

Sustainability: The Nordic Model with Special Reference to Norway

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Abstract: The sceptic view on globalization suggests, the neoliberal agenda led to increased inequalities and global crises; economic, political, social. Amid global crises, the performances of the Nordic countries draw curious attention of the development researchers. Globalisation of Social Democracy is recommended in order to redress the growing inequalities, and meet the challenges posed by global crises. This calls for examining the policies and strategies that shaped the patterns of Nordic model of development. This is the subject matter of this paper. It makes a brief analysis of some major feature of the Nordic model: growth with equity; a high degree of public commitment; income and means of subsistence independent of market forces; a high rate of employment; class compromise between capital, labour and peasants. The analysis directs our attention to the complex relationship between sustainability and equality.

Key concepts: Equality; Inequality; Social Democracy; Sustainability

Introduction

Globalization experiences are diverse - both in terms of what have been achieved and what not. The process created winners and losers; some countries benefitted from globalization, and many did not. Furthermore, together with the growth mania, growing inequality signals the non-sustainability of present patterns of global resource use, expressed in production, distribution and consumption of the goods and services. There are optimists, and there are pessimists. The optimists claim that the world poverty has reduced. The statistics on poor people that came out of poverty level during last three decades support such a claim. The pessimist view directs our attention to growing inequality. Despite diverse experiences and contradictory views, there is a growing awareness within academia on limits to our way of life having implications on sustainability all over the world. We, no matter where we live, the harms caused by globalization, touch us. We are facing challenges of economic recession, global warming, and viable global order. Along with such challenges the trend of uneven development contributed to economic, social, political and cultural crises.

Amid global crises, the performance and experiences of the Nordic countries draw curious attention. During economic recession in the last decades, the Nordic countries, Norway in particular, managed continued economic growth, social progress, political stability and social integrity. The Nordic model cherish social democratic values; equality, simplicity, and solidarity distinguishing the Nordic societies from economically advanced as well as backward economies.

David Held recommends globalisation of social democratic values and economic-social policies in order to reverse the tendency of crises of globalisation (Held 2004). Globalisation of social democratic values may dent the harm caused by globalisation. Held claims, the world needs a progressive framework that would encourage and sustain enhancement of productivity and wealth that global market and contemporary technology can make possible. Such a framework would ensure sharing the benefits fairly and address the extremes of poverty and wealth. And finally, it would provide international security through engaging with the causes of international crimes. Held calls this an approach that sets itself these tasks, Social Democratic Globalization, which, would can replace the narrow scope and vision with a free and fair global economy. If globalization is to be steered for the benefit of all, the best way to achieve this is by globalising social democratic concepts and values (Held.D:2004). Adapting the (social

democratic) economic and social policies may facilitate bridging the gulf between the rich and the poor. There are obstacles to overcome.

Firstly, how to transmit the value of equality, to rest societies where exists extreme inequality, expressed in gulf between the vast poor and a handful rich. Most countries in Asia, Africa and Latin America fit this picture.

Secondly, the idea of economism, the growth mania, that frames policies, and solutions to economic, social and environmental crises. The discourse of development was, and continues to be, founded in economic terms, language, and economic laws. Put another way, monetarism assuming the efficiency of market in resource allocation where the state has just a night watchman role.

Thirdly, the European experiences raise doubt about the prospect of welfare societies. The German model of capitalism, which, in many respects similar to the Nordic model, is one example. Globalisation processes were undermining the conditions of its existence.¹ Economic recession in the early 1990s affected the Nordic countries as well. However, their institutional capacity in implementing policies proved to be sustainable.

Social values and cultural traits have crucial role on social organisation of activities like voluntary organisation, on formulating policies on education, health services, child care etc. The contention of this paper is that sustainability depends crucially on institutional capacity to ensure equal distribution of growth outcomes, as well as on social values.

In the following, first, is an account of the relationships between the norm of equality and sustainability, followed by brief presentation of the Nordic model and its historical background. Exclusive attention is paid to Norwegian social value of equality, a historical legacy embedded in social relations, cherished and nourished both individually and collectively. The section to follow gives a brief account of the Norwegian development path including some new challenges to the Nordic model. The concluding discussion involves comparing the Nordic model with the institutional perspective and embeddedness approach.

