

Fostering Prosociality in a Competitive World: The Norwegian Model in the Age of Globalisation

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1 INTRODUCTION AND FOCUS

The Nordic countries have for several decennia been known as productive, egalitarian, and inclusive societies, with high standards of democracy, governance and welfare.

As globalization and liberalization have broadened and deepened, several institutional foundations of the Nordic pro-social¹ capitalism have come under pressure. Norway, which is our case study, is today challenged to find a new institutional grounding for its prosocial economy and sustain its egalitarian and inclusive economies. It is therefore interesting to inquire into the ways in which Norwegian institutions adapt to – and reconfigure - in the new environment. We contend that to examine the ‘Norwegian prosociality under siege’ and to fully assess the resilience of the Nordic model, it is not enough to focus just one institution. As we will show, since the very existence of the model is based on the dynamic interaction between - and alliance of - a number of institutions, our paper will critically examine current challenges and responses in four domains which include: 1) work life and work life regulation; 2) industrial relations, 3) welfare provision, and 4) education. The confines of this paper only allow us to present a summary picture of a complex response, which we have presented elsewhere². But, as we shall argue, up until recently, Norway has been relatively successful in sustaining its prosocially oriented market economy, welfare provisions, as well as flaunting a model of education whose core value has been teamwork and cooperation.

The analysis draws on a multilevel selection perspective, and insights from evolutionary theory into the interplay between within-group and between-group processes. There are several reasons for why we have chosen evolutionary science as our meta-framework. Firstly, the multilevel selection perspective highlights the dynamic between external challenges and internal strategies of responding to change by mobilizing institutional coalitions. Secondly, the evolutionary perspective draws attention to the characteristics of the Nordic model at a functional level, with a focus on such functions as egalitarian distribution, collaborative values, pragmatic adaptability etc... By supplementing the functional approach with concrete, institutional analysis, the paper sheds novel light on the Nordic capacity to sustain basic functions within new institutional forms. Our analysis indicates that Norwegian society has traditionally been able to uphold its core functions whilst creatively transforming institutional arrangements in response to external stimuli. This being said, the changing

¹ “We define “prosocial” as any attitude, behavior, or institution that is oriented toward the welfare of others or society as a whole.”

² Forging A Cooperative Society in a Competitive World: the Case of the Nordic Countries, forthcoming 2017.

context may, at times, have overpowered the Nordic institutional creativity, leading to functional erosion.

In assessing the capacity of institutional arrangements to sustain prosocial behaviour in Nordic work life, welfare and educational domains, our analysis will deploy institutional theory and Ostrom’s eight principles of governance of common pool resources (ref.....) as benchmark criteria.

2 THEORETICAL FRAMING

Our theoretical framework for analyzing the Norwegian model is based on a synthesis of two bodies of thought. The first is the work of the political scientist Elinor Ostrom, who received the Nobel prize in economics in 2009 for showing that groups are capable of managing common-pool resources, without privatization or top-down regulation, if they follow eight core design principles (CDP), shown in table x. CDP1 concerns the identity of the group, CDP2-6 concern the internal governance of the group, and CDP7-8 concern the group’s relationship with other groups, a concept called polycentric governance ().

| Ostrom’s Eight Principles |
|--|
| (1) Clearly defined boundaries. The identity of the group and the boundaries of the shared resource are clearly delineated. |
| (2) Proportional equivalence between benefits and costs. Members of the group must negotiate a system that rewards members for their contributions. High status or other disproportionate benefits must be earned. Unfair inequality poisons collective efforts. |
| (3) Collective-choice arrangements. Group members must be able to create at least some of their own rules and make their own decisions by consensus. People hate being told what to do but will work hard for group goals that they have agreed upon. |
| (4) Monitoring. Managing a commons is inherently vulnerable to free-riding and active exploitation. Unless these undermining strategies can be detected at relatively low cost by norm-abiding members of the group, the tragedy of the commons will occur. |
| (5) Graduated sanctions. Transgressions need not require heavy-handed punishment, at least initially. Often gossip or a gentle reminder is sufficient, but more severe forms of punishment must also be waiting in the wings for use when necessary. |
| (6) Conflict resolution mechanisms. It must be possible to resolve conflicts quickly and in ways that are perceived as fair by members of the group. |
| (7) Minimal recognition of rights to organize. Groups must have the authority to conduct their own affairs. Externally imposed rules are unlikely to be adapted to local circumstances and violate principle 3. |
| (8) For groups that are part of larger social systems, there must be appropriate coordination among relevant groups. Every sphere of activity has an optimal scale. Large scale governance requires finding the optimal scale for each sphere of activity and appropriately coordinating the activities, a concept called polycentric governance (McGinnis, 1999). A related concept is subsidiarity, which assigns governance tasks by default to the lowest jurisdiction, unless this is explicitly determined to be ineffective. ³ |

³ In our context, there should be one auxiliary principle added to the other 8: that of innovation and learning.

As we shall see, these eight principles have been largely operative in the four institutional domains under scrutiny. However, in order to assess the strengths and weaknesses of the Nordic model today, we need to add one more principle to the other eight: that of innovation and learning.

The second body of thought is called Multilevel Selection (MLS) theory (Wilson 2015; Wilson and Wilson 2007). MSL developed within the field of biological evolution but is proving to be equally relevant for long-term human cultural evolution (Turchin 2015) and the short-term choices that behaviorally flexible individuals and organizations make in response to their social environments.

Multilevel selection theory represents an extension of evolutionary analysis to sociocultural development, deploying it as a fruitful metatheory that applies to a broad range of empirical phenomena (Hodgson & Knudsen 2010)⁴ With multilevel selection theory, however, functional analysis takes Darwin-inspired analysis one step further, so that it is able to explain the emergence of prosociality in evolutionary terms.

To sum up the basic tenets of our multilevel selection framework: As a basic matter of tradeoffs, behaviors that maximize relative fitness within a group seldom maximize the fitness of the group as a whole. Indeed, once relative fitness is seen as the metric of evolutionary success, it is difficult to explain how prosocial behaviors of any sort can evolve if they decrease the fitness of the prosocial individual, compared to less prosocial individuals within the same group. Even a behavior that benefits everyone in a group at no cost to the provider is neutral with respect to relative fitness within a group. There are no *differences* in a win-win situation.

In most human groups, a system of rewards for good behavior and punishments for bad behavior aligns the interests of individuals with collective interests. However, rewards and punishments are themselves behaviors that typically require private costs to produce their public benefits—what economists call a second-order public good (). Hence, rewards and punishments do not solve the problem outlined above and themselves become problematic.

The solution to the problem of how prosocial behaviors evolve is between-group selection. Very simply, prosocial individuals might be vulnerable to exploiters and free-riders within their own group, but groups of individuals who behave prosocially will robustly outcompete groups of individuals handicapped by exploitation and free-riding.

Returning to the example of a no-cost public good, a behavior that provides benefits for all at no expense to the provider might be selectively neutral within groups, but even random variation in the frequency of providers among groups is sufficient for the behavior to evolve by between-group selection. Returning to a system of rewards and punishments, groups that implement such systems will robustly outcompete groups that don't, even if such systems require private costs within the group.

Human social systems are nested hierarchies of groups within groups within groups. The logic of relative fitness operates at every tier of the hierarchy: What's good for the family can be bad for the clan. What's good for the clan can be bad for the nation. The general rule is: "Adaptation at any level of a multi-tier hierarchy of groups requires a process of selection at that level and tends to be undermined by selection at lower levels." This rule is profoundly different than the concept of the

⁴ Following a setback after the use of Social Darwinism, in Nazi and Fascist ideology, Donald T. Campbell (ref.....) has been one of the first and most influential authors to respectably apply the "blind-variation-and-selective-retention to sociocultural analysis, but it is now widely applied across most social science disciplines (Hodgson & Knudsen 2010

invisible hand in orthodox economics, although it does lead to a different concept of the invisible hand (Wilson and Gowdy 2014).

The balance between levels of selection is not static but can itself evolve. When mechanisms evolve that suppress the potential for disruptive selection within groups to a sufficient degree, then between-group selection becomes the primary evolutionary force and the group evolves to be ultra-cooperative, a veritable organism in its own right. The multilevel selection perspective thus leads us to focus on intragroup and intergroup selection processes as core elements in explaining Norwegian prosociality. What were the processes that led to experimentation with collaborative solutions? And what were the between-group selection processes that made prosocial strategies succeed?

