

# The Social Democrats and the Norwegian Welfare State: Some Perspectives

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An assertion that occurs in public debate with varying emphasis and at irregular intervals is that the Norwegian welfare state is a product of the policy of the Norwegian Social Democratic Party. Such an assertion has a certain relevance, but it must be considered in the light of the time-span within which one places the establishment and moulding of the welfare state. A perspective of 50 years will lead most people to argue that the Social Democrats indeed had a major influence. If the time-span is prolonged to 100 years, however, the influence will be significantly reduced. And even when using a perspective of 50 years, one would have to view the influence of the party in relation to traditions and institutions already established when it came to power in 1935, which limited the political field of action. Furthermore, the Social Democrats did not play in this field alone. Some of the most important welfare reforms were the result of compromises between the socialist government and the bourgeois opposition, and some were passed under bourgeois government. Furthermore, the wide range of non-political organizations, which have contributed to the shaping of the welfare state and its ideological foundation, must also be taken into consideration.

The aim of this article is not to evaluate the total influence of the Norwegian Labour Party on the development of the welfare state. But by looking into the matter of social insurance, municipal welfare and family politics, it is hoped that some light can be thrown on the question in hand. Two periods will be studied independently; 1880–1935, the founding years of the welfare state, and 1935 to the present, which includes the golden age of the welfare state (up until 1978), and the 1980s and 1990s, the challenging years of the welfare state both ideologically and economically. The two chronological periods will make it possible to discuss and distinguish between old and new aspects of Labour Party politics after 1935.

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## 1. Industrial labour and the political hegemony of the liberal farmers

### 1.1. *Social politics: some preconditions*

The first welfare reforms came into being at the same time as the risk of industrial labour was questioned for the first time, but still at a time when the political power of the liberal farmers was at its peak. This political situation made a considerable influence on which laws were to be passed and the content of the laws. To a great extent the official measures and laws passed and executed during this time were orientated towards labourers in factories and industry. This was particularly true of insurance and social security benefits meant to cover loss of income, but measures were also taken to prevent such losses, for instance through factory inspection, later known as protection of employment and work environment. Health and education were other areas for socio-political initiatives that were not so much intended for certain classes as for the population in general. These politics were shaped centrally as well as locally and affected and activated national as well as municipal, private and voluntary institutions, in addition to the institution of family.

It would seem that the local councils have played a more integral part in the Norwegian welfare system than is the case in the other Nordic countries. The reason for this could be that local autonomy was appreciated in Norway, and politics were democratized from an early stage. As early as 1837 the State delegated part of its authority to the local councils. From then on these councils were not only part of public administration, they were also an instrument of the local population's wishes and needs expressed through free elections. This double function enabled the local councils to enact State welfare measures as well as carrying out their own voluntary initiatives.<sup>1</sup>

The dominating political force during this period consisted of farmers. They supported local autonomy, thereby supporting the right to determine for themselves how the community was to be developed. They tended to be sceptical towards an expansive state in which the cost of social considerations, among other things, would be high. Whenever state funds were to be used, all classes should benefit from them, and one had to avoid the transfer of tax money from rural to urban areas or from the agricultural class to the working class. However, for farmers and most people in general, the ruling principle was that of helping people to help themselves. All individuals were to support themselves by means of their own work. They were to pay their debts and be self-reliant, or be supported by members of the family. As the period moves on, the ideal of the male as the breadwinner becomes clearer and clearer, both in legal contexts and as an underlying standard of society. The female is redefined as mother and the person charged with care and nurturing.

One must also bear in mind that social issues were not, as in England and other countries, broached on the background of industrialization. In Norway the process

<sup>1</sup> E. Hovland, "Grotid og glanstid", in H. E. Næss, ed. *Folketystyre i bygd og by. Norske kommuner gjennom 150 år* (Oslo, 1987), p. 31; R. Danielsen, "Frihet og likhet. Det lokale selvstyres dilemma", in H. E. Næss, (ed.) *Folketystyre i bygd og by. Norske kommuner gjennom 150 år* (Oslo, 1987), p. 309; A.-H. Nagel, *Velferdskommunen. Kommunens rolle i utviklingen av velferdsstaten* (Bergen, 1991); A.-L. Scip (1991A), "Velferdskommunen og velferdstrekanten et tilbakeblikk", in A.-H. Nagel, (ed.) *Velferdskommunen. Kommunens rolle i utviklingen av velferdsstaten* (Bergen, 1991).

of industrialization coincided with the social debate, and the Socialist Labour Movement did not achieve political power of influence until after 1900. Up until 1920 the Social Democrats were underrepresented in Parliament in relation to the number of votes they received. And throughout the 1920s the party renounced the parliamentary system as a means to achieve political power. As a result, the parliamentary channel did not lead to much power for the Labour Party until the change of government in 1935. From the turn of the century, the party held stronger positions in some municipalities, and the idea that it could build socialism on local levels, municipal socialism, was widely accepted among some of the party members in the early 1900s. Although the local councils' right to impose taxes was limited by Parliament in 1912, most Social Democrats did not lose faith in the idea that local reforms would pave the way for a socialist society. From around 1910 the Social Democratic Labour Movement had established itself as an influential power with regard to social issues.

The debate around the role of the State and the local councils in social issues coincided with the introduction of parliamentary and democratic reforms. The parliamentary system was introduced in 1884. In 1898 all male inhabitants over the age of 25 were given the vote, women in 1913. Men over 25 won the right to vote in the local councils in 1901, and women were given this right in 1910. The introduction of the general right to vote did not apply to the poor. Until 1919 receiving poor relief automatically led to loss of the vote. Further restrictions were imposed by the controversial "disqualification laws" of 1932. According to these, recipients of poor relief could not be given civil service or council posts until twelve months had passed after the relief was granted.<sup>2</sup> For all those who wanted to take part in the democratic processes, the political aspect of poor relief became a problem. They wanted to establish other forms of public support than the poor relief. This was particularly true for the Social Democrats, but also the Liberals. Among other factors it gave rise to a new kind of social politics.

### 1.2. *The social question*

Social welfare issues were broached as problems during the 1880s. This was primarily a result of discontent with the system of poor relief. This was the sole form of public relief institutions in Norway throughout the 19th century. The first bill was passed in 1845, and was changed first in 1863 and then in 1900. It remained in this last form until 1964, when the Social Care Act was passed. Self-help and self-reliance was the ideal, and the legislation adopted the principle of mutual support responsibility between husband and wife, parents and children. Only in the event of this primary system of support collapsing was the responsibility delegated to public institutions and thereby the local councils. By the law of 1863, only orphans and the mentally ill were entitled to assistance. The principle of self-reliance applied to all other population groups, they were to support themselves or be cared for by family and relatives. Still, it was accepted that the authorities would take care of the elderly, disabled and indigent if "utter impoverishment threatened". The majority

<sup>2</sup> A. Hatland, *Til dem som trenger det mest? Økonomisk behovsprøving i norsk sosialpolitikk* (Oslo, 1992), p. 45.

of these destitute people were women and children, who did not have any family to look after them. The undeserving included, among others, able-bodied people who for varying reasons and varying periods of time were on the verge of such "utter impoverishment".<sup>3</sup>

These regulations were founded on a fundamental scepticism towards those who were fit for work, yet still in need of support. It was believed that they had landed themselves in need through their own faults of indolence and debauchery. In addition, poor relief could be seen as harmful. It could induce lethargy and lead to total demoralization if this had not already occurred.<sup>4</sup> Accepting poor relief benefits was degrading for healthy and fit individuals, and was often regarded as humiliating for other groups as well. The recipient might no longer be acknowledged as a fully satisfactory human being capable of leading his or her own life. This moral attitude towards the poor expressed itself, for instance, in the franchise legislation related to national and local elections. This political aspect was of the utmost concern for the Social Democrats and other democrats. It became particularly true because of the wish of both State and local government to improve public schools in order to create one national school for children from all classes. In order to reach this goal, more expenses were put upon the families. For families who could not cope with the increased expense, the poor relief was the only solution, and consequently they lost their political rights. The governments wish to create a national school along with other welfare reforms gave rise to the question of whether a larger proportion of welfare expenditure should be borne by public governments or by the individual or the family.

The costs of maintaining the poor relief were covered mainly by taxation of the local population, and keeping these expenses low was an expressed wish. The economic, political and moral aspects of the poor relief system favoured a system of support based on self-reliance and private security. In 1885 the Liberal government appointed a committee to look into all aspects of the social question. The results of the work done by this Labour Commission, the first Labour Commission, led the social security system on to a new track.