Sustainability and equality

During the last two decades, there has been a growing concern about the limits to our way of life having implications both for our everyday life, for present and future generations. Such a concern puts the notion of sustainability at the core of development debate. The World Commission on Environment and Development targeted developmental goals “that meet the needs of the present without compromising the ability of future generations to meet their own needs”². In order to be sustainable, development policies require a commitment to better and more equitable outcomes in areas such as income distribution, health services, education, gender, housing, sanitation etc. Bringing the mass poor out of poverty is a pre-condition for achieving these goals. There are different perceptions of poverty, so are there varied views on causes of poverty; one that claims poverty is an original state, another that claims poverty is an outcome of unequal distribution of income and wealth.

The notion of sustainable development embraces human generations, environment, production, distribution and consumption at present and in future. Development in order to be sustainable, growth outcomes must be shared by all in the society. To this end, strategies and policies ought to be inclusive, participatory, reciprocal (society-individual relationships, duties-rights), redistributive (distribution of income, socially produced goods and services, as well as social positions based upon meritocracy and democratic values). In this regard, the performances of the Nordic countries are outstanding. One explanation of Nordic success story is the redistributive strategy and the policy of “growth with equity”, which means, in the words of Senghaas, German sociologist, “in conditions of moderately unequal distribution of resources and incomes, forced growth does not necessarily have to result in the further absolute impoverishment of the lower social classes”.³ Senghaas emphasizes that “the development implications of forced growth processes depend on the socio-structural condition prevalent at the onset of economic growth. In conditions of only moderate inequality there is no automatic connection between growth and the lack or elimination of absolute poverty”.⁴ Held’s claim thus comes closer to Senghaas’ study: “If historical proof of these recent insights produced by international development debate were needed, it would be quite appropriate to point to

¹ Streeck W. 1995.

² WCED, 1987, p.43

³ Senghaas D. 1985:93

⁴ Senghaas, D.1985:93

the Scandinavian development despite integration into a world market characterized by productivity and competence differentials... The Scandinavian social structure has helped to prevent the emergence of structural heterogeneity".⁵

The emphasis of this paper is on the relationships between sustainability and equality. These concepts are interrelated a number of ways: At national levels, equal distribution of growth outcomes, income and resources makes development participatory, may reduce social tension. The Nordic model maintains equality in terms of consumption and life styles, pays attention to human development, like investment in education, health and job creation, and avoided extremes of inequality. Conversely, apparently, unequal patterns of life styles and consumption had environmental consequences.

The debate around sustainability is influenced by different assumptions about relations between environment and human subject. Elliot observed much uncertainty and contestation regarding how to best promote sustainable change and concerning the impacts of policies and mechanisms taken towards sustainable development. (Elliot: J.A 2013, p.18). The debate also confirms the need for ongoing critical consideration of whose values and interests are encompassed in particular kind of policy and practical intervention. There are deep conflicts around how sustainability should be understood and fostered.

The concept of inequality has always been an area of interest to social sciences, sociology in particular, yet, did not get attention of development theorists, and of agencies, in the past. The theory of underdevelopment, the Dependency school, located inequality in the international division of labour. It claimed that inequality was the outcome of the world economic structure that allowed unequal exchange between the poor periphery countries, the producer of raw materials, and the rich core countries, producer of finished goods. The core countries enjoyed technological and financial superiority, and had the capacity to decide at what price they would pay for the raw materials from the economically and technologically backward poor countries. The finished products again was sold back to the raw material producing countries at a much higher prices. Such a structurally embedded division of labour created and perpetuated unequal exchange. Development researchers became aware, and critical, of such a process of transfer of resources. International development agencies also redefined aid assistance in order to create skill in developing countries in order to redress the tendency of dependency. The Nordic development agencies in particular, paid special attention to inequality. Development aid was increasingly directed to empowerment of the marginalised groups in the aid receiving countries, bridging the gender gap etc.

Inequality does exist in the rich world as well, however, in highly developed countries inequality is mostly subtle. In the developing countries inequality is widespread and multi -dimensional; the gulf between the rich and the poor, the land lord and the farmer, the elite of various kinds and the common people just to name a few. The poor mass also accept the differences between them and the rich. Traditional forms of division of labour, as well as cultural values, perpetuate inequality be that in access to economic resources, education, health services, life-styles etc.⁶ Despite success in achieving high economic growth, the emerging economies, showed little success in bridging the gulf between rich and poor. Rather, those countries now boast of a few ultra-rich, the new billionaires.