Given successful establishment of prosociality, the next question is how it can be maintained? For complex prosocial arrangements to be stabilized at a societal level, they need to be institutionalised. Institutional arrangements thus serve as a social retention mechanism for successful social patterns that have evolved over time, much in the same way as inheritance systems work in biology. Ostrom defines institutions as “prescriptions that humans use to organize all forms of repetitive and structured interactions including those within families, neighborhoods, markets, firms, sports leagues, churches, private associations, and governments at all scales” (Ostrom 2005). This is much in line with Hodgson (2006)⁵ who speaks about institutions as “systems of established and prevalent social rules that structure social interactions”. Following these definitions, a central part of our analysis will be to evaluate the resilience and efficiency of institutional arrangements that uphold and replicate the prosociality of the Norwegian model.

The main focus of this paper is, however, not on the genesis of Norwegian prosociality – though we briefly touch upon it in each section - but on its ability to cope with an array of challenges such as modernization, globalization and Europeanization which make an ever new context for social evolution. The ‘classical’ Norwegian model emerged in the second half of the 20th century and its political environment was that of strong nation states and competitively exposed economies that still allowed for a great deal of political control. In the latter part of the 20th century and the beginning of the 21st, the economic and political environment has been pushed in a neoliberal direction. Yet, as we will show, the Norwegian retention of prosociality under contextual change does not imply a static lock-in to existing institutional arrangement but rather behavioural and institutional adjustment.

From Functional to Empirical Analysis

Before examining the Nordic model from a MLS perspective, we need to introduce another important insight from evolutionary theory. Four different questions need to be addressed for any product of evolution (including cultural evolution), concerning its function, history, mechanism, and development (Tinbergen 1963). To invoke again the common-pool resource groups studied by Ostrom, a group needs the core design principles to **function** well as a collective unit. Any given principle (e.g., monitoring) can be implemented in a number of ways (the **mechanism** of monitoring). Different groups are likely to adopt different mechanisms, if only by chance, because evolution is an **historical** process. The mechanisms for any group must be transmitted with reasonable fidelity over time, from adults to offspring and other adults entering the group and to new groups derived from existing groups (a **developmental** process).

One final point before proceeding to our analysis: No social group at any scale works perfectly. If MLS theory functions well as a theoretical framework, it should be able to identify and explain the cultural

⁵ Geoffrey Hodgson (2006): “What Are Institutions?” JOURNAL OF ECONOMIC ISSUES Vol. XL No. 1 March 2006

evolution of dysfunctional attributes of the Nordic (or any other) nations, in addition to their functional attributes.

3 RESEARCH APPROACH

The overarching aim of this paper is to describe and analyze Norway's ways and strategies of sustaining an egalitarian, inclusive economy and prosocial values under increased pressure from globalization and European deregulation. To this effect we have selected four societal domains that together provide interrelated essential pillars of prosociality. Given the core identification of Norway as a welfare state, arrangements for welfare provision are our central point of departure. The generous and universally available welfare provisions are generally seen to be closely related to collaborative macro-industrial and work life relations that constitute the second realm of our analysis. Given Norway's vast natural resources, their management has been included as a third domain in our analysis. Finally, our study explores how collaborative values have been replicated and reinforced by education. Together, we argue, the interactions between these four domains allow us to define important dimensions and cross-cutting interconnections of the prosociality in the Norwegian model.

For each of the domains we systematically explore the Nordic model in its classical expression in its 'golden age' in the second half of the 20th century, and then study institutional responses and transformations to globalization and Europeanization in the early 21st century. Last but not least, we shall discuss the implications of institutional interaction for continued Norwegian prosociality.

4 INCLUSIVE SHARING – THE NORWEGIAN WELFARE SYSTEM

One of the defining characteristics of the Nordic welfare state is its ability to provide a broad range of welfare services to its population. As opposed to more minimalist welfare models, Norwegian welfare services are universal and designed to provide the level of quality that would not encourage high income citizens to buy alternative services in the private market. This buy-in to public services by more or less the whole population is seen a prerequisite for a continuous public support of the welfare state. Such a buy-in is also necessary, since the welfare state in Norway is largely financed through general taxation, i.e. taxes on income, consumption and private wealth that are not directly related to welfare benefits. Given that public services are relatively evenly distributed among the population and financed by progressive taxation, the Norwegian welfare state has a significant redistributive effect resulting in far less income inequality than in many other countries.

Although some social policy measures were introduced in the early 1900s, broad development of the welfare state first accelerated after WW2. Child benefit, sickness benefits, unemployment benefits and public old-age insurance were introduced in rapid succession and collected in the National Insurance Scheme in the mid -1960s. This expansion of the welfare state - based on the political consensus between the Labor, Centrist and right-wing parties – has enjoyed broad public support.

In spite of revisions and reforms of the institutional welfare structure in the 1990s and 2000s, basic traits of the Norwegian welfare model have persisted and even evolved further. Although many schemes have been adjusted to give a stronger incentive to work or to ensure economic sustainability in the longer term, there have been new initiatives, in particular with regard to children and family care. The growing number of nurseries and the right to paid parental leave for both mothers and

fathers, have, since the beginning of the 1990s, been key examples of a continued development of the welfare state.

Following half a century of evolution, the Norwegian welfare state in its present state includes a wide range of public schemes such as (Christensen & Berg 2016)

- social policy schemes, such as age and disability pensions , unemployment benefits and social support
- health services such as hospitals and nursing homes ;
- educational institutions such as schools and universities ;
- family policy schemes such as child benefit , parental leave and day care .

As a consequence of the ambitious postwar buildup, the welfare sectors now constitute major parts of the Norwegian economy. Since 2000, "health care and social protection" laid claim to nearly 60 percent of public spending. With more than half a million employees, the health care sector has become by far the largest sector of the economy, still largely in the public domain (Grønlie 2016).

In the second half of the 21st century, the Norwegian welfare system still demonstrates a relatively impressive prosociality. Its universality is the key to a broad, public buy-in and the sense of proportional equivalence between benefits and costs. The demand that welfare services are designed in the way which appeals not just to the poor but also to middle classes, strengthens the pressure on quality and on monitoring mechanisms. It also ensures resource transfers that maintain the Norwegian model. Norway's regular top score on the UNDP's human development index, as well as its status as the 'best country for mothers' are thus not accidental.

4.1 CHALLENGES

After its successful build-up in the second half of the 20th century, the Norwegian welfare system has faced facing a number of challenges. Its high ambitions in numerous fields have created financial burdens that threaten its economic viability. As is increasingly obvious, the extended welfare system has created the effect of negative prosociality: it has encouraged free-riding, and its variable quality and long waiting lists in the health system, have encouraged the emergence of private competition. We shall briefly discuss three, both successful and inadequate, institutional responses to the new context.

4.1.1 Challenges to the Pension system

Like in many mature industrial economies, a combination of aging population and higher average pensions has been bound to lead to a dramatic increase in pension expenditure.

There have been policy initiatives to develop a pension reform in dialogue with industrial and labour organisations, and with broad political support in the Parliament. The new reforms introduced incentives to get more people to remain in employment longer, as well as the mandatory occupational pension that would secure stronger industrial co-financing. The Parliament also introduced an age adjustment factor that would calibrate pensions for a given retirement age in line with changes in life expectancy. This system thereby calibrates the payment for the individual pensioner the annual pension the relevant age cohort's remaining life expectancy at retirement and cohort mortality during work life. Through the mandatory occupational pension, the Government can secure the maintenance

of a broad pension coverage while restricting government expenditure to public pensions and a guarantee minimum pension for the unemployed.

In addition, the Norwegian pension system has been strengthened by the *petroleum financed pension fund* which combines fiscal policy stabilization and ground rent taxation with regard to securing Norwegian pensions. The fund has been designed to be invested for the long term, but in the way that has made it possible to draw on it when required. Its first installment came in 1996 with 46 billion NOK; Its current value – in 2016 is 7,300 billion kroner. For the third consecutive year, the market value grows by more than 1,000 billion kroner. The Norwegian Petroleum Fund now ranks as the world's second largest pension fund after the Japanese government pension fund. This innovative thrust the pension fund springs from move has combined collective appropriation of ground rent with advanced financial management to secure pensions of the Norwegian population.

The pension reform exemplifies a successful adaptation of the Norwegian model to economic realities and opportunities, whilst retaining basic prosocial security and distributive effects. The dynamic calibration to cohort mortality as well as the obligatory occupational pension, constitute innovative institutional solutions to enhance the model's financial sustainability. In addition, we should mention the transformation of the ground rent from petroleum rent into a pension supplement, which constitutes a prosocial, institutional innovation that has set international standards for resource–rent management.