In Norway, social issues were largely perceived as related to factory/industrial workers. It was said that these groups of labourers had particularly risky work conditions. Their chances of losing their ability to work were greater than among seasonal workers, farmers and fishermen. Therefore they should be insured against accident and illness. This would render the category "undeserving poor" redundant. It was argued that their inability to support themselves was caused by working conditions, not incompetence or laziness. Furthermore, this was a group with a relatively high level of wages, which enabled them to contribute to the insurance. So for various reasons seasonal workers, craftsmen, fishermen and farmers were for the time being excluded. They belonged to a different model of society; they were exposed to different risks and they had different needs.

The Labour Commission took its inspiration from German and British models. The proposition of accident and sickness insurance was influenced by German

<sup>3</sup> A.-L. Seip, *Sosialhjelpstøtten blir til. Norsk sosialpolitikk 1740–1920* (Oslo, 1984), pp. 52–75.

<sup>4</sup> *Ibid.*, p. 52.

social security legislation, whereas Britain, Switzerland and various other European countries inspired the discussions of factory inspection.

The plans were ambitious, but only three bills were approved and passed; the Factory Inspection Act of 1892, the Accident Insurance Act of 1894 and the Sickness Insurance Act of 1909. These laws were planned in connection with each other. The first one was to prevent accidents and improve factory hygiene – in other words, prolong the workers' professional lives and thereby reinforcing the idea of self-help and work as the main form of support. The second and third laws gave the workers the right to claim compensation for loss of income as a result of accidents or sickness.

The Labour Commission gave up finding a solution to the question of old-age pensions, and it did not have the authority to discuss unemployment benefits. This was a heated issue in all capitalist countries because it was believed to interfere with the balance between work and capital. Even so, for the first time in Europe, it was approved by the Norwegian Parliament in 1906 that the State would contribute to the trade union's unemployment funds.

The Factory Inspection Act has several interesting aspects. It was widely agreed that the law should apply to all businesses that were run like factories, and cover all the workers involved, not only women and children, as was the case in many other countries, but also adult male workers. So in fact, this law broke with the leading liberal-economic principles of the time such as personal freedom and freedom of contract; in other words, people's rights to form contracts with each other without any interference from authorities. The law enabled the State to demand less dangerous and more hygienic factories. This was a potentially severe encroachment on the employers' autonomy. However, this potential was never fully realized because the State Board of Inspection did not have enough members to carry out effective inspections. Furthermore, research has shown that, up until the 1970s, the Board of Inspection only to a limited degree has imposed changes of work environment on the factory owners. They practised the politics of the open hand rather than the politics of the raised fist – in other words, the two parties would have talks on the work environment. Actually, it seems that the factory owners largely had it their way. In this sense the State's will to intervene in working conditions by establishing a system of factory inspection was impeded by the lack of will to preserve the matter.

The Factory Inspection Act did not mention the word trade unions, for at least one obvious reason: at the time there were no trade unions among factory workers. But the structure of work protection that was established at that time did not change greatly later. This means that the collective bargaining system that later came into being was distinct from the work protection system. The trade unions have of course tried to influence the legislative power, and have sought to draw the attention of the Board of Inspection to problems in the work environment, but work environment has hardly been an issue of negotiation between the union and the employer at the factory.

One issue that caught the attention of the Social Democrats in the 1890s was the demand for restricted working hours for adult workers, both male and female, but this demand did not come through in 1892. After 1905 and the dissolution of the union with Sweden when social politics gained new emphasis, male and female

members of the Liberal Party (Venstre) reintroduced this demand, with the support of, among others, the Labour Party. However, both farmers, many Liberals and the Conservative Party jointly opposed this demand as well as a demand for extended protection for women. A legally restricted 10-hour work day was not realized until 1915, when this was already established in most factories. A third proposition from the social radicals was also stopped, namely the attempt to expand the legislation to apply to other areas of business than industrial factories. Although a certain expansion took place after the legal revision of 1909, the main part of it did not occur until the revised Work Protection Act of 1936.

Factory inspection and work protection legislations give an indication of the conflicting interests at work in Norwegian social politics during this period. Although there was a strong wish to extend State commitment to new areas of social politics, these politics were not always backed by economic grants, so in reality they had less impact than the most avid supporters of the legal revision had anticipated. There was also a struggle to protect other enterprises as well as industrial ones, which were put in an exceptional position. Measures that were taken in industrial enterprises were not to have any consequences for other types of enterprises. This is partly why Norwegian social legislation was applicable to fewer groups than was wished for by both the Social Radicals in the Liberal Party and the Social Democrats. Besides, no solution had been found to the most debated question – the regulation of the working day.

Factory workers were looked upon as particularly vulnerable to new risks. The same view can be traced in the debate over the Accident Insurance Act. It included only workers in factories that were above a certain size and operated with machines. Once again, the legislation was based on the amount of risk the workers were exposed to. The same argumentation was used when the employer was expected to cover the expenses. The consumption of human health, life and limbs in industry was a production cost that did not concern the public. The State was, however, expected to cover the administration costs.

The Social Democrats did not seem to pay much attention to accident insurance. This may partly have been due to the fact that costs were covered by the employers and the State and not the workers, and partly to the fact that the Labour Party was still very small and consequently had little influence on the issue. However, the Social Democrats were eager to influence the many proposals of sickness insurance that were put forward. The conflict over this insurance lasted for almost 30 years. From the beginning, it was assumed that those insured should pay all the costs in accordance with the principle of self-help, and the State cover the administration costs. The Act was supposed to be compulsory for all industrial workers with incomes between certain levels. But the Labour Party regarded the insurance premium as an additional tax for the workers and wanted the State to cover all costs. As the discussions continued, other views on how the expenses should be divided emerged, not because of the influence of the Labour Party, but rather because of the influence of other social forces.

The farmers maintained that other groups lived under equally as bad conditions as industrial workers and that there should be equality before the law in the sense that everyone with the same social needs and with an income under a certain level should be insured, and thereby be part of the “State Care”, originally intended for

factory workers. This created a great deal of debate. Therefore by the time the Sickness Insurance Act was passed new groups were admitted as members, primarily day labourers and farm workers who generally experienced poorer living conditions than the factory workers. This extension of membership to economically weak groups required other institutions to help pay the insurance premiums. In the end, the members were supposed to pay six-tenths themselves, the State paid two-tenths, and the employers and the local councils paid one-tenth each. This was a form of help designed for people to help themselves. Like the accident insurance, premiums and insurance sums varied according to income and what was known as "risk of illness". The rural population was less prone to disease than the industrial workers and consequently paid less. The premium was determined by the local sickness administration, which was a municipal institution responsible for its own economy. This way the rural population came to influence the design of the sickness insurance and the communal principle was legalized. As the case with accident insurance, this new insurance was obligatory. Anyone within the boundaries of these laws would have to comply with the State's injunctions, even though they were already insured. This was in accordance with the German tradition, but differed from Swedish and Danish arrangements, which were voluntary. The explanation for this must probably be sought in the fact that there was no such strong voluntary movement for sickness insurance in Norway as in the two neighbouring countries. And again one can claim that the State's field of activity was defined as larger in Norway than in the other Scandinavian countries.

The fact that Norway very early (1906) granted money to the trade union's voluntary unemployment fund is another example of the State's commitment to social welfare. This was a controversial issue in all industrialized countries because it interfered with the struggle between work and capital. But it is important to stress that the law was modelled so that the trade unions' opportunities to use the unemployment fund in a wage dispute were strongly restricted. A characteristic of the power structure of Norwegian society is that the public contribution was quite low and mainly covered by the local councils (two-thirds). As a result, the unemployment funds in the first instance were financed by the workers themselves, and then by the industrial townships. Rural communities and farmers did not have to contribute. Once again, the farmers were able to prevent a transfer of taxes from the rural to the working-class population.

The unemployment act would not have been passed without the influence of the Social Democratic Movement. The movement put great pressure on the legislative body. It was assumed that the trade unions would manage the new funds. Nevertheless, in many ways the conflict between rural and urban interests put a final mark on the act making the farmers' substantial power clear.

All these statutes share the idea of labour as the primary means of support. This meant that despite the expansive State involvement, benefit contributions or rights were not particularly generous. From the beginning, the legislators were anxious that insurance would not diminish the workers' inclination to work, and this was to become a recurrent theme in the debate. It was widely held that if a life of idleness on social security were offered, many people would choose it.<sup>5</sup> It was feared that the

<sup>5</sup> G. Midre, *Bot, bedring eller brød. Om bedømming og behandling av sosial nød fra reformasjonen til velferdsstaten* (Oslo, 1992), p. 45.

system would be abused, and that the benefits would weaken the moral fabric of the people by ruining their will to work. The legislators took several steps to prevent this, for instance by introducing *karenstid*, a period of waiting time before the benefit could be claimed. Furthermore, the benefits were significantly smaller in quantity than normal wages, and they would only last for a restricted period of time. The capitalist market logic is preserved in the designs of the programmes, and both the Labour Party and the trade unions seem to have accepted these views.