Comparing economically advanced and backward economies is not the aim of this paper. But, the very suggestion of transmitting social democratic values to rest of the world calls for varied perception of equality. I am also aware of some difficulties in making international comparisons of inequalities. Firstly, social inequalities are due to many complex reasons; historical legacies, class structures, cultural values etc. Secondly, problems of inequalities of economic conditions may be owing to purchasing power of a currency, varied tax level, life-styles etc. Sweden, Norway, for example, impose wealth tax and gift tax, but not England. Furthermore, various forms of tax evasion and exemptions are practiced in very many countries. The issue of tax evasion concerns most developing countries having impacts on public expenditures on education, health services, employment etc. Thirdly, access to economic resources are secured by kinship relations, political affiliation, patron-client relations in very many developing societies. There, various exclusive social networks are used for privileged access to economic resources, higher education, services such as credit, loan etc., and for securing political power. Those who lack such connections are frozen out. Growth outcomes do not reach those socially marginalised groups.⁷ "Competitive spending and conspicuous consumption turn the affluence of some into the social exclusion of many".⁸

⁵ Senghaas D: 1985:94

⁶ UNDP Human Development Report 1998; Rahman M. 2000.

⁷ Jansen 1988; Kochanek S.1993; Rahman M 2000; 2007;2011., Wood J. 1994.

⁸ Human Development report 1998: 5

Comparison of how inequality is created and perpetuated, and how equality is sustained, though not easy, yet, it is possible to classify a group of countries into categories showing similarities and differences, which also varies over time. Let us look at the notion of equality of opportunity. Studies focus patterns of recruitment into prestigious and highly paid occupation. Until 1950s, the opportunity to get access to job with higher salary and higher status, i.e. upward mobility, in Sweden and England was mostly similar. However, post 1950 picture is different. In Sweden, the chances of a manual worker becoming a white collar worker came to be much higher than in England (Miller S. 1960, Comparative social mobility, Current Sociology, Vol. 9 (1960).

Contrasts among different countries is easier to trace, especially between social democratic countries and developing countries, in terms of values and institutional performance in sharing power and wealth, and when we talk about bridging the gulf between the poor and rich. In Nordic countries, voluntary associations, labour unions and Social Democratic governments have, together, provided some kind of check and balance to the concentration of wealth and power. The political parties represented interest groups; the labour party which can claim to be the pioneer in introducing Social Democratic values represented the working class interest. The Right party, Høyre, represented the capitalist interest. The Centre party represented the peasant interest. There has been some changes during the last three decades. The recent trend is that Social Democratic parties no longer represent the interests of labour class. The leadership, together with big business constitute a national elite. The leadership of Social Democratic parties consists of professional, middle-class. Yet, the middle-class in Nordic countries and its class-character is not as that of middle-class in England, France and Germany. In Nordic countries, there is a strong Social democratic ideology of egalitarian individualism.⁹ There, meritocratic ideas have been emphasised by all social groups including trade unions and labour movements. A study found such ideas have been less emphasised in Britain. In many respect Nordic countries and Britain show similarities, however, they differ as regard their conceptions of the respective class structures. In Sweden, individual social positions depend on meritocratic achievement. In Britain, people are more likely to stress the importance of traditional and ascriptive factors.¹⁰ In very many developing societies, the earlier British colonies, such ascriptive pattern of positions allocation is embedded in social relations and social institutions.¹¹

The concepts, equality and inequality have double meanings in Nordic languages. In Nordic languages, *likhet* refers to equality and similarity, and *ulikhet* refers to differences and inequality. This double meaning has impacts on people being sceptical to distinctive lavish life styles. Such an attitude is embedded in the egalitarian heritage. People think and make efforts to maintain the social, economic equality, the key social democratic values, as much as possible.

In Nordic countries, there is a consensus among all the political parties on the core Social Democratic values. On the notion of choice of means sustainable development, their emphasis is on socio-economic processes related to the level of social and individual welfare that is to be maintained for future generations.

