framed its anti-immigration policies in many different ways throughout its
history: as a burden on the welfare state, as a strategy to protect so-called Norwegian cultural values, or as a defense of liberal values such as gender equality and freedom of speech. In the 1987 election – the breakthrough election in which the Progress Party received 12.3 per cent of the vote – ‘the party campaigned not only against asylum immigration as such, but also against the alleged preferential treatment these people received from the welfare state’ (Hagelund & Bro 2011:17). According to Carl I. Hagen, the long-time leader of what he liked to call the progress movement, the money spent on immigrants ‘could alternatively have been used to help weak groups like the disabled, hard up elderly and sick people’ (quoted from, Brochmann & Hagelund 2011:17). Thus, Hagen articulated and promoted resentment about the perceived privileges of immigrants in the welfare state. However, as argued by Hagelund, it seems reasonable to speak of a cultural shift in the Progress Party’s discourse on immigration during the 1990s:

When immigration was launched as a key issue for the Progress Party, in parallel with the growing number of asylum-seekers arriving in the latter half of the 1980s, a kind of problematisation emerged that focused on the costs immigrants and immigration represented for the welfare state. Immigration was represented as an unjust burden on the taxpayers. In the 1990s another kind of problematisation emerged as increasingly important in the party’s argumentative repertoire. This version of immigration as a political problem pivots on the dangers of cultural heterogeneity – the risks immigration and a multicultural society represent in terms of their perceived potential for ethnic conflict and the eradication of Norwegian culture and identity. Thus a movement from economic to cultural problematisations of immigration can be observed over time, although it must be pointed out that to some extent the two have co-existed in varying proportions throughout the period (Hagelund 2003:53).

The Progress Party broke with the consensus concerning immigration in Norwegian politics. Media commentators, ‘respectable opinion’ and other parties have portrayed their anti-immigration rhetoric as immoral and indecent (Hagelund 2003). In particular, the mainstream parties have voiced opposition – and even disgust – towards the Progress Party’s negative attitude to the concept of a multicultural society.

On the other hand, the Labour Party and the Conservatives – traditionally the two main parties of Norwegian post-war politics – have adopted policies first advocated by the Progress Party in response to immigration, particularly during the last fifteen years. The latter is perhaps best understood as strategic adjustments to the Progress Party’s electoral success, and concerns about labour market integration and welfare benefit exports in the wake of increasing

immigration (Simonnes 2013). Crucially, some surveys, for instance in 2000, indicated that the Progress Party was the most popular party amongst Norwegian voters (Hagelund 2003). Even though actual election results have never matched the party’s highest poll numbers, Labour and the Conservatives have reason to fear the Progress Party. The electoral survey from 2009 show that 33 per cent of respondents answered that the Progress Party had the best immigration policy. This result is in line with previous electoral surveys that indicate that the Progress Party owns the issue of immigration. Moreover, studies show that the Conservatives, the Progress Party and Labour compete for many of the same voters (Simonnes 2013).

During the last decade, the interrelated themes of immigration, labour market integration and exports of welfare benefits has been a major subject of academic and political discussion. In 2009, the government established a policy commission on welfare and immigration. The commission was instructed to ‘describe and evaluate the elements of the Norwegian welfare model that fosters and is affected by increasing immigration’ (NOU 2011 7:32). In short, the government, most of the opposition and policy experts were concerned about the economic sustainability of the Norwegian welfare state in a period of increasing immigration. As highlighted by Brochmann and Hagelund, this reflects a general pattern in the policy discourse on immigration in the generous and universal Nordic welfare states:

During the 1990s and more so after the turn of the century, the authorities and the public have become increasingly concerned about the pressure on welfare inflicted by the immigration of people with low skill levels from countries in the South. A large proportion of these newcomers have proven difficult to integrate in the Scandinavian labour market, which is characterised by high demands for skills and a compressed wage structure that makes low-skilled labour comparatively expensive. The universalistic welfare approach, implying a generous inclusion of legal newcomers from day one, in combination with the highly regulated and knowledge-intensive labour market has made the three states – Denmark, Sweden and Norway – particularly exposed to disincentive challenges as concerns the absorption of immigrants in gainful work. The specificities of this welfare state/labour market nexus basically premised the restrictive immigration regulation instituted in the early 1970s in the region: Because rights are costly but should be for all, only a few select can be let in (Brochmann & Hagelund 2011:14).

The welfare and immigration commission concluded that the welfare state’s financial health was in jeopardy if (some) groups of immigrants did not increase their labour market participation. In

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6 The average employment rate of immigrants in Norway increased by 10 per cent between 1990 and 2001. In the last decade, the employment rate for immigrants has increased slightly. However, some immigrant groups – such people from Somalia, Eritrea and Iraq – fare relatively badly on the Norwegian labour market. The immigrant population as a whole is three times less likely to work compared to others (Djuve 2014).
the words of the commission, ‘the combination of an ageing population and low employment rates in sizeable groups of the population may pose a challenge to the [Norwegian] model’s economic sustainability in the long run’ (NOU 2011 7:9). Thus, the commission echoed concerns voiced in the European welfare state debate. Here it is sometimes argued that low employment rates and high social transfer take-up amongst immigrants will ‘reinforce long-term fiscal problems and the need for welfare retrenchment’ (Bay et al. 2013:199).