4.1.2 Challenges to Social Security

In response to global challenges to the labor markets, the Nordic countries have refrained from building down social security, but instead tried to stage innovative reforms. Denmark that experienced particularly high unemployment during the 1990s crisis, took important early initiatives towards what came to be known as the 'flexicurity' model (dk 2016)⁶⁷. It attempts to reconcile employers' need for a flexible workforce with workers' need for security – confident that they will be able to fall back on social security arrangements. As opposed to traditional social security, it introduced intensive employment services and training programmes, so as to stimulate requalification and reemployment. In this way the social security system is linked to productivity enhancing, lifelong learning.

The model has become rapidly adopted in other Nordic countries and is now part of the so called "work line" in Norway, where the coupling of social and unemployment support, requalification and work incentives followed the Danish prototype. In Norway, the flexicurity philosophy led to major administrative reform designed to integrate the previous labor market agency, the social security and social services into one common administration: the so called NAV (the Norwegian Labor and Welfare agency. The idea was to allow coordination and strategic use of welfare arrangements to stimulate work participation. While the reform created serious integration challenges, it gradually produced a more holistic and strategic approach to welfare transfers.

Yet, in spite of reforms to follow Denmark and Sweden's flexicurity adjustment, Norway keeps lagging behind. Over time, it has come to be one of the OECD countries with the largest share of its population on paid sick leave or handicap support (figure x). This trend has evolved over the last decades, and is now reaching worrying proportions. As the increasing share of the population on sick leave and handicap support can no longer be offset by increased female work life participation, this development has caused great concern. The generous Norwegian arrangements that involve no decrease of income while on sick-leave, illustrate how internal consensus-building in party and trade

⁶ The term was first coined by the social democratic Prime Minister of Denmark Poul Nyrup Rasmussen

⁷ <http://denmark.dk/en/society/welfare/flexicurity> Accessed 15 July 2016.

union politics may at times override external competitiveness. The result is an increased number of free-riders who take advantage of an over-benevolent system. The obvious failure to build work incentives – and to introduce adequate monitoring of patients on sick-leave - creates a prosociality which shows the law of diminishing returns and, in the long run, undermines the efficacy of the Norwegian model.

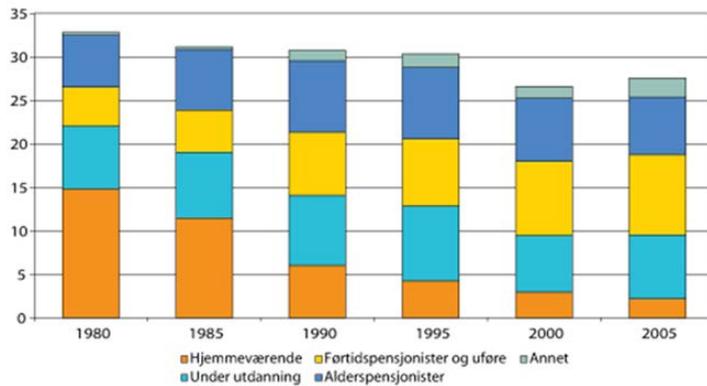


Figure x Persons aged 16-74 in the labor force by main activity , 1980-2005. Percentage of population in the 16-74 age group. (St.meld. nr. 9 (2006-2007))⁸

4.1.3 Challenges to the Health system

The evolution of the health care system in the 21st century presents the Norwegian model with significant dilemmas. On the one hand a core ideal of the Norwegian model is to provide universal access to free medical treatment whose quality is acceptable to the public at large. On the other hand, rapid technological development leads to ever new treatment options, many of which entail rapidly rising costs. Thus, in addition to maintaining the high quality of medical services, the system also needs to prevent costs from escalating beyond acceptable levels of public taxation. In striking this balance, the Norwegian health system has experimented with various models of governance and economic incentives.

With the expansion of health services throughout the 1960s and 1970s, budget overruns came to be a major challenge. In response, throughout the 1980s the so called 'block funding' was introduced as major approach to health care financing (Grønset ????? Ringard et al 2013). Hospitals were given a fixed subsidy based on objective criteria, such as population size, age structure and degree of urbanization. Block funding was predictable and easy to manage, gave good cost control and laid the groundwork for a fair geographic distribution. However, it provided no incentives for effective use of resources.⁹

At the turn of the millennium, the system underwent a number of important structural reforms including: enactment of the Patients' Rights Act (1999); takeover of hospital ownership by the central government (2002); and restructuring of the central health administration (from 2002); introduction of the Regular General Practitioner scheme (2001).

⁸ St.meld. nr. 9 (2006-2007) Arbeid, velferd og inkludering. Regjeringen <https://www.regjeringen.no/no/dokumenter/stmeld-nr-9-2006-2007-/id432894/?ch=2>. Accessed 15 July 2016

⁹ Block funding in 1997 came to be supplemented with unit price financing, or performance-based financing (Ref)

Despite these extensive reforms, the Norwegian health care system has hitherto not resolved its basic dilemmas. In 2012, more than 300,000 people have signed private health insurance, often through their workplace. This is 10 times more than in 2003 (Amundsen 2012). Jomar Kuvås, the former director of the National Hospital, in an interview from 2012 feared that in 10 years the waiting lists at state hospitals would divide the Norwegian people into two groups: the welfare state supporters patiently standing in queues for treatment, and the affluent patients who choose private medical insurance and treatment at home or abroad . (Dagsavisen 2012). There is thus an urgent need for the public health system to make use of supplementary private treatment capacity, if the Norwegian health system is to maintain its universalistic ambitions.

An extended use of supplementary private treatment may, however, escalate expenses. In 2010, health-care expenditure accounted for approximately 9.5% of Norway's GDP, placing it in 16th place in the WHO European region in terms of the share of GDP spent on health. This being said, it must be emphasized that Norway has one of the highest values of GDP per capita in the world (85% higher than the EU27 average) and thus its per capita health expenditure is higher than in most countries.¹⁰

The growing complexity of the health sector, and the challenge of simultaneously optimizing technological innovation, economic efficiency and patient satisfaction, signal a potential crisis in Norwegian health institutions. Furthermore, the health sector illustrates a core dilemma inherent in highly prosocial arrangements, a dilemma which is related to the welfare paradox: As people's private economies and overall well-being improve in well managed welfare states, more and more citizens tend to choose expensive but expedient medical care rather than to follow the queue-ridden collective schemes where 'all animals are equal'. In this case – as in the case of the of sick-leave benefits, the benevolent, consensus-based nature of Norwegian welfare institutions needs radical rethinking.

5 NEGOTIATED STAKEHOLDER CAPITALISM

The advanced welfare provision in Norway is carried by a democratic stakeholder capitalism, forged on the basis of collaborative labor-capital relations and carried by a strong developmental state. It is here that we find the socio-political basis of the prosocial Norwegian welfare state and the core orchestration capacity to implement it.

A core element of the collaborative labour-capital relations in the Nordic countries have been the general agreements reached in the late 19th and early 20th century. In 1930s the "Main/General Agreement" (Hovedavtalen), was signed between the employers and employees, where the trade unions accepted the governance-right of employers as well as the existing private ownership model, whilst the owners/employers had to recognize the trade unions as negotiation partners. In this way the right of employers to govern was not absolute (Reiersen 2012). These bilateral agreements

¹⁰ The long waiting times for hospital treatment in Norway compared to other countries, remains a factor of considerable concern. According to a 2010 OECD survey, 50% of respondents in Norway had to wait more than four weeks for a specialist consultation (third highest score after Canada (59%) and Sweden (55%)) and 21% of respondents had to wait four months or more for elective surgery (third highest score after Canada (25%) and Sweden (22%)) (OECD, 2012b).

created a new 'constitutional basis' for Nordic work-life relations, dramatically changing Norway's and Sweden's track records as world champions in work conflicts in the inter-war period. In terms of Ostrom's CDP's this created a collective choice arrangement that allowed the parties to engage to find collaborative solutions.

The following development of the labor-capital negotiation regime display most of Ostrom's Core Design Principles: The collaborative spirit of the "Main Agreements" has been kept up by a combination of well established organizational routines, information systems (CDP 4) that have furthered economic realism, and state participation (CDP 8) that has consolidated the collaborative solutions. Wage negotiations have been highly routinized (CDP 1 &6), and have taken place in two-year cycles for the main proceedings, and under obligation to abstain from conflict between them. Negotiations have taken place more or less at the same time, within all affected organizations and chapters, thereby pushing for a holistic overview of the joint consequences (CDP 8). The strong position of the Nordic unions and their industrial counterparts has been a major premise for the success of this policy. The Union's inclusion in negotiations at various levels, from national politics and down to the local workshop has been instrumental in forging broad trust and coherence (CDP 1). But the strong support of the influential trade unions was not the only factor behind the Nordic negotiated stakeholderism. Swensson (2002) and Reiersen (2012) point out that the confederation of industries' interest in a centralized wage bargaining was as strong as that of the Central Trade Unions.