The double meanings of equality and inequality include distinctions between equality of opportunity, equality of treatment, and equality of outcome. Equality of opportunity implies that all in the society have the same rights, rights of access to education, job, health services etc., irrespective of social, economic, gender backgrounds. Equality of treatment refers to means to achieve their ends; that people in the same situation have a right to be treated equally. For instance, child benefit is distributed by the state according to the number of children, not according to whether the parents are rich or poor. Equality of results means although equality of opportunity and equality of treatment may end up in unequal standards of living. It is the outcome that is very controversial, often in conflict with the principle of justice, i.e. equality of performance or achievement. Implicit in this principle is a connection between how one is treated and what is achieved. The achievement may be the result of one's own performance. However, it is also recognized that what one can achieve is not only because of one's own merit. The argument, therefore, for a system of redistribution to compensate for inequalities of real opportunities. Here comes the role of the state in delivering material and economic support to citizens. The state and the people also rely on civil society in order to improve people's lives. Furthermore, the traditional norms of solidarity, sense of fellowship added more in pursuing the norm of equality reinforced by reciprocal relationship between the state and the people.

⁹ Eriksen, G.T.H.

¹⁰ See Scase Richard:1977: 115.

¹¹ Rahman, M. 2000.

The Nordic Model

The major features, that distinguish the Nordic model from liberal capitalism are: economic policy aimed at growth with equity; a high degree of public commitment; income and means of subsistence independent of market forces; a high rate of employment; class compromise between capital, labour and peasants.

Economic policies of the Nordic countries are aimed at strong growth and full employment- hardly a hallmark of liberal capitalism. A distinctive set of institutions and collective patterns of social justice principles shape policies. Citizens experience a high degree of decommodification. There, labour is no more a commodity. The loss of job involves little or no loss of income. Gosta Esping Anderson analyses “The welfare state de-commodifies social needs, redistributes the costs of risks, and attempts to construct collective rather than individualized or familial solidarities”.¹²

Decommodification tend to support Sustainable Development. The explanations are, firstly, the aggregate level of employment is not reduced, secondly, employee friendly policies sustain Sustainable Development values. The Nordic model, the evidence of such reciprocal relationship between decommodification and sustainable development, maintains a relatively ‘decommodified’ wage relation. In this model, income and means of subsistence are independent of market forces; individual earnings and livelihood are guaranteed to a significant extent. In Nordic countries, there is a high degree of public commitment to employment-promoting policies. The norm of equality, in terms of services and entitlements are provided and maintained by the welfare state. The state, through various measures and policies, guarantees gender equality expressed both in opportunities and supports given to women independent of their status as wives and mothers.

Social democracy involves a key role of the state in the protection and promotion of economic and social well-being of citizens through a transfer of funds from the state to the services provided to individuals, redistributive taxation (progressive), based on principles of equality in distribution of wealth, and responsibility for the vulnerable.

People in Nordic countries have been receptive to trends emphasizing such factors as codetermination, integration and economic equalization, reflected in economic policies aimed at economic growth in combination with distribution of growth outcomes among all in the society, i.e. growth with equity. There exists class compromise between capital, labour and peasants. And most importantly, there are social and cultural values which are unique characteristics of the Nordic countries; equality, simplicity and solidarity. Nordic social classes, including working class, are more aware of social inequalities. Furthermore, as Bo Rothstein claims, Nordic welfare universalism correlates positively with high levels of social capital, trust and civic involvement.¹³

The development of the Nordic welfare states

The welfare state, in the words of Esping-Anderson, flowered at the very same moment that ‘Golden Age’ capitalism began to wilt. A detailed study of the Nordic development demands taking account of a number of factors, both internal and external. Demographic structure, growth of public sector, economic policy measures, internationalization of industries involving both adaptation to changing conditions and making use of international opportunities, international cooperation both technological and financial, developing competitive advantages and so on. The development process, in Norway for example, was facilitated by political alliances and interest groups representation through respective political parties, on the one hand and institutionalization of class conflicts between capital and labour, on the other. Let’s have a close look at the development paths of four Nordic countries, as pictured in Senghaas’ analogy.

Following Dieter Senghaas, the Nordic development adopted the policy called “growth with equity”. The successful development of Scandinavia was based on a secular increase in the overall productivity of its economies. The social structures of those countries helped to prevent the emergence of structural heterogeneity. In the same world market conditions, but different local circumstances, Scandinavia could have become a kind of south-eastern Europe, a part of the Third World.¹⁴ To make the long story short, following is a brief presentation of some of socio-structural and institutional prerequisites for the development Scandinavian type: A moderate rather than gross inequality in the distribution of important resources.