In light of its general conclusions, the commission argued for increasing emphasis on incentives for labour market participation in welfare policy. It also called for a general shift from cash benefits to services, since services are harder to export to other countries, and because services directed at children and youth would make it easier for immigrant families with low income to become integrated in Norwegian society (NOU 2011:7).

In line with the advice of the commission, Norwegian politicians have stressed ‘work activation’ and emphasized the need to limit the export of welfare benefits overseas. According to Djuve, however, it is not clear if the emphasis on labour market integration has paid off. Despite twenty years of various reforms, immigrants are still thrice as likely to be unemployed as people that are born in Norway. On the other hand, it may seem impressive that unemployment rates for immigrants have not been significantly reduced in the last two decades, a period of high migration. However, it does not seem likely that politicians may plausibly take the credit for the latter (Djuve 2014).

Hatland (2015) analyzes the alleged ‘export of the welfare state’ in a recent article. He draws attention to the fact that both the Progress Party and Labour has put the issue high on the agenda. Siv Jensen, the leader of the Progress Party, said that the export of welfare benefits was a threat to the welfare state in her speech to the party convention in 2012. The Labour’s manifesto from 2013 calls for various changes meant to prevent or reduce benefit export. However, it seems safe to say that the ‘welfare-export problem’ identified by Labour, the Progress Party, the welfare and immigrant commission and others – if indeed it is a problem – is overblown. In the words of Hatland, ‘the export of welfare benefits is no serious threat to the Norwegian welfare state’s economic sustainability. Currently, exports account for two per cent of the state’s total social expenditure, and it is not clear if there is anything to be gained by limiting exports’ (Hatland 2015:145). Hatland points to the fact that the main recipients of welfare exports, are Norwegian pensioners living abroad, as well as seniors from neighbouring countries and North America.
Thus, stories in the press about people living lavishly on Norwegian money in Eastern Europe and parts of the South – even though they may cause outrage amongst sections of the population – do not reflect a substantial economic threat to the welfare state or a societal problem of high importance (Hatland 2015).

3.5 Poverty in a wealthy country

Poverty became a watchword in the Norwegian public debate from the late 1990s. The fight against poverty was particularly a central topic in the national election campaigns of 2001 and 2005. In some ways, this may seems surprising; as shown above, the poverty rate in Norway is one of the lowest in the world. However, concerns about a two-thirds society and the influence of the policy discourse of international organizations brought the issue of poverty close to the centre of attention in Norwegian politics, at least for a while. The red-green coalition government (2005-2013 – Labour, SV and the Agrarians) famously pledged to eradicate poverty in 2005 (Karlsen 2009; West Pedersen 2004).

Labour and the Conservatives have most consistently championed ‘work activation’ as the road to poverty reduction. SV in particular, but also other parties like the Liberals and the Christian People’s Party, have been more open to increasing cash payments to low-income groups (Haugsgjerd Allern, Bay & Saglie 2009). However, the main policy documents on poverty reduction -- a white paper prepared by the Bondevik’s centre-right government (2001-2005) and the red-green government’s Action Plan Against Poverty from 2006 – both give priority to the need to increase work incentives for people living on low-incomes. The comprehensive NAV-reform – or the merger of the state’s labour office, the state’s social insurance office and parts of the municipal welfare services – was at the centre of this drive towards poverty reduction through ‘work activation’ (Sørvoll 2011).

3.6 Family policy: cash for care, parental leave and kindergartens

Norwegian family policy since the late 1990s is something of a hybrid. The cash for care reform was arguably at odds with the dominant ‘work activation’ strategy of Norwegian welfare policy. On the other hand, the expansion of day care facilities and paid parental leave is consistent with the focus on increasing labour supply, because it makes it easier to combine work with having children.
Some scholars have also portrayed the family policies of the last twenty years as contradictory, when it comes to their commitment to gender equality and female participation in the labour market. Leira and Ellingsæter suggest that key family policies ‘encourage different gendered family models’: ‘Daycare services facilitate the dual earner model where care work is moved from the families to the state and the market. On the other hand, cash benefit for families with children not in daycare centres preserves the gendered division of care giving and breadwinning. The third arrangement, the ‘daddy quota’ [1993], advances dual-earning and care-giving parenthood’ (Rogg Korsvik 2011:136).

Family policy has at times been at the centre of political debate in the last twenty years, in particular before and after the implementation of the cash for care reform. The cash for care benefit scheme was introduced in 1998 as a result of clever political maneuvering from the Christian People’s Party, the dominant party in a minority coalition government (1997-2000) that also included the Liberals and the Agrarians. The reform was not keenly sought by the majority of the electorate, and none of the other coalition partners, or for that matter the Progress Party or the Conservatives, gave priority to cash for care. What is more, SV and Labour -- and their likely voters -- were vocally opposed to the reform (Gulbrandsen 2014).

In a paper from 2014, Gulbrandsen outlines the details of the cash for care reform:

Parents who did not make use of public financed kindergartens were offered a cash benefit from the state equal to the average amount of money the state spent to subsidize a place in a kindergarten. In 1998 this amount was 3000 NOK per month or 36 000 NOK per years. Parents could claim cash for children older than 12 months and younger than 36 months. They could also combine cash benefit with reduced attendance in a kindergarten (Gulbrandsen 2014:4).