The poor relief system was also characterized by this distrust in the workers but there were also marked differences between the two social welfare systems. Most importantly, the new system recognized the rights of the workers, and these rights did not allow for any kind of means testing.

### 1.3. *The system of support*

This brief survey does not do justice to many fields of Norwegian social politics of the founding years from 1880 to 1920, but it does provide certain main points worth emphasizing. One of these points is that the State was active in several areas – including areas regarded as controversial in other countries. Employment protection legislation and unemployment issues are perhaps the best examples, but there are also many others that could have been used. The Norwegian concession legislation is one; another is the regulation and possible State intervention in class conflicts, which went further in Norway than in the neighbouring countries. A third example is the Tuberculosis Act of 1900, which allowed health authorities to encroach upon people's personal freedom. It was argued that this was necessary to preserve a "healthy stock".<sup>6</sup> The Castbergian Child Support Act of 1915 is a fourth example, unique for its time, which also touched upon what was generally perceived as private affairs. It formalized the father's duty to support illegitimate as well as legitimate children. The most revolutionary aspect of it was that it established equal status in reference to name and inheritance between legitimate and illegitimate children. Previously, children born out of wedlock had no such rights from the father whatsoever.<sup>7</sup>

National and social issues were intertwined in the debates about these large legal constructions. Consideration for the nation and its future was an argument put forward by supporters as well as opponents of the new laws. As mentioned already, political power was structured so that no laws could be passed in Parliament unless a majority of the farmers' representatives approved of it. This gave the farmers a unique opportunity to stop, or change, the bills. One consequence of this was that the communal principle occupied a central position in many of the laws. Another consequence was the emphasis on self-reliance. Every individual would be expected to look after him/herself, and therefore the legislation must be formulated in such a manner that it would not deprive the insured labourers of their will to work; on the contrary, it should encourage them to get back to work. The exception to this rule

<sup>6</sup> Seip, op. cit. (1984), pp. 237–238.

<sup>7</sup> See, for instance, Seip, op. cit. (1984), pp. 193–211; Ø. Bjørnson & E. Haavet, *Langsomt ble landet et velferdssamfunn. Trygdens historie 1894–1994* (Oslo, 1994), pp. 111–119.

was married women; the opinion that their husbands should support them steadily gained acceptance. This division of labour according to gender became more pronounced towards 1920, both in the legislation and in society in general. This led to divorced women being granted the right of custody to their children. The Divorce Act of 1909 and the Castbergian Child Support Act are two examples where the mother being given custody of the children was a prerequisite. Spouses and children of the main supporters also had certain rights concerning sickness insurance, but not the right to claim their own sick pay. This also contributed to the idea of the family with the male breadwinner as the cornerstone of society. The Labour Party did not take the major initiatives on the area of family policy, but supported the initiatives of Castberg and the Social Radicals. Both the party and the trade union movement took the view that the man was the breadwinner while the woman should have the responsibility of family care. Even though the trade unions were opposed to men being paid according to family needs, they recognized men's duty to support their families through the wage claims that were put forward.<sup>8</sup>

In social politics, the core family with a father at work outside the home and a mother at work within the home was regarded as the norm, and the Labour Party shared this norm. At this time there were no laws or local regulations that encouraged married mothers to go out to work. In addition, there was mutual responsibility of support between grown children and parents, according to the poor relief legislation. This principle was weakened by the introduction of the old-age pension in 1923 (which was not passed until 1937, with minor changes). An important motivation behind the act was the wish to increase the number of children in the families. Those with an occupation should use their income on their children rather than on their elderly parents. In order to stimulate such a development, the children's income, from 1937, was no longer a factor in the appraisal of whether the over-seventies were entitled to their pensions or not. This was a breach of what had been viewed as the natural bonds of familial solidarity.<sup>9</sup> It was a marked distinction from the poor relief system and put heavier emphasis on the nuclear family's importance in society. In other areas as well, means testing was less severe than in the poor relief system, and the appraisals of need were not as haphazard.

Retirement pension also represented a shift from the Norwegian insurance system. For the first time previous wage labour was not a requirement for receiving benefit. Thus eligibility became largely divorced from work performance or other market participation. Entitlements were made independent of individual contributions since the financial responsibility was shifted onto public revenues. The principle of rightful means testing is adopted. Everyone had a right to receive benefit if certain economic conditions were met. An expressed premise was that the aged would receive a certain sum without any means test, to encourage them to find some income in addition.

<sup>8</sup> I. Bjørnhaug, ed., *I rettferdighetens navn. LO 100 år – historiske blikk på fagbevegelsens meningsbrytninger og veivalg* (Oslo, 2000), p. 29.

<sup>9</sup> Bjørnson & Haavet, op. cit., p. 152.

Compared to that of other Scandinavian countries, the Norwegian retirement pension system was based more on the recipients' rights than on testing their means of income. In principle, all old people were guaranteed a standard minimum amount with no conditions of previous wage labour or premium payment attached to it. However, two groups were excluded: those who had lived abroad and those who had been convicted of vagrancy, begging, drunkenness, and so forth.

#### 1.4. *Local welfare programmes*

The Labour Party can take most of the credit for the approval of the old age pension. It originated from the Oslo Pension System of 1918. At the local election in Oslo two years earlier, the Labour Party gained the majority and instantly initiated their local reform programme. The question of children's duty to support their parents, as formulated in the poor relief legislation, was central. The Labour Party held it as a disadvantage that everyone with poor parents would have to spend their own meagre income on them instead of using their means to, as it was said, improve oneself and create a happy home for one's wife and children. Accordingly, the party proposed a redistribution of support expenses stressing the city's commitment to social welfare.<sup>10</sup>

The benefit of 1918 met this demand and was further developed in the State Benefit Programme passed in Parliament in 1923, when the Conservative Party was in government, and in 1936 when the Labour Party had taken over. By this time, the opposition towards the system had almost disappeared, even though the Liberals officially preferred the insurance programme<sup>11</sup> for a mainly tax-financed benefit programme. The Liberal's scepticism towards welfare programmes financed by taxes was built on a general fear that this would deprive the people of virtues such as frugality and self-reliance. This fear had for a long time impeded any solution to the problem of supporting the elderly.

The old-age pension is an important example of the Labour Party's reform policy. It is also an example of the party's urge towards developing local welfare in the years around World War I. Even earlier local councils had become arenas for a wider social political commitment. The Health Act of 1860 made them the central agents in the State's preventive health policy. The Tuberculosis Act of 1900 also stressed the local councils' important role, along with that of voluntary aid organizations and the role of the family itself. The State's education programme also required the strong involvement of the local authorities. It was directed towards all strata of society – not merely the poor or the working class. The goal was to establish a common national school for all population groups. But in order to keep the standard high enough so that the children of wealthy families would also be sent to the school, difficult pupils had to be excluded. The People's School Act of 1889 and the Childcare Act of 1896 made this possible. The result of State involvement in these matters was the appearance of a new local social political organ licensed to intervene in people's everyday family life.

<sup>10</sup> Hatland, *op. cit.*, p. 47

<sup>11</sup> A. Hatland, *Oslotrygden – fra nasjonal model til lokal fortidslevning* (INAS-rapport 87:10, 1987), pp. 53–57.

The local authorities also acted independently in this field. This was partly due to stimuli from the State and partly to demands and initiatives from the population. For instance, the years around 1900 saw the peak of the hygiene movement, and this inspired an extensive renovation of public space. Some local councils became “top-notch producers” of welfare, especially in the large cities, often in cooperation with voluntary organizations and individuals. These programmes targeted resources toward particular problem groups such as single mothers or neglected children, but they could also have a more universal application. Education politics is one example, and health politics another. Health politics and hygiene efforts were for the most part directed towards public spaces and affected most people. Initiatives from the State, the councils and voluntary organizations hastened the development of health institutions such as hospitals. In this way, a distinction was made between the health authorities and the poor relief authorities, even though the poor still constituted the largest group to avail themselves of the public health programme.

In the large cities, the Liberals advocated further council involvement during the 1890s, but the party was often under pressure from the workers and later on from the Labour Party. In many places, Labour became the driving force.<sup>12</sup> The demand that public welfare, financed by the State, be further developed was central in the Social Democrats’ commitment. Benefit offers were not merely to be directed towards the poorest or the working class, as this could result in stigmatization. The goal was thus to remove means testing and provide everybody with an offer that would be acceptable to all. Consequently, it was hoped that the label of being poor would be removed. This is particularly obvious in the many proposals to finance education for schoolchildren and in the demand for public hospitals. To sum up, one could say that in the run up to 1920 there was an increasing demand for State-supported welfare programmes at the local level with universal appliance – available for all inhabitants. In many areas the Labour Party was the driving force behind this policy.