¹² Esping-Anderson Gosta:1999: 147

¹³ Bo Rothstein 2001

¹⁴ Senghaas 1985:94.

An income distribution, which facilitated macro-economically relevant saving directed towards productive investment, and fueled a sufficiently large demand for additional as well as new equipment and consumer goods as to make an impact on the domestic economy

A high average level of education of the population (high literacy level, growing enrolment in institutions of advanced education such as vocational training schools, secondary schools, technical colleges, technical universities and polytechnics). Private enterprise prepared to invest, facing the risks of capitalist competition and backed by an expanding banking system. A peasantry politically organized, and an industrial working class organized in trade unions, and the Labour Party as a counterweight industrial and state bureaucracies. The spread of technical innovation in all sectors as a basis for sectoral and macro-economic productivity gains as well as international competitiveness. A stable political framework, resulting from an increase democratization of political institutions and from growing political power of new social movements. The building of an infrastructure as a basis for and consequence of intra- and inter-sectoral differences, especially the intermeshing of agriculture and industry and the emergence of urban agglomerations. Source: Senghaas, 1987

Senghaas is aware that not all these factors were simultaneously present in each individual Scandinavian country; but where they were initially lacking, they achieved during the first decades of development. In Norway agricultural modernization came later than in Denmark. Finland experienced infrastructural development much later than Sweden and Denmark.

Senghaas' comparative study explains why, despite similarities in some major socio-economic backgrounds, the Nordic countries managed to develop to wealthy nations where social tensions are at their minimum, while the south European countries failed. Still further, the Nordic countries are now richer than those where the original development took place. Income statistics during 1925-1934 show that the figure of the Scandinavian countries stood at 50 -60 per cent of the British level. The World Development Report 1979 shows the per capita income of Denmark was 82 per cent, that of Norway 100 per cent and that of Sweden 109 per cent above the British one. These countries had edged over closer to the leading economies, the U.S.A and Canada, or have overtaken them. Nordic countries are considered as societies where egalitarian values have had greater success than elsewhere. Their social structures have prevented the emergence of structural heterogeneity.

The Norwegian experience

Norway was in union with Denmark for almost four centuries, from early 15th century to beginning 19th century. Norway came in union with Sweden in 1814, when Norway's union with Denmark came to an end as a consequence of the Napoleonic War.

Scandinavian countries have common historical legacies and similar culture, politics, economy, yet, Norway stands out as unique as regards some of its structural qualities. Only 13 per cent of Norway is inhabitable and only 3 per cent is arable. Its sparse geography did not allow agricultural cultivation in large scale. Unlike Western Europe, and its neighbors, Norway did not have an aristocracy, which had impacts on present Norwegian social value of egalitarian individualism.

Norway, a relatively poor country in the European periphery in the beginning of the 20th century, transformed to one of the richest countries in the world enjoying the most generous welfare system. During less than half a century, from beginning of the last century to 60s, it has transformed from a society characterized by necessity to a society where people can make a choice. Its economy, like many developing countries, depended mainly on agrarian primary sector, fishing and raw material export. It had lower rates of per capita production and consumption; a dualistic social structure, the peasantry depended on subsistence agriculture (80%, in 17th -19th century, mainly family farming) and an urban population (10%) whose prosperity depended on foreign trade (controlled by foreigners; first by the Hansiatic League; after 1560, by Danes, Dutch, Scots and Germans).

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Comparing the past with the present

Norway: 1914-2013 (99 years):

1914-1918: GDP growth +22.2%

1920-1930 a decline in the economy (shrunk opportunities):GDP growth -7.9%

	Individual income (Nkr):			
	1914:	1930:	1979:	2013:
	1,400	2,000	61,400	<480,00

Poverty: In the 1930s, both public and private resources were scarce.

Social relations:

There was no aristocracy, only a small capitalist class managed to secure control over natural resources.

Post 2nd World war Norway

Economic policies: The state's role in economic planning, capital accumulation supporting a long term structural change; regulating interest rate, credit, price, wage etc., constructing infrastructure; job creation, providing people with housing, health services, information etc.