According to the government, the goal of the reform was to give parents real freedom to choose day care or home care for their children, provide equal subsidies to all forms of child care, and give parents the opportunity to spend more time with their children Critics – including the Labour Party, SV, feminist women’s organizations and trade unions– argued that cash for care was a slap in the face for gender equality, in reality it would mean an increase in stay-at-home mums. Labour and SV also claimed that the reform was out of touch with economic realities: society needed the labour power of women (Rogg Korsvik 2011; Vollset 2011). Critics also argued that
‘the scheme did not give parents more time with their children since they received the benefit irrespective of whether they stayed at home or went on to work’ (Rogg Korsvik 2011:143).

As a matter of fact, however, the scholarly evaluations of the cash for care reform suggest that it changed rather little. Female labour participation did not decrease as a consequence of the reform, and more and more children attended kindergartens in the years after cash for care was introduced (Rogg Korsvik 2011; Gulbrandsen 2014). Perhaps the most important consequence of cash for care was the spark it provided to the expansion of day care facilities. According to Gulbrandsen, the opposition parties – Labour, SV and the Progress Party – needed a counter policy to cash for care. In 2003, they joined forces and agreed to work for the introduction of a price ceiling and universal coverage of day care centres. The logic was that lower prices would increase freedom of choice and make kindergartens an affordable alternative for all. In the same year these parties made a deal with the centre-right government that made universal coverage and maximum prices official policy (Gulbrandsen 2014).

The kindergarten agreement of 2003 is arguably yet another example of the consensus characterizing Norwegian welfare state expansion. Since the agreement, the proportion of children attending day care centres has increased and the number of cash for care recipients has decreased. Paradoxically, therefore, the cash for care reform was one of the drivers behind near universal coverage of day care in Norway. As referred to earlier, public day care was not a priority of the Norwegian government in the first post-war decades (Bjørnson 2001; Vollset 2011). As shown below, the development between 1950, when only 1.1 per cent of children below school age attended day care facilities, and 2013 is dramatic.

Kindergartens 1950 – 2013. Coverage rates after children’s age

<table>
<thead>
<tr>
<th>Year</th>
<th>All children below school age*</th>
<th>Age 1-2</th>
<th>Age 3-6**</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>1.1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1960</td>
<td>1.8</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1963</td>
<td>1.9</td>
<td>0.5</td>
<td>3.1</td>
</tr>
<tr>
<td>1970</td>
<td>2.9</td>
<td>0.9</td>
<td>4.3</td>
</tr>
<tr>
<td>1975</td>
<td>7.1</td>
<td>3.0</td>
<td>10.6</td>
</tr>
<tr>
<td>Year</td>
<td>0-6y</td>
<td>3-6y</td>
<td>Total</td>
</tr>
<tr>
<td>------</td>
<td>------</td>
<td>------</td>
<td>-------</td>
</tr>
<tr>
<td>1980</td>
<td>20.9</td>
<td>6.8</td>
<td>32.0</td>
</tr>
<tr>
<td>1985</td>
<td>27.5</td>
<td>9.4</td>
<td>43.0</td>
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<tr>
<td>1990</td>
<td>35.9</td>
<td>15.4</td>
<td>57.9</td>
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<tr>
<td>1995</td>
<td>44.3</td>
<td>31.3</td>
<td>61.7</td>
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<tr>
<td>1997</td>
<td>50.7</td>
<td>40.0</td>
<td>74.4</td>
</tr>
<tr>
<td>1998</td>
<td>51.6</td>
<td>38.8</td>
<td>75.9</td>
</tr>
<tr>
<td>2000</td>
<td>52.2</td>
<td>37.1</td>
<td>79.3</td>
</tr>
<tr>
<td>2005</td>
<td>67.5</td>
<td>53.9</td>
<td>90.6</td>
</tr>
<tr>
<td>2010</td>
<td>75.0</td>
<td>78.8</td>
<td>96.5</td>
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<tr>
<td>2011</td>
<td>75.8</td>
<td>79.6</td>
<td>96.6</td>
</tr>
<tr>
<td>2012</td>
<td>76.2</td>
<td>80.2</td>
<td>96.6</td>
</tr>
<tr>
<td>2013</td>
<td>76.3</td>
<td>79.8</td>
<td>96.6</td>
</tr>
</tbody>
</table>

* 0-6 years until 1997. Thereafter 0-5 years
** 3-6 until 1997. Thereafter 3-5 years

Source: Gulbrandsen 2014.

Per cent of children at age one and two who received cash-for-care benefit at the end of each year 1999-2011.