5.1 PARTICIPATORY WORK LIFE RELATIONS

Catalysed through action research and sociotechnical theory, the collaborative relations and trust generated at the macropolitical and macro-economic level functioned as conditioning factors that facilitated the emergence of a Scandinavian/Nordic work life and management tradition. In its initial phase, this tradition has been characterized by collaborative initiatives at the firm level, where autonomy-based forms of work organization were seen to provide learning and productivity, while at the same time they increased job satisfaction and worker-democracy. Facing rapid technological and structural change, both employers and trade unions were looking for alternatives to Tayloristic organisation of production, with narrowly specialized jobs and separation of conception and execution (Adler & Winograd, 1992). Like the macropolitical and industrial, the micro-relations, fulfills many of Ostroms CDps. The two levels thereby mutually stimulate collaborative solutions.

As pointed out by Gustavsen (2007), the Scandinavian era in work organization was initiated in the 1960s and early 1970s through a series of research-supported so called 'field experiments' with autonomous work groups and related forms, first in Norway (Emery and Thorsrud, 1976), followed by parallel initiatives in Sweden (Sandberg, 1981) and Denmark (Agersnap, 1973). According to Gustavsen, (2007) a central core was the sociotechnical school in theory of organization economic and industrial democracy (e.g. Emery and Thorsrud, 1976; Davies and Cherns, 1975). The Nordic work life tradition was, in other words well connected internationally, but practically applied in the Nordic context where it fitted into the Nordic vision of work life.

In Norway, the so called 'Collaborative Project' or (Samarbeidsprosjektet) between the Confederation of Industry and Trade Unions established a national research and development programme for democratization of industrial work, based on experiments in a number of production units. The project started up in 1962 and industrial experiments took place the following years, initially in four businesses: Christiania Spigerverk, NOBØ, Hunsfoss Farbikker and one of Norsk Hydro's fertilizer factories at Herøya. The experiments demonstrated that it was possible to organize industrial work based on self-governed groups (CDPs 2,3,4) at the operational level, and to increase productivity and worker

influence at the same time (Gustavsen 2012). The tie between within group collaboration and performance obviously serves to simultaneously strengthen between group competitiveness.

However, the experiments also exposed problems, as the new modes of work organisation challenged established arrangements such as wage systems, and the division of labour between leadership and operators on the new learning-arrangements.

With changing patterns of industrial organization, following more dynamic globalization the ‘star cases’ tended to disappear. Over the last 10 years or so, networks have therefore come to take on continuously more significance as the arenas for the learning organization. Nevertheless, the collaborative work life projects in the 1960s and 1970s and their successors since, have contributed to the establishment of a Scandinavian management and work-life tradition characterized by flat and non-bureaucratic organisations with a high degree of devolved responsibility and accountability, based on a fair amount of trust, and collaborative relations between workers and owners, as well as other stakeholders. The institutional anchoring of prosocial ambitions beyond company culture and into work life regulation is one of the factors that have preserved this ethos.

5.2 WORKING ENVIRONMENT LAWS

A new era in the Scandinavian work organization in the 1960s and early 1970s began with a transition in legal regulation from a re- active to pro- actively thinking with emphasis on preventive measures where co-determination and active participation of workers played an important role. Whereas the early laws on work conditions in the Nordic region, stemming from the last three decades of the 19th and the early 20th century , were all focused on minimizing worker’s risk exposure, the new regulation greatly expanded by both management topics and organizational conditions that were included (Nordic Council of Ministers 2011). Hydén (1990), thus notes that the Working Environment Acts of the 1970s thus came to span both traditional labour inspection, collaborative agreements, as well as corporate health services (figure x). The legal codification served to give Norwegian prosocial work life relations a stronger institutional anchoring.

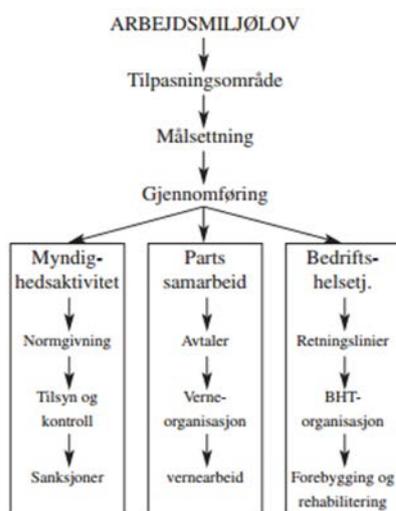


Figure x: The Nordic Working Environment Model

Form Hydén (1990)

The Norwegian law of 1977 was the most ambitious in formulating requirements for the working environment. Initially it was designed to ensure a working environment that guaranteed the workers full protection against the physical and psychological harm, safe employment and a meaningful, life-enhancing work. It also stated that technology, work organization, work execution, working hours and pay systems should be structured in such a way that workers would not be exposed to adverse physical or mental strain. To avoid a one-sided repeated work and work that was governed by machine or assembly line. The agency was created to arrange for workers' self-determination and professional responsibility. The law also specified that work shall provide the opportunity for variety, contact with colleagues and workmates (NCM 2001) .

The Nordic work life legislation has achieved international recognition. In a comparative study of a number of European countries Vogel (1998 , 22) found that the Nordic model for working regulation is genuinely different from what he finds in the rest of Europe :

“The changes which set in from the late sixties make it possible to define a Nordic occupational health model in terms of its interconnections with industrial relations, the debates on blueprints for society, and the features of the prevention policies put in place. This model is genuinely different from those found elsewhere in Europe, although obviously not uniform.”

Likewise, Karasek & Theorell (1990) claim that in an international perspective , this model has been both innovative and forward looking:

“This movement, along with the Scandinavian Industrial Democracy movement, developed some of the most important examples of new social organization of work that now exist ... “

5.3 CORPORATE GOVERNANCE

Besides legal anchoring in the work environment law, the Norwegian model, in line with other Nordic countries, also differs significantly from US and UK practice when it comes to corporate governance. Whereas the US and UK has no room for labour representation on boards of governance, the three Scandinavian countries – Denmark, Norway and Sweden – have 1/3 employee representatives on company boards in large companies (Thomsen 2016).

Admittedly, the Nordic countries are not unique in Europe in having an employee representation. Germany, for instance has 50% employee representation on its supervisory board. However, as pointed out by Ringe (2016) the Supervisory Board in Germany is essentially only a control organ. It is, as the name suggests, only allowed to ‘supervise’ what the management board is doing – for the most part performing ex post control. It is barred from taking management decisions itself by express provision in the law. The Nordic board of directors, by contrast, is the main body of management, equipped with own executive powers to enter into contracts on behalf of the company and to take business decisions. It is responsible for the overall management of the company’s affairs, including its strategy, organization and financial structure as well as the oversight of risk management and internal controls.

5.4 EARLY CHALLENGES

While the Norwegian model enjoyed broad consensus, there were also challenges. One of the early challenges was how to balance internal cohesion and collaboration against competition in external markets. The competitive advantage of collaboration of the Norwegian model is illustrated in its pragmatic bridging between domestic solidarity and international competitiveness in wage bargaining.

A second challenge confronting the Norwegian model has been the need to balance its welfare ambitions with appropriate income. In this case the model combined extended inclusion of female workforce leading to increased value creation that both entailed opportunities for women and at the same time increased the tax base so that extensive welfare increases could be made.

5.4.1 The Front Industry Model

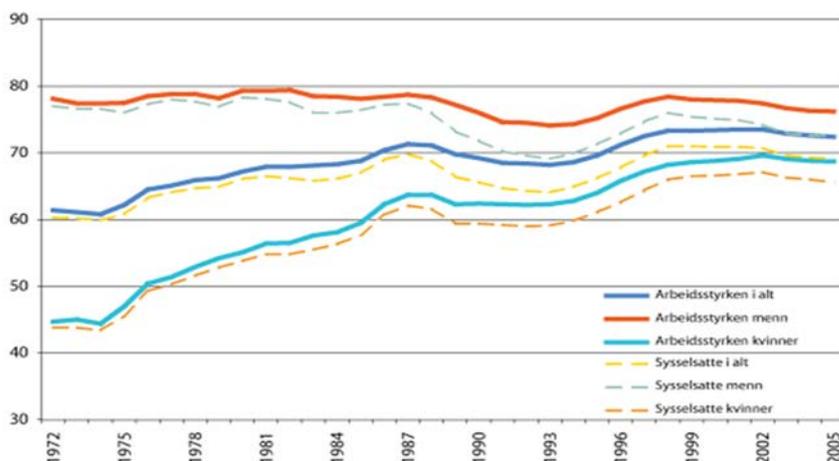
As an export dependent open economy which recognizes the fundamental difference between export and domestic industries with regard to their competitive exposure, Norway adopted the front industry model, as a central component of wage negotiations. As argued by Aukrust (1977):

The output prices of the exposed industries will be largely determined in the world market. These industries, therefore, cannot compensate for a cost increase through an upward adjustment of prices; if their costs increase, they must absorb the whole effect in the form of reduced profits and perhaps reduced production. The sheltered industries are in a different position. Because they do not risk losing their market to foreign competitors they tend to compensate for cost increases by raising output prices.