The State’s commitment to public health service increased. However, the State never reigned supremely in this field, nor was it meant to. Instead, it was one of several agents in the construction of a new system. The local councils were required by law to participate; in addition, they presented initiatives of their own, as did the various voluntary organizations, which supplemented the public health service and developed other services.<sup>13</sup> Perhaps one can speak of a spirit of cooperation based on a strong will to promote the new national state. This common spirit may account for the seeming lack of controversy that was seen in the relationship between the public and voluntary organizations. The Labour Party advocated strong public engagement. Yet there is little evidence that the party opposed other solutions.

## 2. Between the past and the future: 1935–2000

Before 1920, the local councils had a relatively wide range of actions. This was in accordance with the communalist principle and brought about several social

<sup>12</sup> Seip, *op. cit.* (1984), p. 287.

<sup>13</sup> A.-L. Seip, *Veiene til velferdsstaten. Norsk sosialpolitikk 1920–1975* (Oslo, 1994), p. 97.

political initiatives, particularly in the cities where the labour movement constituted a powerful political force. Many of the councils' enterprises were directed towards the whole population, health and hygiene programmes in particular, but also education programmes. Where the local welfare programmes were successful, differences within the local population tended to decrease. However, differences between the local areas grew. This was not perceived as a problem until 1920. But these differences became intolerable after 1920, when the councils' range of action was reduced because of economic difficulties. The demand for social equalization between regions and classes grew. The new enthusiasm of the Labour government of 1935 furthered this development.

### 2.1. *A new deal*

The period between the two world wars had been a stationary one, characterized not only by an obstructing of new bills in the area of social politics but also by a worsening of the welfare system. After 1935 this was replaced by new initiatives from the State characterized by a more inclusive idea of solidarity that embraced farmers and fishermen as well as industrial workers. The immediate appointment of a social committee had a strong symbolic importance. The committee was to work for an efficient development and coordination of the benefit system and the social welfare institutions. The inspiration came partly from other Scandinavian countries; Denmark had already carried through a reform and Sweden was in the process of planning one. Compared with these countries, Norway was in fact lagging behind in the field of social politics. And in 1935 it seemed as if the worst of the economic crisis had passed. It was time to take the offensive against the hated poor relief system that had affected people's everyday lives more than ever during the period between the two great wars.

The first task the Social Committee set itself was to extend the benefit system to groups that were not yet secured against loss of income. The blind and disabled were catered for by a new statute in 1936, as were the elderly. In these areas the committee could make use of earlier deliberations. The proposal for unemployment benefit was passed two years later and came into operation after another year. However, it did not have any practical importance until 1940 because of requirements for previous wage labour before disbursement. The unemployment benefit of 1906, which was voluntary but subsidized by the authorities, lost much of its importance during the unemployment crisis of the 1920s. In 1935 only 25% of the full members of the Federation of Trade Unions were also members of unemployment funds. The new statute catered for almost 600,000 people, ten times as many as the number of members of the approved unemployment funds. The fact that these voluntary organizations had failed, and the prospect of a benefit system that could level social differences, paved the way for a state-financed system that was quite different from the voluntary systems introduced in Denmark and Sweden, and with a much wider range of members than before. Agricultural and forestry workers, however, were not included until 1949.

The Social Committee also proposed that health insurance should be applicable to the whole population, but this reform was cut short by the advent of World War II. Nor was the move to expand benefits for the blind and disabled into a general

disablement benefit scheme for the over-60s carried through.<sup>14</sup> But the Work Act of 1936 (the Factory Inspection Act) is an important example of a statute made applicable to a much larger public. At first including only factory workers, the Work Act now applied to several other occupational groups, mainly craftsmen and clerical staff in private businesses. The number of people affected by this statute grew from around 170,000 to 500,000.<sup>15</sup> Also, the trade unions added groups such as forestry workers and clerical staff to those of industrial and craft workers in their tariff policy. Furthermore, this new tariff policy had to take into account the principal objective of the Labour Party; to create more jobs and to bridge social differences.

The ideas of solidarity and a new national community that characterized the Labour Party in the last half of the 1930s influenced The Social Committee's work. At the same time, the economic situation and the continued emphasis on self-reliance limited the number of reforms carried through, as well as the design of the form of the programmes. Economic factors weighed heavily when the age limit for the retirement pension was set at 70 years, higher than in most other countries. To reduce the age limit to 65 years would increase the number of pensioners from 160,000 to 244,000, which, according to the committee, would mean the collapse of the reform.<sup>16</sup> Benefits for the blind were reserved for the under-65s, which meant that blind people between the age of 65 and 70 years had no right to benefits. Again, economic reasoning proved decisive; it would cost too much to include them. To further reduce the number of blind and disabled persons, strict rules were applied in defining "blindness" and "disability". For instance, only those defined as totally helpless were granted disability benefits. Means testing was also carried out. If the disabled person or his or her relatives had economic means of their own, benefits were not granted. The wish to reduce a potential increase in expenditure, as well as the capitalist market logic, was preserved in the design of the unemployment pension. To receive benefits one therefore had to be "seeking work, willing to work and prepared to work". Benefits were meant to be merely subsidiary, and the recipients were expected to work. The amount of money granted and the conditions set for recipients indicate that the benefits were not enough to suspend the necessity of work. On the contrary, people were expected to support themselves by taking part in the labour market.<sup>17</sup>

## 2.2. *The free hands of the post-war period*

In 1948 the Ministry of Social Affairs presented a parliamentary report on the National Insurance Scheme, *Folketrygdmedlingen*.<sup>18</sup> This was still a time when there

<sup>14</sup> For an overview, see e.g. Bjørnson & Haavet, op. cit., pp. 277–279; Seip, op. cit. (1994), pp. 151–152.

<sup>15</sup> E. Bull, *Arbeidervern gjennom 60 år* (Oslo, 1953); Ø. Bjørnson, *100 år for bedre arbeidsmiljø 1893–1993. Arbeidstilsynet 100 år* (Oslo, 1993), p. 57.

<sup>16</sup> Seip, op. cit. (1994), p. 169.

<sup>17</sup> R. Aasen, *Arbeiderpartiet og arbeidslinja. Avgrensninger av trygderettigheter 1935–1960 og 1990–1995* (Unpublished hovedoppgave in history, University of Bergen 2000), p. 28.

<sup>18</sup> See, for instance, Seip, op. cit. (1994), pp. 152–158; T. Bergh, "Storhetstid", *Arbeiderbevegelsens historie i Norge*, bd. 5 (Oslo, 1987), pp. 386–397.

was no economic foundation for expansive social reform.<sup>19</sup> The report was characterized by this: rather than offering a concrete course of action, the report was a basis for discussion and a programme of principle. Economic politics had to rank higher than social politics. Any social political initiative that might increase private consumption at the expense of national reconstruction after the war had to be postponed. Moreover, the benefits were to serve as an incentive to continue working, not as an alternative to wage labour.<sup>20</sup>

Work for everyone, increased production and a fair distribution of the production results were the most important goals in post-war Norway. The stress on the goal of full employment was underlined by a constitutional amendment in 1954 to the effect that “it shall be the duty of the State authorities to create conditions which ensure that every able-bodied person can earn a living by his labour”.<sup>21</sup> The order was determined – economic growth first, then distribution. The idea was to rebuild and modernize the labour market, and to create an export industry that would be able to compete in an international context. Consideration for the export industry limited the funds invested in welfare. This was no time to reap the harvest of the reconstruction policy. But the faith in permanent progress grew, and after a while politicians had greater freedom in their choice of issues and tasks.<sup>22</sup>

As already mentioned, one of the most important goals of Norwegian post-war politics was work for everyone. This was essential for each individual in the sense that everyone should have a job to go to, and it was essential to employ all hands in the national reconstruction work. This matched the old ideal of self-reliance well. Besides, realizing the idea of a future welfare society would – at least for economic reasons if not others – require most people to work. The report on the National Insurance Scheme emphasized these points. It stated that certain types of light work should be reserved for the elderly, and that businesses in some areas should be required to employ a percentage of elderly or disabled people.<sup>23</sup> Another point is that widows without obligations to support anyone should be offered help to become self-reliant. In a society of full employment it was not a social security task to grant permanent support to women of an age fit for work simply because they had been widowed. It was believed that the demand for labour would become so great that even women over a certain age would readily find work.<sup>24</sup> However, married women were not perceived as a potential labour resource, even in the years following the war when the demand was high.<sup>25</sup> Children were to be raised in the

<sup>19</sup> Statement from Prime Minister Einar Gerhardsen in January 1950; Bergh, op. cit., pp. 386–397.