<table>
<thead>
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<tbody>
<tr>
<td>1999</td>
<td>74.8</td>
<td>74.3</td>
<td>73.2</td>
<td>70.7</td>
<td>67.9</td>
<td>63.3</td>
<td>58.1</td>
<td>47.9</td>
<td>41.4</td>
<td>33.6</td>
<td>29.8</td>
<td>25.6</td>
<td>24.8</td>
</tr>
</tbody>
</table>

Source: Gulbrandsen 2014

In parallel with increasing coverage rates for kindergartens state sponsored parental leave was expanded. A parliamentary majority of SV, Labour and the Agrarians extended parental leave to 42 weeks with full wage compensation, or 52 weeks with 80 per cent wage compensation, in 1993. In the same year a four week ‘daddy quota’ was implemented; a reform that has been described as a mild stimulant for gender equality (Vollset 2011). Later, parental leave was expanded to 46 weeks with full wage compensation, or 56 weeks with 80 per cent compensation (Rogg Korsvik 2011). The ‘Daddy quota’ was increased to 12 weeks by the red-green coalition government, but reduced to 10 weeks by the present government. In recent years the ‘Daddy quota’ has been the subject of political debate: the Conservatives are divided on the issue, but
3.7 Privatization of welfare services

In Norwegian politics, virtually everyone agree that core welfare services, should be funded by the government. However, the political debate is full of strife over the question of welfare service provision (Hatland 2011). The question asked is; who is best suited to provide welfare services? Whereas the Left have generally, but not exclusively supported government provision, the Right have championed private non-profit and for-profit alternatives.

The privatization of welfare services in Norway is a modest phenomenon in an international perspective. One notable exception is the day care sector, in which many private companies have received subsidies from governments eager to reach the goal of universal coverage. In a report titled *Decentralisation and privatization in the Norwegian welfare state since 1980*, Vabo and Øverbye summarize their main conclusions on the subject as of 2009:

> Compared to other countries, outsourcing service production by Norwegian local councils is not very extensive […]. The local council (sic) themselves are still dominant service producers. This is especially true when it comes to the core welfare services like education, health care, social and child care and care for the elderly and disabled people. In the rapidly expanding kindergarten sector, however, various types of publicly supervised private kindergartens are often run alongside municipal kindergartens, and receive public subsidies (Vabo & Øverbye 2009:29).

4.0 Public attitudes to the welfare state

The scholarly literature on public attitudes to taxation, public spending, privatization, and social policy is voluminous and has expanded rapidly in recent years (Sundberg & Taylor Gooby 2013). Even though public attitudes ‘are often diffuse, ambivalent, or downright contradictory’ they are important fields of study for social scientists, not least since ‘established viewpoints, normative expectations, concepts of justice, etc., are often very hard to change, and in this way, attitudes often function as a counterweight to abrupt policy changes’ (Svallfors 2010:241). For instance, existing institutions, policies and discourses influence public opinion, and may make it more difficult for politicians to force changes. Moreover, the study of public attitudes may help us distinguish between popular and elite opinion (Svallfors 2010).

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7 We do not address the mechanisms behind variations in welfare state support – and different areas of the welfare state – in this section.
4.1 General attitudes to taxation, public spending and welfare services

The electoral surveys from the 1960s to the present time indicate relative strong support for the welfare state in the population. Six surveys conducted between 1965 and 1987 show that at least 65 per cent of respondents wanted the National Insurance scheme to expand or continue with the present levels of expenditure. In the 1990s, the public support for the welfare state did not falter. Two surveys conducted at the beginning of the decade show that 80 to 90 per cent of respondents wanted to spend more of the state’s tax revenue on eldercare and the health service (Kuhnle 2001). In the years after the millennium, support for the welfare state was still strong. However, the available survey data indicate a slight and gradual shift in public attitudes.

Norwegian Monitor, the surveys conducted every other year by Ipsos MMI from the mid-1980s, arguably provides the best data for analysis of the Norwegian public’s attitudes towards the welfare state. Following the lead of Hellevik (2014), the data from Norwegian Monitor may be grouped by way of four dimensions of welfare state support: 1. Benefits, 2. Redistribution and equality, 3. Tax willingness, 4. Solidarity:
Development for indicators of welfare state support (dichotomized). (Percentage expressing high support)

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A Increase or keep welfare benefits at present level  
B Further reduction of income inequalities important task for government  
C Prefer "making the distribution of wealth more even" to "increasing wealth of nation"  
D Income differences are too great rather than reasonable or too small  
E Agree that high taxes are necessary to uphold important public services  
F Not reporting taxable income is not at all acceptable  
G Do not see "reducing taxes" as a political priority  
H Securing own welfare is a public rather than a private responsibility for each individual  
I Disagree that private schools and hospitals for those willing to pay is a good thing

Source: Hellevik 2014.

It is interesting to note the gradual shifts in public opinion between the late 1990s and 2013. Most notably, the number of respondents wishing to ‘increase or keep welfare benefits at present level’ decreased by 12 percent between 1999 and 2013. In the same period, fewer respondents agreed that further reduction of income equality was an ‘an important task for government’, there was also a reduction in the number of people giving priority to ‘making the distribution of wealth more even’ over economic growth. On the other hand, the data from Norwegian Monitor 2013 suggest that the support for redistribution and equality is still strong, and this in a country already characterized by comparatively low inequality and high levels of welfare state redistribution. Moreover, a large majority of those surveyed in 2013 (75 per cent) supported the claim that
‘welfare is a public rather than a private responsibility for each individual’. Those disagreeing with the claim that ‘private schools and hospitals for those willing to pay is a good thing’ also increased significantly, from 45 to 56 per cent, between 1999 and 2013. In addition, the number of respondents expressing support for high levels of taxation to fund welfare services, increased by 21 per cent between the late 1990s and 2013. What is more, in 2013 87 per cent answered that ‘reducing taxes’ was not a political priority, something that constituted an increase of 40 percentage points since 1999.