The front-industry model, thus entailed centrally coordinated priorities between wage bargaining both on the trade union and industrial association side, where domestic industry and workers agreed to hold their wage negotiations after wages were set in export industries. The model was sold to the LO members with both employment and a distributive arguments. With an internationally competitively calibrated wage formation and broad alignment of domestic industries behind it, inflation may be prevented at a lower unemployment rate than otherwise. It was also argued that centrally negotiated solutions were likely to provide fairer distribution, than if wages were left to the individual negotiations in the market. When the main organizations, on both sides, could contribute to reasonable regulation of wages, they created greater scope for collaborative engagement by public authorities through income policy backup, arbitration and economic support when negotiations have stalled and major conflict threatens. Government has also contributed to economic realism through its involvement in "The Technical Committee", created to establish a common understanding of the economic basis for the wage settlements.

5.4.2 Female Participation In The Labour Market

The generous welfare services come with high costs. One of the economic virtues of the Norwegian model and its Nordic sister models, is their ability to cover such costs by mobilising large segments of the population to work and pay taxes. The share of the population at work is high by international standards, thanks to its ability to mobilize the female population to take paid work. From less than 45% of the female population (15-66) in paid jobs in the early 1970s, Norway now has close to 70% of its female population employed (figure x), and female work participation is less than 10% lower that of the male population.



Figur x Work Force and Employment 1972-2005. Percent of Population (age 16-74) (St.meld. nr. 9 (2006-2007))

5.5 RECENT CHALLENGES

The 21st century has faced the Nordic model with international shift to a low-inflation regime, more intense global and regional competition, and increased mobility across borders.¹¹ Several developments challenge the need for boundaries as a precondition for collective action. This involves raising the question of how within-group prosociality can be upheld if boundaries which were have been observed with regard to indigenous modes of collective action disappear.

As a small export dependent nation, the country has found arrangements – such as the front-industry model – to calibrate its internal work life to international competitive standards. While a few industries are organized for the world market, numerous others – particularly service sectors – have been sheltered and secured domestic employment based on Norwegian salaries and welfare conditions.

The increased market integration and internationalization of production and supply chains has meant that the workplaces in many more sectors than the manufacturing export industry, have been subjected to international competition.¹² With the limited productivity growth and value creation in such labour-intensive branches, the question arises whether the pressures that these dynamics exert

¹¹ An increased penetration of EU – regulation, oriented at pan-European freedom has included: Free movement of goods, turning European Union into a single territory without internal frontiers; freedom of movement for workers, turning Europe into one job market, with nondiscriminatory treatment of workers, including equal treatment in basic employment conditions, remuneration, dismissal and the receipt of social advantages; The right to establish and freedom to provide services, including cross-border services; free movement of capital, removing restrictions on movement of capital both within the EU and between Member States and third countries .

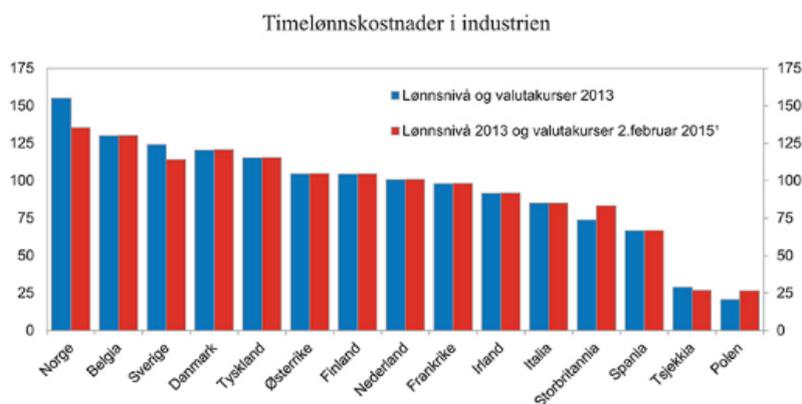
¹² This includes a growing list of home market oriented sectors, including construction and cleaning, hotels and restaurants, and transport, where increased recruitment of sub-contractors and labour from abroad creates growing job and wage competition.

on wage formation and bargaining systems will lead to growing sectoral differentiation in wages and working conditions. We are thus observing a *segmentation of the labour market*.

With the freedom of services in the EU, contractors from low-cost countries can offer services in Norway and bring in workers whose wages and working conditions are often far below the the Norwegian agreed standards. This has raised a schism between the EU regulation of free movement and the national regimes of labour market regulation – particularly in the Nordic countries, where the regulation largely builds on collective agreements.

A case in point is the Laval case in Sweden, where the construction company Laval, which operates under the Latvian law, posted workers to Vaxholm in Sweden to build a school for a Swedish subsidiary of the company, where Latvian wages and work conditions were applied. The Swedish construction workers' union initiated industrial action in an attempt to force the company to negotiate and to apply the conditions laid down by the Swedish construction agreement. Laval claimed that it had the right to provide services in Sweden on Latvian terms, and was supported by the European Court of Justice.

In a situation with massive wage differences (figure x), unlimited posting of foreign workers introduces a strong downward pressure on wages and work conditions in welfare state.



Source: <https://www.regjeringen.no/no/dokumenter/nou-2015-1/id2395258/?ch=2>

Norway has chosen a different institutional arrangement to uphold the Norwegian wage levels and work conditions. Regulation by the Norwegian Labour Inspection Authority has established so called 'Generalized Collective Agreement,' that is an agreement on wages and working conditions which apply to all persons performing work within a specific area, even if they are not part of the agreement entered into by Norwegian trade unions and the Industrial Confederations. Such generalized agreements have been applied in sectors with many foreign workers, such as: Construction sites (for construction work), Elektro, Maritime construction industry, Freight transport by road, Agriculture and horticulture industries, Passenger Transport, Cleaning, Fish processing Industry. As yet, these arrangements have not come under EU attack.

Union density in the EU varies extensively, reflecting the relative strength of labour in wage bargaining and work life organisaiton. The Nordics represent the top union density (between 85% in Iceland and 52% in Norway). The new EU member countries like Poland, Slovakia, and Czechia have the union density amounting to around 13% and Estland around 6%.

While the generalization of collective agreements has served to maintain minimum standards in several industries, some erosion of Norwegian work life arrangements has nevertheless taken place in the first decades of the 21st century. In the aviation industry, *Norwegian airlines* – the Ryan Air clone - have made extensive use of the manning company model, thereby outsourcing labour from the core company. This does not only exert a downward pressure on wages but also undermines the collaborative ethos of traditional Nordic work life organization. While trade unions have taken strong action to reinforce traditional organizational models, they have been losing ground in internationally exposed sectors of the economy.

6 PROSOCIAL RESOURCE-MANAGEMENT AND THE DEVELOPMENTAL STATE

Building on the strong prosocial anchoring of welfare services, labour-capital relations and work life organisation, the Norwegian model is also known for its prosocial management of its natural resources. In building up its industrial basis Norway has been blessed with a wealth of natural resources such as oil to hydro-power, which have accelerated industrial modernization. However, the way the country has balanced competitive exploitation designed for world markets with inclusive domestic industrial and societal transformation that have highlighted the prosociality of the Norwegian approach. The latter consists in:

- 1) Competitive rigging of industrial production for world markets
- 2) Strategic positioning of Public interest through state, municipal and county ownership
- 3) Strong involvement of democratic institutions in strategic decision-making
- 4) Wide sharing of revenues in society

Hydropower

The extensive post-II WW industrialization, powered by Norway's massive hydropower potential was undertaken under state ownership staged by labour governments. Industrial development followed, also under extensive state engagement, particularly in electrometallurgical and electrochemical industry. The basis for the public role in hydropower exploitation had, however, already been laid in at the turn of the 20th century, when the so 'concession laws' were adopted after a lengthy political struggle. Foreigners and corporations had to be granted a "concession" (i.e., the consent of the Norwegian government) to purchase development rights. Natural resources in private hands were to revert to the state free of charge after a period of 60 to 80 years, with no compensation to the owners. As a result public ownership came to dominate the hydropower sector, and 'resource rent' accruing for local, regional and national public ownership was used for public benefit investments.