Education policies: Equal opportunities to all for higher and vocational education through state funds paving the path for intensified participation in economy, politics etc. A creative and integrative education system

Structural changes

De-domestication of productive activities. Increased proportion of adults in the paid labor market

Feminization of the labor force, the service sector in particular. Increased qualified labour force

Political and social power relations

Political mobilization of farming classes, in 19th century, countered the urban bureaucratic elites. The farming class gradually became a rural middle class, while growing rural and urban lower classes mobilized within social democratic parties. Farmers frequently co-operated with labour movements in the extension of democratic rights.

During the First World War, Norway's exports were in great demand in the countries involved in the war, and many new jobs were created. Both men and women were employed in the newly established factories, also were self-employed in small farms, shops, or as craftsmen. But, when the war ended, the demand and markets abroad shrank resulting in unemployment. People returned back to primary sector-agriculture, fishing and forestry. Norwegians showed their capability to adapt to the changed situation, they adjusted to the changed economic conditions, "people responded to the situation by falling back on second-best solutions, and that necessity won out far more often than choice".¹⁵

In post war Norway, its rich natural resources, forests, fish, fjords and waterfalls attracted foreign investments. Women's participation in paid work was quite high already in 19th century, some 30 percent of total labour force consisted of women. Young men working in the factories and farms, paid workers, were organized themselves in trade unions allowing them collective strength. Women had not yet achieved such strength. And those who mainly worked in households of a relatively small rich business class worked without formal contract. The law of 1950 governing the employment of housemaids brought an end to such a plight of women.

Data on income distribution give some indication of inequality, which was mainly due to different conditions in rural and urban areas. In 1930, the median income was 1400 crowns and the mean income was 2360 crowns. The explanation is that in rural Norway, much of the family's livelihood came from its own production of food. Despite a relatively poor country in the European periphery, the level of living was about the same in Norway as in the industrialized countries at that time (Houthakker 1957), and better off than many of the developing countries today¹⁶). Neither industrial workers nor civil servants represent the extremes of the income distribution. There were

¹⁵ Ramsøy. N.R.1987:76

¹⁶ Ramsøy 1987

certain categories of businessmen, ship owners, with an average income 12 time higher than that of industrial workers and almost 20 times what their own employees, seamen, earned.¹⁷

The average income in 1979 was 61,400 crowns, while the median was 60,700, three and five times the corresponding figures for 1930. The statistics for 2015 it was 517,800 crowns for all, 554,400 crowns for men and 477,600 crowns¹⁸

During the 1930s, both private and public resources were scarce. Responsibilities of many municipalities were greater than their incomes and assets and those lacked capacity to meet the minimum budgetary needs of families with respect to food. Civil servants accepted a reduction in salaries. Urban workers were poor. During depression they could neither find job nor continue going to school. The family income of the urban well-offs supported attending school.

The urban workers were organized in trade unions, which were decisive for the future of Norway. The labour Party, as the governing party from 1935 and most of the post 2nd World War, was able to harness their own experiences and aspirations in their policies for transforming Norway into a prosperous welfare state. The labour party adopted a reformist or social democratic strategy which, through legislation and political control, created a welfare state. Subsidies served to bolster the support of small farmers for labour's policies. Simultaneously, a compromise between labour and capital was consolidated at the industrial level: the main agreement of 1935 established a general framework for collective bargaining.

The policies of the Labour party gave priority to full employment. The postwar Norway never experienced more than 4 percent people out of work. Even when most countries had to trade off unemployment against inflation, Norway had only insignificant unemployment.

Its demographic factor along with various policies kept the level of unemployment low. In the first decade after 2nd World war, the cohort of job seeking young labour force was very small, owing to lowered fertility during the depression in the 1930s. Secondly, the improvements in old-age pension drew the elderly into the ranks of the retired. Furthermore, more and more young people preferred higher education, entering job market much later. Thanks to state education fund. And finally, the state also created more jobs in health services, education and social services.

Universal health insurance and old-age pensions were introduced in 1957. In 1966, the various pieces of social security legislation were coordinated in one National Insurance system which includes all types of pensions as well as health, accident, and unemployment insurance. Child allowances were introduced just after the 2nd World war. The reform of 1978 provides full compensation for wages and salaries from the first day of absence from work due to illness. The combined effects are de-domestication of productive activities, reduced number self-employed persons and increased participation in the paid labour market, both men and women.