In short, judging by the data provided by Norwegian Monitor, the public’s attitudes to a comprehensive, tax-funded welfare state seems positive and robust. Many, but not all (see for instance, Dallinger 2010), international studies suggests that public support for redistribution and the welfare state is comparatively strong in Norway and other Nordic countries (see for instance, Rehm et al. 2012).

The European Social Survey (ESS) from 2008 also reflect the strong support for the welfare state in the Nordic countries. Although most ESS respondents expressed assent to continued state responsibility for core welfare services, particularly health care, the support for some areas of the welfare state was limited in some countries (Roosma et al. 2013; Fløtten et al. 2013). Public programs that help the unemployed was an example of the latter. However, in the Nordic countries a large majority of respondents – between 89 and 95 per cent – agreed that the welfare of the unemployed was a government responsibility. The ESS, consistent with other surveys, also suggest that the public’s willingness to pay taxes to fund the welfare state is high in Norway (Fløtten et al. 2013).

However, at first glance the ESS welfare index may lead us to believe that the general support for a comprehensive welfare state is only slightly stronger than the European average. For example, respondents are asked to what extent the following should be a priority for the government using a scale from 0 to 10, the latter meaning that the government should take full responsibility and the former meaning that the government has no obligation to help:

1. … ensure a job for everyone who wants one
2. … ensure adequate health care for the sick
3. … ensure a reasonable standard of living for the old
4. … ensure a reasonable standard of living for the unemployed
5. … ensure sufficient child care services for working parents
6. … provide paid leave from work for people who temporarily have to care for sick family members (Svallfors 2012)

The average welfare index score for Norway, 7.86, is only 0.04 higher than the European average. Interestingly, the Norwegian score is lower than the score in many Eastern and Southern European countries, such as Spain (8.30), Portugal (8.11), Bulgaria (8.32), Russia (8.31) and the Ukraine (8.79). These scores should, however, be analyzed with caution and sensitivity to national contexts. In the words of Svallfors: ‘No matter how well-designed the questions are, or how much they aim at comparing absolute levels of support, it is always the case that survey questions are answered in the context in which respondents are embedded. So some degree of relativism is probably unavoidable, which makes it unwise to argue that, for example, Scandinavians really want the state to do less for them in absolute sense than people in Bulgaria or Romania do’ (Svallfors 2012).

4.2 Welfare chauvinism? The question of immigration and attitudes to the welfare state

Does immigration affect public support for the welfare state? This is a question asked by many scholars, commentators and politicians throughout Europe. In Norway, and internationally, scholars have scrutinized available data for evidence that immigration undermines welfare state support and so-called ‘welfare chauvinism’, or the ‘combination of strong support for economic redistribution with resistance toward distributing welfare services to immigrants’ (de Koster et al. 2012:6). The general idea behind these lines of enquiry is that support for the welfare state depends on ethnic homogeneity or that solidarity rests on notions of sameness. Put in the words of a British politician, public support for redistribution is contingent on widespread belief that ‘recipients are people like themselves, facing difficulties which they themselves could face. If values become more diverse, if lifestyles become more differentiated, then it becomes more difficult to sustain the legitimacy of a universal risk-pooling welfare state’ (quoted from Bay et al. 2013:200). Phrased more bluntly, it is sometimes hypothesized that popular support for the welfare state will falter if it is seen to benefit immigrants, a group many people view negatively, not least sizeable parts of the working class. The latter is thought to undermine the cohesion and solidarity of one of the main forces of welfare state expansion – manual labourer and people with low income and education. Moreover, the increasing ethnic heterogeneity of the working
class may also dilute the labour movement’s power and influence over welfare policy (Bay et al. 2007).

In Norway, Bay, Hellevik and Hellevik have studied the ‘importance of the presence of immigrants in the local community for individuals’ attitudes to redistributive policies’ (Bay et al. 2007:377). Bay and her colleagues find little support for the hypothesis that immigration affects popular support to the welfare state negatively:

The limited impact of the proportion of immigrants on welfare state attitudes is in the form of a direct effect. Hypothesis predicting that the immigrant share of the population will influence the support for a strong and active state, trust in other individuals and political institutions, or the perception of immigrants, so that these variables transmit a negative indirect effect on the backing of welfare programmes, are not confirmed. As it turns out, negative attitudes towards immigrants are less common the larger their share of the local population, particularly when their presence has been of some permanence, indicating that exposure can produce familiarity and acceptance (Bay et al. 2007:377).

In an unpublished follow up study, Hellevik shows that the conclusions arrived at by Bay et al. (2007) are still valid when tested on empirics from 2013. Drawing on census data and data from Norwegian Monitor he examines attitudes to the welfare state in municipalities with low and high shares of immigrant population:

To sum up the trend analysis, there has been a steady increase in the share of immigrants from Africa, Asia, and Latin America in Norway in recent years, especially since the turn of the century […]. During the same period support for some aspects of the welfare state, namely for extending/preserving the level of benefits and for redistribution, have been somewhat reduced […]. But the changes in attitudes are relatively similar across the four groups of municipalities with varying shares of immigrants in their population, except for a slightly stronger reduction in support for level of benefits and solidary solutions […]. The results of the trend analysis therefore give only limited support for a hypothesis that the opinion of Norwegians regarding the welfare state is influenced by the share of immigrants in their local community (Hellevik 2014:11-12).