The stage for public control of the massive buildup of hydropower and related industry - one of the economic fundamentals of the emerging postwar Norwegian welfare state – was thus set and ready for the social-democratic takeover. With a strong developmental state playing a leading role, and state municipal and regional companies as central instruments, Norway has massively expanded its hydropower and a world scale electrometallurgical and electrochemical industry.

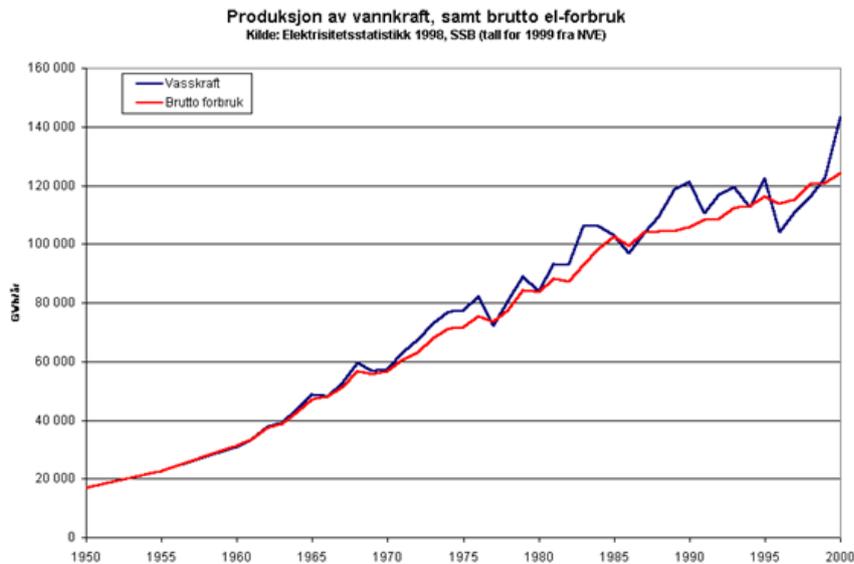


Figure x Production and Consumption of Electricity

Source: Kilde: SSB/NVE ww.energifakta.no/documents/Miljo20og20velferd/Samfunn/Historie.htm

Petroleum

The Norwegian prosociality evident in the management and control of water resources, has been replicated in the handling of the country's oil wealth. After the discovery of North sea petroleum in the 1960s, Norway became the world 's third largest exporter oil and gas around 2000. Again, the State created an institutional framework for public regulatory control, backed up by strategic ownership in oil companies.

The petroleum resources were located under disputed international waters and Norwegian Government therefor engaged to secure costal states' territorial rights. This was achieved by entering an agreement with Britain and later on Denmark, to divide the rights of resource exploitation based on the median line between the costal states, Norway thus gained direct jurisdiction over a maritime environment almost as vast as its land territory.

In line with its developmental state ambitions, Norwegian oil exploitation was undertaken under strong national governance. The buildup of a state-owned national champion was also a central part of bringing the oil sector under public control. Although the state oil company buildup was challenged by Centre-right government coalition that wanted the public-privately owned Norsk Hydro to play a dominant role, the solution that emerged was to secure both companies central roles in Norwegian petroleum extraction

Based on the tradition from concessions for hydropower, petroleum activity was regulated by a license regime, where companies may apply for time limited licenses granted to areas selected by the authorities. After its establishment Statoil got shares in all lincenses, and besides generating economic revenue for the state, it also was an important part of the state governance of the petroleum industry "from within" (Nortveit) . Since 1985 the state has also extracted oil revenue from direct State ownership in petroleum resources (the State's Direct Financial Interest (SDFI). At first this was managed by Statoil, but with the privatization of the company in 2001 the Norwegian government-owned company Petoro has managed the SDFI portfolio.

Significantly, the Norwegian government put in place a petroleum tax system to capture the resource rent, while at the same time ensuring a sufficiently attractive return on the investments of the private investors. The system is to a large extent based on taxation of net profits with a high marginal tax rate of 78%, consisting of 28% general income tax and an additional 50% special tax on income from petroleum production and pipeline transportation activities. In addition, certain environmental taxes, such as CO₂ and NO_x taxes are charged, and an area fee is charged for acreage. However, these are of less importance to State finances (Jansen & Bjercke 2016) .

The government’s total net cash flow in 2015, including the dividend from Statoil and various fees, was NOK 218,3 billion, or about 20 % of total government revenues (figure x). However, the cash flow, at its peak, has exceeded 35% of government revenue.

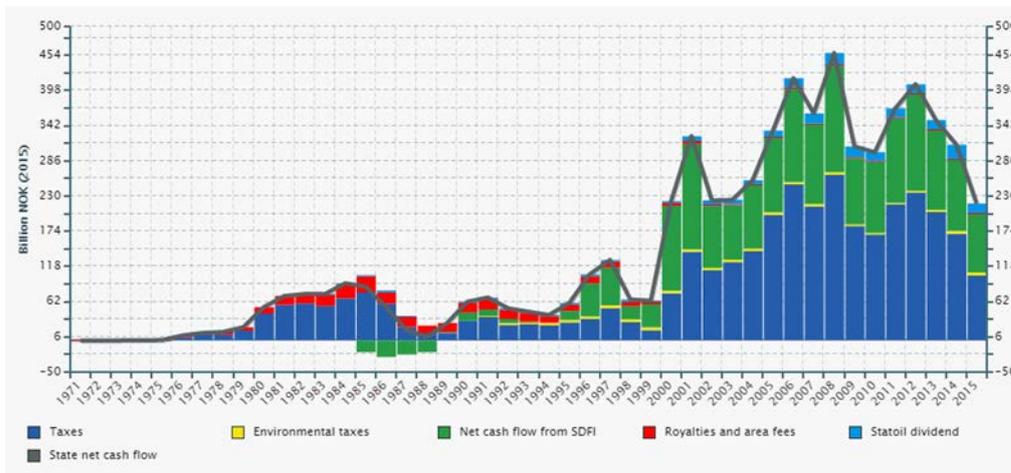


Figure x: The Net Government Cash Flow From Petroleum Activities, 1971-2015

Source: Ministry of Finance, Statistics Norway

The prosocial goals of the Norwegian regime have been clearly stated by the Ministry of Oil and Energy which declares:

Exploration, development and production must result in maximum value creation for society, and that revenues must accrue to the Norwegian state and thus benefit society as a whole. The main reason for this is the extraordinary returns that can be obtained by producing petroleum resources. Since these resources belong to society as a whole, the Norwegian state secures a large share of the value creation through taxation and the system known as the State’s Direct Financial Interest (SDFI) in the petroleum industry.

6.1 OWNERSHIP AND CORPORATE GOVERNANCE

As indicated in the management of its energy resources, the Norwegian prosocial orientation is not only carried through regulatory intervention, but also through direct commercial engagement by strategic public ownership. As indicated in table x, from La Porta’s classical study, 40% of companies listed at Oslo stock exchange have dominant State ownership. This compares to 0% in the US and UK economies, which are dominated by widely held shares, respectively 80% and 90%.

Ownership Largest companies –

Source: La Porta (1999)

| | Widely held | Family | State | Financial |
|----|-------------|--------|-------|-----------|
| US | 80 | 20 | 0 | 0 |
| UK | 90 | 5 | 0 | 5 |
| NO | 5 | 25 | 40 | 10 |

7 PUBLIC-MINDED EGALITARIANISM : PROSOCIALITY IN NORWEGIAN EDUCATION

The prosocial institutional arrangements whose contours we have outlined above, have not emerged ex nihilo: they have been as much the result of tensions and negotiations between opposing parties as the product of a norms, values and practices which have shaped and reinforced prosociality and which have been replicated in the Norwegian educational system. For lack of space, we shall sketch only a synoptic overview of the historical evolution of Norwegian education, focusing on the modern period stretching between 1827 - when first countryside schools (*almueskoler*) were established - and the most recent, 2015 School Reform. We inquire into the ways successive Norwegian grade school curricula stimulated prosociality and responded to challenges of modernization. To what extent has the Norwegian schooling prefigured and embodied Elinor Ostrom's design principles of efficacious communities? And what has become of the Norwegian prosocial education in the era of global competition?