<sup>20</sup> Aasen, op. cit., p. 33.

<sup>21</sup> G. Esping-Andersen & W. Korpi, “From Poor Relief to Institutional Welfare States: The Development of Scandinavian Social Policy”, in R. Erikson, ed. *The Scandinavian Model. Welfare States and Welfare Research* (Armonk, 1987), p. 56.

<sup>22</sup> This became true particularly during the general election in 1953. Therefore the 1950s was characterized by expansion of public welfare to a greater extent than the previous decade, but the breakthrough came during the 60s – the golden age of universalism.

<sup>23</sup> *Statistiske meldinger*, nr. 58 (1948), p. 39.

<sup>24</sup> *Statistiske meldinger*, nr. 58 (1948), p. 57.

<sup>25</sup> For an evaluation of the position of women in the phase-war period, see K. Melby, “Husmorens epoke 1900–1950”, in I. Blom & S. Sogner, eds. *Med kjønnsperspektiv på norsk historie* (Oslo, 1999); I. Blom, “Brudd og kontinuitet. Fra 1950 til årtusenskiftet”, in I. Blom & S. Sogner, eds. *Med kjønnsperspektiv på norsk historie* (Oslo, 1999).

family, not in public or private childcare institutions. This concept of the good home combined with the authorities' limited resources hindered initiatives to advance the idea of women working, such as the development of nursery schools. Despite the lack of labour, the political authorities seemed to be caught up in the idea that a harmonious home required the mother to be in charge of raising the children.<sup>26</sup> But everyone else, the elderly, the disabled, etc., were to be reintroduced to the labour market if possible. A number of initiatives and reports from the post-war period illustrate this; e.g. the Registration Central for Retraining which was established in 1946. This institution catered for sailors with tuberculosis, soldiers wounded in war, and from 1950 onward people who were partly disabled for other reasons.<sup>27</sup>

The idea of rehabilitation was prominent in Norwegian society after the war. Several principles are incorporated in this idea. One is society's demand for labour. Another is the belief that work has a beneficial effect on the individual. A third principle is the ideal of self-reliance, the belief that rehabilitation would restore the individual's ability to support himself or herself. The idea that treatment actually helps is a fourth principle which permeated the social political debate in the 1950s and the laws that were passed: the Disability and Rehabilitation Act of 1960/61, the revisions of health insurance and unemployment benefits, the Widow and Mother Benefit of 1964. For example, it was said with regard to disability that only "those with no hope" should be allowed to sink into the role of the disabled and be supported permanently.<sup>28</sup> The objective of the Widow and Mother Benefit was to help widows and single mothers find a suitable source of income. Subsistence payments were meant to be subsidiary.<sup>29</sup> In the Social Care Act (1964), which replaced the Poor Relief Act, social treatment was more strongly emphasized than economic support. Individual social work became a way of occupational rehabilitation of social clients.<sup>30</sup> The revision of the unemployment benefit in 1958 also put more weight on ways to reintroduce the unemployed to the labour market. It expanded the rights to training and retraining, and stimulated self-employment.<sup>31</sup>

The report on the National Insurance Scheme in 1948 did not give immediate rise to extensive reform. The main reason for this is that there were no economic means to redistribute. The State was bound to the reconstruction and the establishment of a competitive export industry. Because of this situation, the State chose to improve the already existing welfare system, rather than develop new arrangements: first, by raising the contributions in the already existing benefits, targeting its resources toward, what were said to be, particular problem groups; secondly, establishing a comprehensive system of universal social protection. The old-age pension was made universal on a basic flat-rate-benefit system in 1957; the

<sup>26</sup> T. Korsvold, *Profesjonalisert barndom. Statslige intensjoner og kvinnelig praksis på barnehagens arena 1945–1990* (Trondheim, 1997), p. 99.

<sup>27</sup> Aasen, op. cit., p. 41.

<sup>28</sup> Bjørnson & Haavet, op. cit., p. 252.

<sup>29</sup> Hatland, op. cit., p. 77.

<sup>30</sup> Halvorsen, *Innføring i sosialpolitikk* (Oslo, 1991), p. 177.

<sup>31</sup> Bjørnson & Haavet, op. cit., p. 101.

sickness insurance was made universal the year after keeping its earnings-related benefits. Only after this were the new welfare services launched. The exception to this is the child benefit that was approved as early as 1946. It was universal and granted flat-rate benefits to families with more than one child. The fact that one-child families were not granted this benefit illustrates how limited the resources were. The 1960s saw the breakthrough of new social security programmes. The most important statute has already been mentioned, and in 1966 the National Insurance Scheme was passed, the jewel in the crown of social security. All the new programmes had universal appliance. Many had already been introduced by local councils, for while the State was rebuilding trade and industry, the local councils were committed to action. As with retirement pensions, the councils pioneered the introduction of benefits for the disabled and for widows. So the local benefit systems have seen two periods of growth: the years around World War I and the years from 1945 to 1960.

A seemingly striking feature of the Norwegian welfare state since World War II is the wide agreement between the political parties. Many (scholars) have noted this, and explained it as being due partly to common experiences during the war and a common goal to rebuild the country after 1945, and partly to the politics of higher bidding from the mid-1950s onwards, when no party wished to be seen as lagging behind in social politics. The struggle to gain votes helped erase the differences between the parties. And in some cases different views would be veiled by vague and airy formulations.<sup>32</sup> Disagreements on welfare solutions and values did occur, even though some principles never seem to have been discussed while others have had to be settled by compromise.

The wish to reduce public expenditure is one issue that has been uncontroversial during the 1980s and 90s. The background for this was a tougher economic climate with large fluctuations in the market and intensified international competition. The oil crisis in 1973 turned out to be a warning. But some years passed before Norway took the situation seriously, and several large reforms were carried through in the late 1970s, such as the Work Environment Act. Another one was the sick-pay programme, often referred to as “the world’s best”, a supplement to sickness insurance. It gave, and still gives, full compensation of income from the first sick-day. Compared with other benefits, this is quite unusual, for neither disability benefits nor unemployment benefits are particularly generous in Norway. The 1970s is also characterized by modifications in the conditions for receiving, for example, disability benefits compared to the rigorous conditions of the 50s and 60s. This liberal ideology was based on expectations of continued economic growth, and made Norway a safer country to live in. However, it also led to an increase in the number of disability benefit claimants.<sup>33</sup>

The Labour Party government believed the economic backlash of 1973/74 to be temporary. This led to a counter-cyclical policy that aimed to use oil revenues to reduce the recession and preserve the labour market until the economic cycle

<sup>32</sup> S. Kuhnle & L. Solheim, *Velferdsstaten – vekst og omstilling* (Oslo, 1991), pp. 95–99; Esping-Andersen & Korpi, op. cit., p. 52; Hatland, op. cit., p. 103; P. A. Pettersen, *Pensjoner, penger, politikk* (Oslo, 1987), p. 29.

<sup>33</sup> For example see Bjørnson & Haavet, op. cit., p. 259.

turned again. A few years later, it was realized that the crisis was going to last, and the government changed its course. The counter-cyclical policy was abandoned. Market forces would to a greater extent decide which businesses would prove viable. In a broad perspective the 1980s represented a considerable deconstruction of Norwegian industry. During the spring of 1986 the oil prices dropped alarmingly. A few years later the country faced what was called “massive unemployment”, and the numbers continued to grow. In 1991 there were 145,000 unemployed, around 6.8% of the workforce. A panel proposed a new policy, which would lead the nation out of the crisis and create a more competitive industry. The proposal, named “the solidarity alternative”, required close cooperation between employers’ and employees’ organizations and the government concerning rigid regulations of pay and income policy. The panel also set the condition that public expenditure was to increase at a rate less than the gross national product of mainland Norway.<sup>34</sup> The Labour Party and most other parties have attempted to follow this advice during the 1990s. As a result, the political authorities have been very careful in drawing from the oil revenues for public purposes. The argument for this has been that it would encourage inflation and cause the competition-vulnerable industry to lose market shares, thereby losing jobs. Consequently, the Norwegian oil fortune has given Norwegian politicians a wider range of action only to a limited degree.