Bay, Finseraas and West Pedersen analyze ‘welfare chauvinism’, also known as ‘welfare dualism’, in Norway and Denmark in an article in *West European Politics*. Drawing on a representative postal sample collected in 2008 and 2009, they show that welfare dualism – measured as proportion of respondents agreeing with the idea of withholding social assistance from immigrants -- is somewhat more prevalent in Denmark than Norway:

While 40 per cent of our Danish sample report to agree completely or partly with the idea of withholding social assistance from immigrants, 37 per cent of the Norwegian sample do the same;
and a larger share of the Norwegian sample say they disagree partly or completely with this idea (42 per cent versus 35 per cent in Denmark). However, although these differences are statistically significant according to conventional criteria we must nevertheless conclude that there are not large aggregate differences in voter attitudes between the two countries (Bay et al. 2013:206-207).

Thus, Bay, Finseraas and West Pedersen seems to show that welfare dualism is quite widespread in both Denmark and Norway. They suggest that support for welfare dualism, is connected to the perception that immigrants have a sub-standard work ethic and thereby less entitled to welfare benefits. Interestingly, although the level of welfare chauvinism is similar in Norway and Denmark, ‘attitudes towards dualism have a stronger impact on left-right voting in Denmark where the politics of welfare dualism has been actively advocated by the populist right party and pursued by a right-wing coalition government’ (Bay et. al. 2013:199). Moreover, the three Norwegian social scientists also point to the fact that Danish and Norwegian elite politics have diverged when it comes to some relevant aspects of welfare policy during the last decade. Whereas the Danish government – under the influence of the explicitly welfare chauvinist Danish People’s Party – have promoted a welfare dualist agenda. Nothing of the sort has occurred in Norway, despite similar attitudes in the population at large. Interestingly, the Progress Party, even though it at times has portrayed immigration as a threat to the welfare state, has not developed a comprehensive welfare dualist strategy, at least when compared to the Danish People’s Party (Bay et al. 2013).

In an earlier study published in *Acta Sociologica*, Bay and West Pedersen also found evidence for welfare dualism amongst the Norwegian public. Their representative survey from 2003 suggests that the idea of introducing a basic, guaranteed income has the potential to win the backing of the majority of voters: 66 per cent of respondents initially thought that a basic income reform was ‘a very good idea’ or ‘a fairly good idea’. These respondents were in turn asked the following question: ‘Would you also approve of this arrangement if it is applied also to residents who are not Norwegian citizens?’ (Bay & West Pedersen 2006:427). In addition, respondents who had initially rejected the idea of a basic income were asked another follow up question: ‘Would you still be opposed to this arrangement if it could be applied to Norwegian citizens only?’ (Bay & West Pedersen 2006:427). It is striking to note that 32 per cent of respondents changed their original position when confronted with the follow up question: ’34 per cent of the initial ‘supporters’ and 26 per cent of the initial ‘opponents’ say that they would change their mind under circumstances described in the respective follow-up questions’ (Bay & West
Pedersen 2006:427). According to Bay and West Pedersen, this experimental survey indicates that ‘the high degree of social solidarity that could motivate support for a basic income scheme does not necessarily encompass newly arrived immigrants and/or ethnic minority groups’ (Bay & West Pedersen 2006:432).

Based on the studies summarized above, we may conclude that increasing immigration has not undermined public support for the welfare state in Norway during the last decades. On the other hand, welfare dualism is a significant phenomenon, albeit without being a large issue of political contention. However, the majority of the population is quite positive to the contribution of immigrants to Norwegian society. According to a representative survey conducted by Norwegian Statistics in 2014, 77 per cent of the population ‘wholly agreed’ or ‘mostly agreed’ to the claim that ‘most immigrants make a useful contribution’ to the Norwegian economy. This is in line with some of the highest numbers recorded by Norwegian Statistics since 2002 (Blom 2014).

Still, a sizeable minority in the Norwegian Statistic’s survey express attitudes one may be tempted to describe as xenophobic or bordering on xenophobic. For instance, 28 per cent agreed or ‘mostly agreed’ to the claim that ‘immigrants are a source of insecurity in society’, and 29 per cent agreed or ‘mostly agreed’ that ‘most immigrants falsely claim welfare benefits’ (Blom 2014). Finally, in a survey conducted by TNS Gallup in 2015 Norwegian respondents (38 per cent) rank immigration as the single biggest challenge of Norwegian society. Whilst the majority of the supporters of Labour, SV, the Liberals, the Green Party and the Christian People’s Party ranked climate change as the biggest challenge, the likely Progress Party and Conservative Party voters gave priority to immigration (TNS Gallup 2015). Thus, as we will return to below, the issue of immigration and its relationship to the welfare state is certainly an issue that warrants scholarly attention in the future.

4.3 Class cleavages and elite vs. popular opinion

As remarked by Svallfors and Kulin, many comparative studies of attitudes towards social policy and redistribution explore the effects of class, status, income and education:

A recurring result in the welfare state attitudes literature is that there are class differences in attitudes towards redistribution and that there are cross-country differences in the way attitudes are structured by class (e.g. Svallfors, 1997, 2006). While members of the working class generally are more in favour of
redistribution than members of higher social classes, the magnitude of these differences displays considerable variation across countries (Kulin & Svalfors 2013:156).