There is now rich literature pointing to a long tradition of free, literate - even enlightened - peasantry, educated in early countryside schools that promoted 'awakening, development and ennoblement' (*folkeaandens vækkelse, utvikling og forædling*), (e.g. Østerud 1998, Berggren 1996, Slagstad 2001, Fet 2003). The nineteenth century schools represented what has been called a 'State-Pietist knowledge regime' inspired by the puritan values of Luther's 'little catechism' and the ideas of the Pietist preacher cum entrepreneur Hans Nilsen Hauge (1771-1824). Hauge combined charismatic religiosity with communitarian values, individualist ethos and peasant empowerment in the commercial realm. His small community of Haugian 'brothers and sisters' - initially persecuted by mainstream Christianity - gradually entered the Norwegian educational and economic centre, where it planted a model of 'Spartan capitalism' - one which featured strong social controls and contempt for conspicuous consumption. The legendary Haugian frugality was combined with an altruist mind set: in the period of economic crisis during Napoleonic wars, when almost all prosperous timber barons and iron works owners went bankrupt, Hauge built factories that contributed to Norway's economic revival - and then gave away all his wealth to the community. It would not be too much to say that Haugianism had been one of stepping stones in what later became known as the "the Norwegian model". It certainly established a durable, value-charged tradition which penetrated both into school curricula and into business models, a legacy whose main ideas were reproduced with great fidelity from generation to generation well into the second half of the 20th century. In the years to come, Haugian narratives and values entered successive school curricula and permeated the Norwegian model of

industrialization, where Hauge was looked up to – and emulated - as an iconic figure of a Christian, prosocial capitalist.

Between 1860 – 1814 the Norwegian schools became, in line with wider European trends, tools of national identity building. However, in contrast with most other countries, Norwegian schooling was not fashioned exclusively by the country's intellectual elites; rather, it was the result of a strategic coalition between free enlightened peasants, such as Ole Vig, and the high state officials (embetsmenn) like Hartvig Nissen. While European schools for the commoners highlighted the peasantry's fixed place in the social hierarchy, the Vig-Nissen school programmes flaunted a precursory education towards the Norwegian pupils' future "participation in the public affairs of the country" (Deltagelse i Landets offentlige Anliggender). The groundbreaking text in the national curriculum - Nordahl Rolfsens Læsebog for Folkeskolen (1892-95) – peddled the image of peasants as 'national heroes' and as participants in Norwegian democratization and nation-building (Berggreen 1987; Østerud 1988).

In the years to come, Norwegian education, while selectively incorporating wider European trends and ideas – such as the focus on science, rationality and the promotion of technical skills - followed its own Sonderweg, emphasizing Christian ideals, social egalitarianism and a philosophy which chimed with later ideas of 'small is beautiful, poor is dutiful.' In the 1880s the Norwegian schools were de-latinized, and the 'elitist' classical education was replaced by the ever more pragmatic and egalitarian Bildung. It was also supplemented with women's right to take examen artium and the universal right to take degrees. This is how folkeskolen (people's school) emerged in the early 1900s. Its spiritus movens, Erling Kristvik, was a pedagogical innovator for whom people's schools were hatcheries of patriotism, Samaritanism and social cooperation. The underlying Kristvikian mindset was an intriguing mixture of rationalist, scientific ideas, N.F.S. Grundvig's 'happy Christianity', and a distinctive, anti-urban modernity. Without dismissing the ideas of scientific progress, Kristvik-inspired curricula scorned the city as a 'foreign' - if not colonial - imposition and glorified 'village Norway' as the locus of true, national values (Fløysand og Sjøholt 2007; Hall og Soskice 2001; Wicken 1994). This being said, the emphasis on egalitarianism did not undermine individualism; according to Kristvik, there was a productive relation between collectivist and individualist values, and the national wellbeing depended on their balance.

The Norwegian school system in the first half of the 20th century - strongly influenced by the combined ideas of Christian work ethics and socialist ideology - flaunted the so-called 'Unified School' (Enhetskolen), where "Students from the full range of socio-cultural backgrounds stayed together and learned the same content in the same classroom, without streaming." This method - regarded as an ideal vehicle for creating equal opportunities and a more democratic Norway – lay the value foundation for the Norwegian welfare state after WW2. The Unified School – whose greatest apologists were the trade unions, labour politicians and the public education bureaucracy – certainly delivered social equality. Increasingly, however, equality was not enough in a competitive world, and the Unified School came under attack for its poor quality, lack of national content, and for supporting pupils' anarchy and feeble motivation to learn and excel. As a response both to internal and external pressures – but also because of the shift of the previously homogenous country into a more multi-ethnic society - the Unified School's socialist perestroika was stopped by the 1997 Reform: a clear attempt to temper the excesses of the previous regime of knowledge. Its architect, Gudmund Hernes, reinjected a 'national agenda' into the Left-leaning curriculum, restored the importance of basic competence (earlier relativized by enthusiastic postmodernists), and introduced - among protests and complaints - a strong monitoring and control of teachers. These readjustments notwithstanding, Hernes' school curricula hardly undermined the prosocial values of the Nordic model dominant in the previous programmes. The ideal of a fair, inclusive and egalitarian community – now enriched with

the mantra of 'creative social diversity' - remained central to this pedagogy; ditto the imperative of adjusting education to students' individual capacities.

7.1 CHALLENGES TO EDUCATION AND THE ETHOS OF EGALITARIAN PUBLIC.MINDEDNESS

There is an ongoing controversy among Norwegian researchers regarding to what extent the next school reform – the so called *Kunnskapsløfte* (literally a *knowledge-lift*) in 2006 – signaled an axiological shift in Norwegian primary and secondary school curricula and marked a departure from the basic values of the Norwegian model.¹³ Much has been made of the 2006 reform as a transition to a more neoliberal, market-orientated mindset, more adjusted to international competition, and flaunting individual success and achievement rather than the old, egalitarian values. While this is partially true – “look to Norway” has been replaced by “look to OECD and Pisa rankings” – even a peremptory glance at the main values and concepts figuring in *Kunnskapsløfte's* White Paper (LK-06) points nevertheless to an ongoing continuity with the contents of earlier curricula. At the rhetorical level at least, the emphasis is on *competence* rather than relentless *competition*. The overarching purpose of Norwegian schools as stated in *Kunnskapsløfte* is captured by five main points: (a) “To open the doors to the world and to the future while providing the students with historical and cultural moorings; (b) drawing on the founding values of the Christian and humanist legacy, to create respect for human and natural world, spiritual freedom, the love of fellow brothers, forgiveness, equality, and solidarity – values that are expressed in diverse religions and worldviews and embedded in human rights; (c) to contribute to the increase of knowledge and understanding of national cultural legacy and international cultural traditions; (d) to provide insights in cultural diversity and respect for individual convictions; and (e) to promote democracy, equality, and scientific mindset” (LK-06: page).

There is a paradox here. While the aim of the re-fashioned education is certainly the improvement of competence, an implicit *homo scandinavicus* that features in this vision is not a participant in an international competition but a “worker,” “co-worker,” a “seeker of meaning,” and an exemplary, tolerant, and pluralist worshipper of human rights. It is as if the educational culture that has for centuries been pervaded by the ideas of social solidarity and equality, was struggling to retranslate the competitive ethos of the globalized world into the values of the “Nordic Christian Enlightenment” (Witoszek 2012). Certainly, as late as 2006, notions of individual *success* and *achievement* were still eclipsed by the emphasis on *well-being*: “creating of physical and psycho-social environment that promotes health, enjoyment and learning, and involves local community in the learning process.”¹⁴

¹³ See especially Rune Slagstad, *Hernes som maktpolitikker*;
https://www.idunn.no/npt/2015/06/___reformer_eller_deformer
<http://www.manifesttidsskrift.no/skiftende-skolepolitiske-regimer/>;
https://www.regjeringen.no/globalassets/upload/kilde/ufd/prm/2005/0081/ddd/pdfv/256458-kunnskap_bokmaal_low.pdf

¹⁴ https://www.samfunnskunnskap.no/?page_id=582Læreplanverket_for_Kunnskapsløftet.Prinsipper_for_opplæringen, Utdanningsdirektoratet.

Predictably, both the speed and magnitude of the IT revolution, a seeming triumph of the neoliberal world order, and the tyranny of international rankings in the second decade of the 21st century led to another reconfiguration in Norwegian schooling. In 2015, the Norwegian Ministry of Education came up with an updated vision of an “education for the future,” one that would address such challenges as e-democracy, robotisation, innovation stampede, the evermore competitive job markets, and the growth of multicultural Norway. To what extent does the latest educational agenda sustain the core values of the Norwegian welfare state?

Characteristically, the opening of the Parliamentary Report on the *School of the Future* (NOU 2015) sounds reassuring and revolutionary at the same time. “Contemporary Norwegian society is characterized by stability and good living conditions,” the White Paper declares. “Compared with many countries in the world, Norway has a well-functioning democratic system, good welfare conditions, high educational level, competitive economy and high employment. This is a good point of departure for creating a school and a society where pupils can realize their possibilities and live good and secure lives” (NOU2015: 19).¹⁵

But the unusual dose of “goodness” packed into this introduction is soon challenged by sentences that state: “Research, innovation, and technological development are decisive for the *competitiveness* of the Norwegian economy and the country’s ability to tackle social changes nationally and internationally [. . .] The development of knowledge . . . depends on mathematics to secure the *competitive power* of Norwegian economy and innovation in a broad range of social spheres” (NOU2015: 19).