The economic situation has rendered the political authorities unwilling to accept that welfare expenditures have risen dramatically during the 1990s, and are expected to rise even more because of age-group demographics. But the aim to reduce, for instance, the expenses of disability benefits and sick pay has not been reached. During the 1990s the Labour Party therefore launched a new campaign to reduce the queue of new disability benefit claimants. As during the 1930s and 50s, the importance of work as the primary source of income was heavily stressed. The individual, it has been said, has a duty to do his or her best to avoid dependency on the welfare system, become self-reliant and contribute to increasing society’s gross national product.<sup>35</sup> The Norwegian benefit system is of course not the only one that expects people who are fit for work to provide their own income by working or being provided for by family. However, Norway is one of the countries where most weight is put on the wage earner’s role, and where the system is still characterized by the classic social insurance model.<sup>36</sup> The numbers indicate that these expectations are being seriously challenged in today’s society. The number of disability claimants continues to grow. In the autumn of 2000 there were as many on disability benefits as there were industrial workers. The number of those on sick leave is also increasing.

But disability benefits and the sick-pay programme are not the only controversial issues of today’s welfare state. Other pillars of the 60s’ welfare society are under increasing pressure from the demands for a less expensive state that is more favourable to the consumer. One of these is the retirement pension; another is the

<sup>34</sup> G. Høgsnes, *Krone for krone. Lønnsforhandlinger- og fordelinger* (Oslo, 1999), p. 49.

<sup>35</sup> N. Kildal, “Velferd og arbeidsplikt. Om arbeidslinjens begrunnelse”, in *Tidsskrift for velferdsforskning*, vol. 1, no. 1 (1998), pp. 18–34.

<sup>36</sup> O. Langeland, ed. *Mellom frihet og fellesskap. Det 21- århundrets velferdsamfund* (Oslo, 1999), p. 176.

fact that market-based solutions have become relevant in the field of health services; a third is family politics. The gender-related division of labour of the 50s no longer constitutes the norm in the new welfare society. Let us discuss these patterns more closely with the 60s as a starting-point.

### 2.3. *National Insurance before the fall?*

The Norwegian National Insurance was in many areas similar to the Swedish one that had been established a few years earlier and is seen as the pinnacle of the Scandinavian welfare model.<sup>37</sup> The honoured idea of equal benefits to all gives way to the idea that citizens should be guaranteed insurance against income loss, and that benefits should be closely related to accustomed earnings or income.<sup>38</sup> This meant a new emphasis on earnings-related benefits. The pension varies according to the number of years the recipients have been in employment, and the salary they have received, though not on a proportional basis. The influence of previous income on the size of the pension is limited, as soon as it exceeds twice the amount of the average wages, the pension is reduced accordingly. The Norwegian and Swedish National Insurance Schemes have these principles in common, but for all income categories the Swedish system has yielded higher pensions than Norway, at least until 1985.<sup>39</sup> Measuring pensions in terms of income was not new to the Norwegian National Insurance system. Accident and sickness insurances as well as the unemployment benefit were also earnings-related. It provided a work incentive, and illustrates the importance of work in the insurance system, but it was quite new in relation to the old-age flat-rate benefit system. So if one studies the previous history of the National Insurance, as many have done,<sup>40</sup> it is obvious that the choices made are far from obvious, certainly for the labour movement and its party. Compromises and situational principle and ideological appraisals have perhaps had as much impact as anything else. This is also the case today in the public debate about the future of the National Insurance system.

The retirement pension of 1936 was based on means testing. The payments were small, and not regulated in accordance with increases in prices.<sup>41</sup> However, the local authorities could raise the pensions for their inhabitants. Thus the State retirement insurance provided an entrance for local commitment, which has always been a feature of the Norwegian welfare system. In reality, the well-being of the elderly depended to a large degree on whether the local council offered additional pensions.<sup>42</sup> In 1948, 55 out of 64 cities and 100 out of 680 rural councils provided such assistance.<sup>43</sup> Some councils also introduced service pensions for their

<sup>37</sup> Esping-Andersen & Korpi, op. cit.; A.-L. Seip, "Velferdsstaten – en nordisk modell?", in *Årbog for Arbejderbevægelsens Historie*, no. 21 (1991B), pp. 49–72.

<sup>38</sup> Esping-Andersen & Korpi, op. cit., p. 53.

<sup>39</sup> M. Hippe & A. W. Pedersen, *For lang og tro tjeneste? Pensjoner i arbeidsmarkedet* (FAFO rapport nr. 084, Oslo, 1988), pp. 180–181.

<sup>40</sup> Hatland, op. cit.; Bergh, op. cit.; Hippe & Pedersen, op. cit.; Seip, op. cit. (1994).

<sup>41</sup> Seip, op. cit. (1994), pp. 171–172.

<sup>42</sup> *Ibid.*, p. 168.

<sup>43</sup> T. Grønlie, "Velferdskommune og utjevningsstat 1945–1970", in H. E. Næss, ed. *Folkestyre i bygd og by. Norske kommuner gjennom 150 år* (Oslo, 1987), p. 49.

employees; at first, in the 1930s, only a few were beneficiaries, but from the early 50s the service pension arrangement started to grow. They were following the State's example, which offered office and service pensions from 1917, and towards the end of the 1940s all State employees were given this pension on retiring.<sup>44</sup> Private businesses also gave their employees service pensions; until 1957 these chiefly applied to clerical staff and were introduced mainly after 1945.<sup>45</sup> While the first few years after the war saw a certain equalization between workers and civil servants and private-salaried employees in the fields of wages, working hours and holidays, there were still differences concerning pension rights. Putting the workers and disadvantaged groups on a par with the more privileged groups was an important motive behind the labour movement's demand. Particularly it was the main objective of the Federation of Trade Unions, in Norwegian LO (*Land-sorganisasjonen*). This was attempted in two ways. The LO demanded from the political authorities that the minimum rates of the regular retirement pension be raised.<sup>46</sup> Another demand was made of the employers' associations to formalize additional pensions on the same level as those given to clerical staff. The employers denied this request on the grounds that there was no need for such agreements as long as the regular retirement pension was distributed by means testing.

It seemed that further negotiations would not lead anywhere. Therefore the LO once again turned to the government party with a demand for a political solution. The LO became one of the protagonists in the labour movement for a universal retirement pension, along with Prime Minister Einar Gerhardsen and other "universalists" in the Labour Party. They claimed that social services would remain stigmatizing as long as they were based on means testing, and that a better alternative would be to introduce equal rights and benefits for everyone. This change of course paved the way for the universal retirement pension that was introduced on January 1st 1959 and which offered equal benefits for everyone over 70 years of age. By this time the non-socialist parties had been attempting to remove the concept of means testing for several years.<sup>47</sup>

The emergence of the new pension with no means testing made it easier to make agreements on additional pensions for workers as well. The reason for this was that the additional pensions would be added to the basic State pension and not be subtracted. As early as 1960, during the tariff negotiations, the LO and the Association of Employers entered an agreement on additional service pensions, which were carried into effect two years later. This was important because it marked a breakthrough for negotiation and agreement policy, and it granted workers rights in areas previously dominated by civil servants and private-salaried employees.<sup>48</sup> Parallel to this development, individual business owners continued to take out voluntary collective insurance for their employees. When the National Insurance Scheme was introduced, the wage earners were therefore divided into three even groups. One was catered for by private or public service pension agreements, one

<sup>44</sup> Hippe & Pedersen, op. cit., pp. 63–64.

<sup>45</sup> *Ibid.*, p. 67.

<sup>46</sup> Bergh, op. cit., pp. 392, 395.

<sup>47</sup> Hatland, op. cit., p. 73.

<sup>48</sup> Hippe & Pedersen, op. cit., p. 69.

had a pension decided by tariff, and the third group had no other rights than the basic public retirement pension.<sup>49</sup> In addition, almost half of the population lived in areas where local councils had introduced additional pensions for the inhabitants. But still a third of the population fell through the safety net, and the reason for this must have been a combination of councils with small incomes and the fact that about half of the workforce in private enterprises was not organized.

The LO and the Labour Party changed course again, influenced by experiences from Sweden. This time there was a wish for additional pensions guaranteed by the State. It was hoped that the National Insurance Scheme would render all other forms of additional pensions superfluous. This did not happen. Between 1970 and 1986 the number of members possessing occupational pensions was more than doubled.<sup>50</sup> During the 1990s, however, the spread of such service pension arrangements came to a halt. Today everyone employed in the public sector has some form of service pension based on income. In the private sector there are different arrangements, but few apply to workers. Among industrial workers, mainly those who are organized in unions are covered. Still, even organized workers are worse off than clerical staff. Therefore, many of the workers in the LO employed in private businesses are dependent on National Insurance. Once again, a marked difference between workers and civil servants and private-salaried employees has established itself.