Let's take look at the distribution of net wealth in Norway. Average net wealth for household is NOK 1.6 million, the median net wealth is NOK 900,000. Household in the highest 10 per cent for net wealth own roughly 53 percent of total net wealth, the richest 1 percent control 21 percent of total net wealth.¹⁹ Gini coefficient for income 1986-201: 21-32, compared to the world 70; EU 30.35, and USA, Russia 40.²⁰

The earlier negative relationship between household income and household size has been dampened today as a source of social inequality. Most family today have two incomes and few children. Furthermore, for each child the family receives a family allowance resulting in larger households on a par with small one.

Education reforms enriched the lives of people. Education also was necessary for other goals of the welfare state including increased human capital and qualified administrative personnel. Rapid expansion of participation in schools required construction of school buildings all over the country, the young aspiring youth need not move out of their home. Stipends and education loan functions both as attracting young people to continue schooling and also

¹⁷ NOS IX 47:33.

¹⁸ SSB

¹⁹ Source: <http://www.ssb.no>

²⁰ Source: <http://www.ssb.no>

keep unemployment rate low. The Nordic model, and the Norwegian experience manifests institutional capacity and role in social organization of the economic activities.

By mobilizing large, active popular movements and organizations, and combining these with advanced research, technology, and industry, the Norwegian Welfare state, has in a few decades wiped out mass poverty, to a great extent evened out traditional differences in living standards, almost eliminated overcrowding in housing, won out over long-standing insecurity in the face of illness, old age, and unemployment, strengthened the rights of trade unions in working life, and opened up further education to the great masses of the population (Slagstad, 1980 in Ramsøy).

Norway today is a highly prosperous society with high quality of life. It has a very good record in work force participation and low unemployment. Internationally, Norway has a unique position in the global economy. Despite global recession Norway showed strong economic performance. Norway also enjoys a unique position in the dialogue between advanced economies and natural resource rich economies.

Discussion

The development of the Scandinavian welfare states can be attributed to special set of social organization of economic activities which include social, political and economic policies. The improvements in people's livelihood were brought about by major political reforms and deliberate creation of new structures, they were not simply the side effects of affluence. Furthermore, the political legitimation for reforms was that of social equality, better living conditions and opportunities for underprivileged groups as worthy ends in themselves. In this process, security provisions, income, housing, education, and the status and roles of women have been given priority.

The social democratic values, economic, political and social indicators of Nordic countries are impressive. However, there are views that claim a decline of social democracy. Norwegian sociologist, Lars Mjøset identifies two such groups; one the conservatives, who have in the Nordic setting often been minor parties with much less influence than the social democrats, regularly point to the failure of social democracy. The other group is the left wing parties, often marginalized on the far left side, are ambivalent; they would not mind a decline of social democracy if it led to increasing support for more genuine socialist politics, but as long as this is not the case, they lament the Golden Age of social democracy, in which everything was much better than now. In the international debate, there are numerous voices from scholars sympathetic to e.g. Sweden's programme of third way between capitalism and socialism, who tend to think that Nordic labour parties have betrayed their successful full employment programmes of their earlier postwar decades.

In his study, Mjøset traced five relatively coherent economic policy models of the Golden Age in the 1960s, and studied the response to the world economic downturn of 1974/5. The finding suggests that economic policy routines were maintained with the expectation that the situation would soon normalize. As no such normalization followed, a number of unexpected consequences of economic policies were experienced, and a process of fumbling started. Mjøset termed this a first disappointment. In the same paper, Mjøset presents three such disappointments. This implied that fumbling has been going on since the late 1970s. The notion of disappointment is intended as a specification of this process of fumbling or searching. Disappointments indicate that one pattern of fumbling has failed, and that the search for another solution intensifies. This produces a periodization based on the business cycle.

During late 1970s and early 1980s, Norway, Denmark, Iceland and Sweden were influenced by the neoliberal market oriented approaches to economic policies, entering a road away from their key social values and economic policy based upon Keynesianism, marked by a policy mix in which a tight monetary and fiscal policies coupled with devaluation, and deregulation of credit markets, pursuing public spending cuts, tax relief for high income groups. Consequences were manifold; unemployment higher than any time during the 70s. Finland, meanwhile stands out as an exception in the sense it did not have any significant neoliberal turn.