By comparison, with the vision outlined in the previous reform, here the fruits of Norwegian prosociality are explicitly inscribed into a new context of international competition. But – strikingly – the proposed panacea for increasing Norwegian competitiveness are better results in mathematics¹⁶ – and a more *cooperative* society. In the 100+ page text, the concepts of competitiveness and competition appear six times *in toto* (respectively, on pp. 19, 20, 21, 24, 31, and 57), while the idea of cooperation and its derivatives (cooperative processes, collaboration, co-action/*samhandling*, interaction, etc) are repeated 250 times.

The 2015 White Paper defines the school as a “Norwegian democracy in miniature,” where students are taught to “communicate, cooperate, and participate” (NOU 2015: 21), and where cooperation ensures that they learn respect for others, exercise the ability to “put themselves into others’ shoes,” tackle conflicts, and take personal responsibility. “This involves for example waiting one’s turn in debate, let others be heard, and accept the majority’s decisions and compromises” (NOU 2015: 30).

What is interesting about these aspirations is not so much the attempt to project the indigenous cooperative ethos onto a broader, multiethnic community of pupils; it is the expectation that all Norwegian students would be able to compete for future jobs through their high competence and the sheer power of “cooperation, responsibility, self-control, empathy, and self-assertion” (NOU 2015: 23). Even creativity and innovation – two other pillars of Norway’s competitiveness – are defined as “being curious, imaginative, persisting, disciplined” and – “collaborative” (NOU 2015: 31).

The above overview of the developments in Norwegian schooling is of necessity telegraphic, but it points to a process of *refolution* – a steady mixture of reform and revolution, which highlights

¹⁵ <https://nettsteder.regjeringen.no/fremtidensskole/files/2015/06/NOU201520150008000DDDPDFS.pdf>

continuities rather than dramatic disruptions. The successive *imagined communities* that have figured in school curricula have embodied Ostrom's design principles: the emphasis on strong identity, cooperation, compromise and consensus, ongoing monitoring, and expedient conflict resolution. The welfare state that has emerged as a result of this schooling, has – as David Sloan Wilson and Dag Hessen have aptly observed – successfully managed to scale up the social control mechanisms that operate spontaneously in village-sized groups”¹⁷

As we have tried to show, the main discourse of 21st century school reforms replicates the ideas of prosociality, at least at the rhetorical level. In spite of the growing authority and influence of a competitive mindset and practice, Norwegian schools struggle to be faithful to their original egalitarian values and aspirations. But the practice on the ground – captured less by the policy documents and more by public debates - shows a landscape ridden with tensions. The UNHDI ranking of Norway as the “world's best country to live in” for the 11th time has not been matched by Norwegian's schools results in Pisa tests. Wealthy Norway occupies the 22nd position, and impoverished Poland is number 3. But, as Amanda Ripley has documented in her study *The Smartest Children in the World* (2015), the high school performance in countries like Poland, Estonia, and Finland is accompanied by the pupils' high level of dissatisfaction with school, or (as in the case of Poland) with a particularly low level of public-mindedness and civic consciousness. In contrast, the Norwegian pupils have been found to be highly content and happy in their cooperative community (Klette). But things are changing fast. As this paper is being written, many Norwegian teachers and pedagogues signal that the pressure of rankings and evaluations have started to make pupils less relaxed and weaken both their cooperative spirit and social competence.¹⁸

There is no doubt that more comparative research is needed on the connection between Norway's prosocial schooling and its international competitiveness. A peremptory look at the American or Polish school curricula shows the importance of the mantras of excellence achievement and success: concepts that hardly figure in Norway's most recent educational vision, even if their implicit presence is felt in the actual school practice. Certainly, the American primary school agenda which opens with the headline “Becoming the President of the United States,”¹⁹ still captures one of the key-differences between the American and Norwegian aspirations.

To summarize: Despite the changing landscape of Norwegian educational institutions during the 1880s – 2015, a durable set of values has been replicated in that period, an ethos of what can be called *egalitarian public-mindedness*. We have argued that, just like other institutional adjustments, the Norwegian educational response to global, international challenges points to an ongoing resilience of this ethos – and its impact on the continuous robustness of the Nordic model. But it also shows that, as an institution, the Norwegian school is at the cross-roads. While the discourse of *dugnad* – a Norwegian term signifying a highly cooperative, voluntary work done for the collective – has not been completely erased from the contemporary national *Bildung*, but it is currently under siege. However, one thing is certain: It is difficult to imagine the Quoran schools –with their polarizing and sectarian worldview – as generating the kind of a *well-being society* that has emerged in Norway.

¹⁷ ‘ DS Wilson and Dag Hessen, *Blueprint for the Global Village* <https://evolution-institute.org/focus-article/blueprint-for-the-global-village/>

¹⁸ The heading of the biggest national daily on 19 August 2016 ran: “Disciplinary ability: 4.45, social competence: 2.87. This was the grade give to Norwegian pupils by a groups of school rectors See *Aftenposten* 19 August 2016, pp.6-8.

¹⁹ <https://kids.usa.gov/money/index.shtml>

8 CONCLUSIONS

Taking a functionalist, multilevel selection perspective, supported by an Ostrom-inspired institutional analysis, our research findings point to an interplay of several strongholds of the Norwegian model. We argue that the model has succeeded in maintaining collaborative institutional arrangements in its within-group selection and used it to forge competitive performance in external markets (between-group selection). Both the Norwegian energy sectors – hydropower and petroleum - illustrate the internal collaborative and external competitive dynamics. This being said, in other domains, such as in work-subcontracting, collaborative arrangements have come under assault.

Multilevel selection theory indicates that collaborative strategies must go hand in hand with competitive performance. Internal selection of collaborative strategies will only succeed if they enhance external competitiveness; and it is this pragmatic combination of the two that characterizes the Norwegian - and Nordic - model at its best. Achieving this combination is a true art of balancing skills. Where the neoliberal alternative runs competition all the way through – in external as well as internal selection - the prosocial Nordic model must forge a combination of opposites. The compelling advantage of the collaborative Nordic model is the promise of a double dividend: high conventional economic performance (GDP), and in addition a high quality of life: a double bonus that neoliberalism can hardly match.

Retaining collaboration in a changing competitive environment entails institutional innovation. Retention of core functionality may thus have to rely on extensive change of the concrete institutional arrangements, as we have seen in the flexicurity model and the creative revision of the pension system. The future of the Norwegian and the Nordic models will therefore depend their institutional creativity while maintaining their prosocial values.

Ostrom's core design principles highlight essential preconditions for the success of institutional arrangements. Her emphasis on clearly defined boundaries and collective choice procedures highlight critical challenges to the Norwegian model in the context of globalization and EU-ropeanization. Both global free trade, as well as EU's internal market directives, are designed to dismantle boundaries of nation states and incorporate the latter into larger trading systems. The Norwegian model has traditionally been quite adaptive in responding to these product-market liberalizations. As small open export-economies, the Nordics have in fact been highly dependent on these processes. However, as the European Union's national deconstruction penetrates deeper into the Nordic institutional tissue, adequate prosocial responses become increasingly difficult, as illustrated in the posting directive example.

One of the pivotal findings in our analysis is the importance of the interaction between domains in forging the efficacy of the Norwegian model. As our study has shown, the lavish welfare provisions are highly dependent on female work participation and public appropriation of resource rent. One of the most critical cross-domain factors, however, is the Norwegian community's culture: shared values, beliefs and behavioral norms, which are, among others, transmitted and reinforced by education. When it comes to the crunch, the yeast that nurtures prosocial the within-group selection in all domains is culture: the received hierarchy of values and the shared pro-social ethos.

This last point has a bearing on the mutual relationship between the EU and the Nordic model – and the future of both. As we have shown, small nation states like the Nordics, have been arenas for deep cultural commitment and solidarity. With the strong current pressure for the so called EU's 4 freedoms²⁰ and the ensuing challenge to national institutions, the prosociality 'Nordic style' is in danger of being eroded.

Similarly, if our empirically based contention of the broad significance of culture is right, the EU may encounter insurmountable problems in its professed vision of maintaining a social market economy. When looked at from an Ostromian CDP perspective, the EU has neither a sufficiently strong identity, nor anywhere near adequate budgets, and institutional arrangements to operate a Nordic style pan-European welfare state. So far the EU has failed to establish deep cultural foundations for a collective mobilization to forge such a state.

²⁰ free movement of goods; freedom of movement for workers; right of establishment and freedom to provide services; free movement of capital