In Norway, the available data – for instance, Norwegian Monitor and the electoral surveys – show that people with low income and low levels of education are more likely to express support redistribution and the welfare state. On the other hand, this subgroup is also more apt to support welfare dualism. In Bay, Finseraas and West Pedersen’s study 43 per cent of all respondents with ‘lower education’ (no college education) expressed welfare chauvinist attitudes. The corresponding figure for all respondents characterized by ‘higher education’ was 27 per cent (Bay et al. 2013).

Even though attitudes vary amongst different subgroups, the wide consensus around the main features of the Norwegian welfare state model is perhaps most striking. A study by Gulbrandsen and Engelstad published in West European Politics, analyze levels of support for the ‘Norwegian model’ amongst different elite groups. According to Gulbrandsen and Engelstad, ‘the majority of the Norwegian elites at the time of the study (2000) supported the basic institutions and policies in the model and the political compromises upon which they are based’ (Gulbrandsen & Engelstad 2005:898).

They express strong support for the system of centralized wage settlements, a main element in the industrial relations system. They rally behind continued economic transfers to the rural areas. A majority (albeit small) of the elite groups prefers to uphold the present state model of production and distribution of welfare services. There are, however, differences between the various elite groups as to how they view the welfare state model. While the members of the private business elite express preference for basic changes, the mass media elite, the academic elite and the church leaders are clearly in favour of the present model (Gulbrandsen & Engelstad 2005:898).

Based on data from the Power and Democracy study Christensen and Lægreid argue that elites favour privatization of public services more than the rest of the population. They report that 62 per cent of elite respondents, but only 52 per cent of voters, agreed or mostly agreed to the claim that privatization and a smaller public sector are desirable in Norway. According to the two political scientists, this means that ‘a great majority among elites want more privatization and less political control’ (Christensen & Lægreid 2003:385). Sørensen, however, disputes the interpretation and relevance of Christensen and Lægreid’s conclusions. In his view, what really matters is the attitudes of the elites responsible for preparing and implementing reforms, namely
politicians and bureaucrats at the national and local level. Based on survey data collected between 2000 and 2003 Sørensen concludes, that little suggests that the administrative and political elite in Norway are more in favour of privatization of public services – including the core welfare services and education – than the general public (Sørensen 2004).

4.4 Conflicts between generations?

Researchers specializing in attitudes to social policy have increasingly turned their attention to the importance of age, not least because of the ageing of society. Busemeyer, Goreres and Weschle pose one of the vital questions in the literature on the importance of age for attitudes:

The intuition is that as the population share of older people increases, so will their political power. The decisive question is whether this will result in a ‘greying welfare state’, catering disproportionately to the needs of older people (for example, pensions, healthcare) and neglecting necessary investment in younger generations (that is, in education) (Kotlikoff and Leibfritz, 1999; Streeck, 2007), or whether ‘politics as usual’ will prevail (Busemeyer et al. 2009:196).

Based on data from the ISSP role of government dataset for 14 countries, Busemeyer and his colleagues find systematic attitude differences between different age groups. In Norway, as in other countries, pensioner respondents were more likely to support spending on pensions, and less likely to support spending on education compared to the working-age population (Busemeyer et al. 2009).

Although the relevance of studies of the link between age and attitudes seems very clear, the literature exploring this topic is not voluminous, in the Norwegian case at least. This said, studies of attitudes in Norway and other countries do not suggest that generational conflicts are prevalent. In fact, the support for eldercare and other welfare benefits and services directed at the elderly are strong in all age groups (Finseraas 2009). In a study published in 1998, Bay finds no evidence of a generational conflict between the old and the young; in all age groups, the support for welfare state programs directed at the elderly was strong (Bay 1998).
5.0 Concluding section: What does it all mean? Future challenges for the Norwegian welfare state

What are the future challenges of the Norwegian welfare state? Will the government be able to fund the present level of welfare services and benefits in the next thirty years? These are the questions pondered in the concluding section of this paper.

In our view, limited internal and external pressure for retrenchment is vital for the relative consensus concerning the Norwegian welfare state in the last twenty years. However, there are some reasons to believe that the external and internal pressure for retrenchment may increase in the coming decades. Pessimists may doubt the government’s ability to deliver in a future plagued by decreased oil and gas reserves, mobile capital, tax competition and population ageing. Pierson speaks of ‘permanent austerity’ and a ‘fiscal regime of austerity’ characterizing the new politics of the welfare state (Pierson 2001). Perhaps Norwegian politicians will face this new kind of politics to a greater extent than before? Schäfer and Streeck (2013) cogently summarizes Pierson’s argument:

Permanent austerity, according to Pierson, results when the ability to generate revenues is limited while at the same time spending needs to increase. In the 1990s, three causes came together that were not present in the decades immediately following the Second World War: diminished growth rates, the maturation of welfare states and an aging population. The diminished growth rates had their start in the mid-1970s, and since then rates have been lower on average than during the trente glorieuses. After the ‘easy financing era’ (Steurle 1996:416) had come to an end, revenues increased more slowly and, with few exceptions, public expenditure since then has exceeded government receipts […]. In principle, governments could have counteracted this tendency through higher taxes. However, growing international tax competition has rendered it more difficult to raise taxes on companies and top income earners […]. At the same time, taxing ordinary citizens more heavily through higher indirect taxes and social security contributions has become politically more costly, since real wages have also grown more slowly, if at all, than in the past […].