Another problem for the LO is that since the end of the 1970s politicians have adjusted the rates in the National Insurance in a manner favourable to minimum pensioners – those who do not have any additional pensions. Consequently, the importance of additional pensions as a result of a long working career has been diminished.<sup>51</sup> The idea that the benefits should be closely related to accustomed earnings or income has been weakened and along with it the work incentive. It is said that the Norwegian old-age pension system slowly but surely is heading towards a flat-rate public benefit system with equal minimum rates for everyone, although it still lies a long way ahead.<sup>52</sup> This favouring of minimum pensioners at the cost of pensioners with additional rights is founded on gender politics, as most of the minimum pensioners were women. However, today it is difficult for women with part-time work to gain additional pensions. There has been a tendency towards service pension insurance and individual forms of insurance, instead of National Insurance.

This situation is difficult for the LO. While Parliament last year passed a new law that makes it easier to establish private and collective occupational pension systems, the LO appointed an internal panel to devise a strategy for their pension offensive. The leader of the LO has told the media that the goal is to put forward demands for tariff-decided rights to additional pensions for all members, independent of their workplace.<sup>53</sup> One could say that the organization is in the same situation that it was

<sup>49</sup> Ibid., p. 70.

<sup>50</sup> Seip, op. cit. (1994), p. 172.

<sup>51</sup> Hippe & Pedersen, op. cit., p. 72.

<sup>52</sup> E. Bowitz & A. Cappelen, "Velferdsstatens økonomiske grunnlag", in A. Hatland, S. Kuhnle & T. I. Romøre, eds. *Den norske velferdsstaten* (Oslo, 1994), pp. 57–59.

<sup>53</sup> If the development continues, it will happen around the middle of this century. Langeland, ed., op. cit., p. 169.

in early in the 1950s. Once again, the question of formalizing additional pensions has become relevant. But there are different opinions on this within the LO. Some would give priority to higher wages over increased pensions in tariff negotiations. Others would demand that the oil revenues be used to guarantee additional pensions within the National Insurance Scheme, while others again wish to incorporate these pensions into the tariff negotiations. No matter how it turns out, this part of the Norwegian welfare system will change dramatically in relation to the goals of the 1960s, which represented a joint effort from all political parties. The development since 1967 also shows that the Labour Party has not been an unambiguous standard-bearer for the principle of universality, but that several choices of values have been involved in the modelling of concrete politics.

#### 2.4. *Privatization and municipal welfare*

Other major changes are also in process in the Norwegian welfare system. This article joins those who believe that local/municipal welfare has been a central element in the system.<sup>54</sup> This has been the case through the first expansion phase in the welfare society's history until 1920. It was also the case in the inter-war years when the welfare state lay dormant but was revisited by an old ghost the municipal poor relief system; and finally, the idea of municipal welfare was widened and local initiatives were expanded in the post-war years.<sup>55</sup> While the State's range of action was limited to the reconstruction of the nation, the local councils were much freer and showed great initiative in several fields.

The development of the local councils was part of the Labour Party's ideology, where planning and increased efficiency were prerequisites for growth and prosperity. The party wished to use the councils as tools in the achievement of national welfare goals.<sup>56</sup> There were two stages in this development. First, economically strong councils led to more activity within the council areas. Secondly, municipal enterprises were integrated into the national welfare policy. In other words, the renaissance of the municipal authorities led to several initiatives, particularly in the field of social security. As mentioned earlier, some councils yielded additional pensions, often with special contributions to housing and health services. In many places particular benefits were offered, such as single mother benefits and disability benefits. The pattern of expansion continued to dominate; the cities and central eastern areas were covered first while other parts of the country lagged behind.<sup>57</sup>

The State did not take the lead in welfare issues in relation to the local councils until the 1960s, and a new pattern appeared that was characterized by the State taking over several of the welfare tasks previously assigned to the councils. The welfare kingdom was assembled, it has been said, and municipal authorities were reduced to mere contributors to the National Insurance Scheme.<sup>58</sup> Being relieved

<sup>54</sup> *Dagsavisen* 20. October 2000

<sup>55</sup> Seip, op. cit; (1991A); Grønlie, op. cit. (1987).

<sup>56</sup> Ibid.

<sup>57</sup> Grønlie, op. cit. (1987), p. 203.

<sup>58</sup> Seip, op. cit. (1991A), p. :35; T. Grønlie, "Velferdskommunen", in A.-H. Nagel, ed. *Velferdskommunen. Kommunens rolle i utviklingen av velferdsstaten* (Bergen, 1991), pp. 48–50.

of these duties, the local councils moved their initiatives and means to new areas of the welfare concept, such as organized cultural and sports activities.

The increased State and municipal involvement caused the councils to become major labour markets in local areas. In the mid-70s the number of Labour members in municipal authorities exceeded the number in State administration by 60%. This growth in the public sector led to a change in the traditional cooperation between State, council and voluntary organizations. Surprisingly enough, there was also a growth in these organizations' services during the first 10 to 15 years after the war.<sup>59</sup> Their tasks multiplied, but their economy became worse. To a larger extent they had to rely on local political goodwill.<sup>60</sup> During the 1970s and 80s there was a downward shift in the responsibility for health services; from State to county councils, from county councils to local counties. Some fundamental traits remained, however; such as the fact that these services were financed by public means, and run largely by the authorities even though there still was room for voluntary organizations.<sup>61</sup>

In the course of the 1990s the expenses of the public health service have grown at a higher rate than the capacity, so long, health-service queues have not been avoided. This situation has made it easier to argue that public involvement in the area should be diminished in order to clear the way for privatization and market rules. The role of the public sector has changed radically in the course of a few decades; at least the debate on these circumstances has changed. For the first time there is talk of privatizing core elements of the welfare state.

The debate about privatization has seen two phases.<sup>62</sup> In the 1980s and early 90s there was talk of making visible an alternative to the public services, and the voluntary sector was rediscovered. At the time it was implicit that privatization meant giving this sector more responsibility. The notion of market demand was not thought of. Today, however, market-based solutions have become relevant in the field of health services. Some political parties, particularly conservative ones, wish to retract public involvement. The intention is to develop a thoroughly private market in which private financing and payment of health services will be increased. There is also a wish to adjust the system of taxation in order to give the individual economic freedom to choose in a private market. This form of privatization is consumer oriented. Everyone can choose for themselves how they wish use their resources in a market with several agents. Whether the individual institution survives or not will depend on what it has to offer. This form of privatization is a much-debated question in Norway.

But there has been wide political support for the other form of privatization, also in the Labour Party, which has been in government for most of the 1990s, and is in office again in 2001. Supporters of this form of privatization foresee increased competition between various agents; private businesses, voluntary organizations and State and municipal institutions. The question of who eventually performs the tasks on the State's behalf will depend on the quality and prices of the services they

<sup>59</sup> Grønlie, op. cit., (1991), p. 50.

<sup>60</sup> S. Kuhnle & P. Selle, *Frivillig organisert velferd – alternativ til offentlig?* (Bergen, 1990), p. 170.

<sup>61</sup> Seip, op. cit. (1991A), p. 35.

<sup>62</sup> Hatland, Kuhnle & Romøren, eds., op. cit., pp. 107–108.

have to offer. Public institutions must be able keep up with the market if they are to survive. In this model the authorities still guarantee the people their rights, as public funding and responsibility is built in.<sup>63</sup>

This model represents a break with the production of services, as we know them in Norway. Market-based welfare institutions have been a marginal phenomenon, and the public and voluntary institutions have not so much competed with as complemented each other. One of the main goals of the Labour government today is to reform the public sector, improve the services and make them less expensive, in other words more consumer-orientated. One way of achieving this is to put services out to tender, and let various agents, including public institutions, compete for them. This policy has met, and will continue to meet with a considerable amount of opposition. In the autumn of 1999 an alliance of various organizations was formed, the objective was to create a new movement in defence of the welfare state. Among other things, there is a wish to strive for sufficient means for the public sector to accomplish its tasks; another goal is to oppose exposure to competition and privatization of traditionally public welfare services.<sup>64</sup> No matter how this conflict ends, there is reason to believe that the “triangle” of Norwegian welfare, state, local authorities and voluntary organizations, will change in years to come, and that one will be able to use the term “quadrangle”, placing market forces in the fourth corner.