People in the Nordic welfare states, Norway in particular, experienced an extraordinary level of consensus and solidarity brought about by their equality in terms of access to economic and social resources. Conversely, they also give expression of regulations imposed by the authorities. There is an increasing awareness on the sustainability of the welfare state. Questions that dominate the welfare debate are: An end to the happy, post-war marriage between the nation state and the welfare state? Is the welfare state incompatible with post-industrial society?

The answer to these questions neither yes nor no. What can be said is that the more the welfare state seems unsustainable, the greater are the demands for social protection.

Furthermore, failure of the labour market and the family puts more pressure on the state. In 1980s & 90s, continuous growth of Welfare states of Europe was followed by growth in welfare expenditures, growth in beneficiaries, growth in employees in the welfare sectors, growth in increased aged population, more health promises, more split families. Furthermore, there appears to be a crisis of government overload of public budgets and debts. The number of old age pensioners, who live longer, has impacts on future state budgets. Thus, the young are at risk, most in Continental Europe, least in Scandinavia.

Like all other societies the Nordic countries also show the conflict of values and interests. But, they resolve such conflicts and provide themselves with enough satisfaction to win their confidence and secure adherence to basic values. Norway, for instance, relies in good measure on a pattern of responsible negotiating patterns as its solution to these problems- virtually all major economic, cultural, occupational and social groups are organized in nationwide voluntary associations which have been granted official status to negotiate either with the government or with their opposite numbers with regard to the distribution of rewards, privileges, and obligations. The success of this pattern depends on the degree of responsibility with which the various interests groups fight for their rights, and this, in turn, requires that each organization identifies enough with the society as a whole, to keep the demands each makes within some reasonable limits. So, in Norway, there is conflict, but the society is not ridden by its conflicts. The inherent conflicts are institutionalized, there is ritual of annual negotiation between the employee union and the employers union.

The Norwegian polity is firmly committed themselves to a host of policy decisions implied by the idea of welfare state, despite the implementation of policies has given a plethora of unexpected difficulties. Many of these unanticipated consequences stem from the particular difficulties of applying the general and generally accepted idea that society is to take on the responsibility of guaranteeing the economic security and well-being of those who cannot provide for themselves.

Meanwhile, what appears to be a challenge to the Nordic countries is the unintended or unanticipated inequality for the incomplete families. The economic discrimination against single parents and their children becomes especially severe. Tax system discriminates the single parent, and those who have not yet chosen a family life.

Nordic countries are integrated with the international communities; economically, politically, culturally. They also possess unique characteristics. They adapt and adjust to the international environment and they also show their capacity to set limits. Norway for instance, is committed to international norms, it made use of international opportunities, it pursues its customs, norms and values. Capitalist societies generate economic growth but also economic disparity, while the aim of social democracy attaining equality through redistribution of goods and services and the state has an important role in this process. Despite a comprehensive system for redistribution through economic and social policies, aimed at equality, the challenge meanwhile appears to be new forms of inequality, owing both to internal and external forces.

A final comment on globalization of social democratic values. Globalization implied globalization of liberal capitalism, free market forces integrating all the nations with the capitalist world economy. Held's claim "if globalization is to be steered for the benefit of all the best way to achieve this is by globalizing social democratic values" gets its manifestation not only in the success of the Nordic model, but also in four disappointments, experienced by the Nordic countries when they entered a road away from social democracy or Keynesianism.²¹ Held argues, and rightly so, in the current era, social democracy must be defended and elaborated not just at the level of nation-state, but at regional and global levels as well.²² What pose to be challenge to globalization of social democratic values is the norm of equality and development policies of the Nordic countries that are aimed at strong growth and full employment- hardly a hallmark of liberal capitalism. The analysis above suggests that the interaction between politics and social structures, cultural values and institutions, a mix between market and non-market principles, explains the sustainability of the Nordic model. In Norway, collective mobilization, and alliances of various interest groups (agricultural- fishing- labour- and business groups) established a number of institutions setting limits to market. The alliance between the labour class and the farmers constituted the pillar of a new political constellation paving the way for labour movement. The Nordic model confirms an existing doubt on the role of pure market, and the current process of globalizing market norms.

²¹ Mjøset 2004.

²² Held, 2004. Pp.11-12.

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