On the expenditure side, Pierson emphasizes the ‘maturation’ of the welfare state and demographic change, both of which he suggests are bound to keep expenditure at high levels. Welfare-state maturation means that today a much larger share of the population is entitled to receive pensions than when public pension programmes were created. In the beginning, a very limited number of people qualified for benefits, while the working population financed the welfare state through (payroll) taxes. This favourable demographic profile changes, however, once the first generation of contributors retires […]. What is more, in an aging society people will receive benefits for a longer period of time, whereas the number of contributors will stagnate or even shrink. In combination, these long-term trends lead to a mismatch of spending obligations and public revenue (Schäfer & Streeck 2013:1-2).

Internal pressure and changes to the population: In line with Pierson’s argument, the greying of society will accelerate between 2015 and 2030. According to Statistics Norway, the share of the
population over the age of 65 will increase from 15 to 22 per cent between 2011 and 2040. Moreover, between 2020 and 2040 the number of people over the age of 80 will increase from 220 000 to 447 000 people, according to recent estimates (Sørvell et al. 2014). At the same time the share of people of working age (15-64) will decrease by a little under 5 per cent in the next twenty years. Thus, the labour of fewer people will have to support more ‘dependents’ over 64 (Fløtten et al. 2013).

These demographic trends are expensive, as emphasized by Pierson, and may thereby contribute to increasing internal pressure for retrenchment and reform. Because of ageing the public spending on pensions, health care and long-term care will increase in all European countries. In Norway, state expenditure on pensions, the health service and long-term care will increase by 5.5 per cent between 2012 and 2030, according to the EU’s Ageing Report published in 2012 (Fløtten et al. 2013).

The red-green coalition government (2005-2013), increasingly dominated by the Labour Party, was preoccupied with the increasing social expenditure following in the wake of population ageing. According to the government, the economic cost of the ‘elder wave’ had to be financed by cutting welfare services or increasing state income in the next five decades. The preferred alternative of the government was to boost state finances by increasing the supply of labour (‘work activation and pension reform) and through increased productivity in the private and public sector, It follows that the government gave priority to ‘work activation’ and productivity over tax increases. The government also warned against relying on the proceeds from the North Sea oil fields. It underlined that the income from oil and gas would drop in the long run, and that a fall in oil prices would seriously affect the state’s finances (Meld. St. 2012-2013).

Even though Norwegian governments have been concerned about the welfare state’s future prospects, they have not gone as far as the iconoclastic, right-wing commentator Jon Hustad. He and others prophesize the fall of the Norwegian welfare state, as consequence of population ageing, increasing demands for high quality services and immigration (Fløtten et. al 2014). However, others, such as the left-wing think tank Manifest, protest against this bleak picture of the future. Manifest believes the government’s calculations are too pessimistic, and that productivity gains and increased taxes may preserve and strengthen the Norwegian welfare state (Manifest 2010). However, it is striking to note the low level of enthusiasm for increasing taxes
amongst political elites, including leading representatives of the Labour Party. The consensus seems to be that significant tax increases may harm the competitiveness of private firms. In addition, even though surveys of public attitudes suggest that most people accept high taxes, it is safe to say that it is not considered a winner amongst voters. It is surely not a coincidence that Jens Stoltenberg, Prime Minister between 2005 and 2013, was adamant that the government would not raise taxes from 2004 levels. Thus, Pierson’s point about the difficulty of raising taxes seems to be confirmed by the Norwegian case: tax reluctance amongst politicians and population ageing could mean greater pressure for retrenchment in the future.

External pressure may eventually come in the form of falling oil prices and depleted Norwegian oil reserves. Eventually Norway may be affected by downturns in the world economy, and thereby experience high unemployment and falling tax revenues. If external and internal pressure for retrenchment grows sick pay and disability pensions seems likely candidates for reform. As shown above, the comparably generous Norwegian sick pay has in particular been the subject of contentious political debate, and governments have looked at various methods of cutting costs. Not only are sick pay and disability pensions expensive items on the state budget, but they are also arguably an obstacle for increasing labour supply.

Despite a possible increase of external and internal pressure, some factors suggest that the welfare state in its present form will prove resilient. In Norway, corporatism, best illustrated by the role of the trade unions in policy making, is still a feature of political life (Sejersted 2011). Thus, the trade unions may still be a force for social policy stability in future years. In addition, the public support for the welfare state is strong, as shown above. Given that attitudes are slowly altered, there is little reason to believe that the majority of the public will ascent to major retrenchment, at least not in the short run. Thus, the politics of the future Norwegian welfare state may be all about ‘blame avoidance’ and not so much about ‘credit claiming’, to stay true to Pierson’s vocabulary (Pierson 2001).

Lastly, if external and internal pressure for retrenchment increase, some issues may turn into high profile areas of political contention. This includes the issue of immigrants and welfare benefits and the priorities made within the public health services. As shown above, immigration is an important issue for many voters – there seems to be some latent support for ‘welfare dualism’ in the electorate – and therefore the issue seems to have potential to generate further
controversy. Moreover, as exemplified by the strife over hospital closings, the issue of priorities within the health service could well be another future high-profile conflict area.

References


Aura Avis 23.10.2014.