### 2.5. *Double income and family policies*

The expansion of the public sector has been important to women’s entry into the labour market. It has been maintained that the increased number of women working, and the emergence of the double-income family has been the main source of changes in welfare policies during the past 25 years. This has influenced family politics in particular. In this area, expansive reforms were still being carried through during the 1980s and 90s, the most important example being the continual expansion of maternity leave. As a result, the conditions for combining childcare with both parents working have improved significantly since the 1970s.<sup>65</sup>

The breadwinner economy of the inter-war years and the 1950s when the mother worked at home was challenged as early as during the 60s, but even more so in the next decade when even married women with small children were recruited into the workforce. Towards the end of the decade 70% of all tax-paying married couples had two taxable incomes. The double-income families formed a majority.<sup>66</sup> The double-income system still dominated, but the increase in divorce rates led to a higher number of single parents. In 1997 127,000 single parents were registered, the number having doubled in 25 years.<sup>67</sup> The number of employed mothers with small children rose during the 80s; in fact this was the group of women that most frequently worked outside the home. In the course of the decade the percentage of

<sup>63</sup> P. Selle, “Privatisering som samfunnsomformning?”, in *Tidsskrift for velferdsforskning*, vol. 3, nr. 3 (2000), pp. 188–194.

<sup>64</sup> *Ibid.*

<sup>65</sup> Bjørnhaug, ed., op. cit., p. 119.

<sup>66</sup> Langeland, ed., op. cit., p. 160.

<sup>67</sup> I. Blom & S. Sogner, eds. *Med kjønnsperspektiv på norsk historie* (Oslo, 1999), p. 313.

employed women with children under the age of 3 years rose from 47 to 69, and for those with children between 3 and 6 years rose from 57 to 74. Secondly, it was mostly women with high and medium-high education who joined the workforce, and at the start of the 1990s the level of education was practically even between men and women. A third factor is that during the 80s there was a tendency towards women taking on full-time instead of part-time work.

This development represents a break with the long tradition of division of labour according to gender; the father being the breadwinner and the mother caring for the home and children. That children should be raised in a family environment was a common view. Consequently, nursery schools were largely orientated towards children of single parents who were dependent on an income to get by. Less than 2% of children under compulsory school age attended nursery schools, and the percentage rose slowly throughout the decade.<sup>68</sup>

The attitude to childcare did not change until the 1970s and 80s, when one generally agreed that the mother and the home were not the only adequate means of educating and socializing children, and that they needed nursery schools. The expansion of nursery schools served educational, social and socio-political purposes while the principle of women's right to work outside the home was toned down. The social political purposes aimed at levelling off social differences caused by various home environments, through stimulation and socialization in the nursery schools.<sup>69</sup> Even so, any organized expansion had to bide its time.

So women's entry into the labour market occurred before the expansion of nursery schools. The working mother, who combined a career with family obligations, became a new societal phenomenon. They often held part-time jobs in care professions, and usually had to combine this with work at home. Thus the expanding welfare state changed the social division of labour, but upheld the gendered division of labour in the public domain and in the private sphere. More or less tacitly, it was assumed that women would go on coping with care.<sup>70</sup> The women's demand for men to take a greater part in care went along with demands for more nursery schools. A breakthrough in both areas did not emerge until the 1990s.

Measures were taken with regard to working parents in the 1980s and 90s. The selection of public as well as private childcare services grew, albeit at a lower rate than in Denmark and Sweden, who lie ahead in this area even today. The difference has been particularly marked for children under 3 years of age.<sup>71</sup> Private and informally organized child-minding has been much more important in Norway than in the neighbouring countries, and well into the 90s the majority of working mothers had to find alternative offers of childcare.

In all probability this traditional ideology of the family has been perpetuated in Norway by religious parties and movements, but also with the support of the bourgeois parties. In 1998, the introduction of the cash benefit for families with small children (*Kontantstøtten*) by a bourgeois government, with a prime minister from the Christian Democratic Party, proves this ideology still has a firm footing in

<sup>68</sup> Langeland, ed., op. cit., p. 60.

<sup>69</sup> Korsvold, op. cit., p. 89.

<sup>70</sup> A. Leira, *Welfare State and Working Mothers. The Scandinavian Experience* (Cambridge, 1992), p. 175.

<sup>71</sup> Seip, op. cit. (1994), p. 276.

Norwegian society. Supporters of this reform maintained that it would enable one of the parents, usually the mother, to stay at home with the children for the first few years. This was a welfare decision oriented towards children; they would be better off at home with their mothers.

The reform was carried through despite strong opposition from the Labour Party and several women's rights organizations. This tells us something about Labour's views on family politics. In the first half of the 1920s the party emphasized the core family's importance over that of other relatives. This produced, among other things, the Oslo benefit and retirement pensions in the 1930s. Secondly, the man's responsibility as the breadwinner was stressed, something that influenced Labour's wage politics. It was not until the late 1960s and early 70s that a change appeared in the ideology, probably the result of pressure from women's liberation organizations. This change of courses led to a number of things. For instance, it has been primarily during periods of Labour government that the childcare sector has been expanded. This is also the case for the improvements in maternity leaves. The right to be given leave from work because of childbirth was an old demand that was part of the Factory Inspection Act of 1892, and when sick-pay was introduced, women received wages during their confinement period (1914). In 1946 all women in employment were granted 12 weeks' maternity leave with wages. Thirty years later it was extended to 18 weeks. The following year, (1977) mothers were granted the right to full income compensation during their maternity leave. In 1987 the maternity leave was extended to 20 weeks, and today parents have the right to 46 weeks' leave on full wages or 52 weeks on 80% wages. Four weeks are reserved for fathers.

Women's wages in care professions have also risen. Until the 1950s, female care workers were an underpaid group. They usually had no one else to support and in many cases board and lodging were included in the wages. These conditions influenced the wage levels. In the 1970s and 80s the women's situation in relation to the welfare state changed considerably. The development of formal welfare state caring supported women's earning opportunities, reduced their dependence on individual men and strengthened the mutual dependence between the women and the State. The welfare state came to depend on the labour of women in this provision of formal social services. As wage workers and public employees women's strategic position in society – and *vis-à-vis* the State – was improved.<sup>72</sup> Today the majority of women are well organized, often better organized than men. There has been equalization in terms of wages, although some women, single mothers in particular, have incomes that only cover the basic needs. But there are still some differences. Many women maintain that the equalization has not gone far enough and that the Norwegian welfare state still rests on a foundation of cheap female labour.<sup>73</sup> It goes without saying that the question of how employees in public welfare services are to be paid will be difficult to solve in the years to come.

<sup>72</sup> Leira, *op. cit.*, p. 173.

<sup>73</sup> Blom & Sogner, eds., *op. cit.*

### 3. Concluding remarks

Social insurance, municipal welfare and family politics have been important aspects of the Norwegian welfare state throughout the past century. The Labour Party played an important and sometimes decisive role in defining the problems and coming up with political solutions in these areas, varying according to political, economic and ideological conditions. Until the change of government in 1935, the parliamentary channel did not lead to much power for the Labour Party. The farmers were the dominating political force and ideas of self-help and local autonomy prevailed. It was supposed that all individuals were to support themselves by means of their own work, and that each community had the right to determine for itself how it was to be developed. Farmers tended to be sceptical towards an expansive State, and whenever State funds were to be used, all classes should benefit from them. The transfer of tax money from the agricultural class to the working class had to be avoided.

This political situation left its mark on the State initiatives. For different economic reasons the laws covered only a small part of the working population. They were largely perceived as being related to factory/industrial workers. These workers had a particularly risky work situation, it was argued. Their chances of losing their ability to work were greater than among seasonal workers, farmers and fishermen. Therefore, factory work should be protected and workers insured. The legislators also widely held that if a life of idleness on social security were offered, many would choose it. It was feared that the system would be abused, and that the benefits would weaken the moral fabric of the people by ruining their will to work. In order to prevent this, the legislators took several steps, most of them seemingly accepted by the Labour Party and the trade unions.

The Labour Party entering office in 1935 did not make any change in these respects. The economic situation with many out of work and the continued emphasis on self-reliance limited the number of reforms enacted as well as the design of the format of the new reform programme. Furthermore, after 1945 economic politics was ranked higher than social politics, and consideration for the export industry limited the funds invested in welfare. Besides, realizing the idea of a future welfare society would – at least for economic reasons if not others – require most people to work. Creating jobs became the first task. The 1960s saw the breakthrough of new social security programmes at the state level. The 1970s was characterized by modifications in the conditions for receiving, for example, disability benefits compared to the rigorous conditions of the 60s. This liberal ideology was based on expectations of continued economic growth. The economic setbacks in the 80s and the rise in welfare expenditures led the Labour Party to launch a new campaign to reduce the queue of new disability benefit claimants. As before, the importance of work as the primary source of income was heavily stressed. The individual, it was said, had a duty to avoid dependency on the welfare system, become self-reliant and contribute to increasing society's gross national product. The emphasis on work and the market implies that the Norwegian social security system has not been particularly generous, with the exception of in the 1970s and particular laws such as the sick-pay-programme. The Labour Party seems to have largely approved such a policy.

It has often been said that the Labour Party was the standard-bearer for the principle of universality. In some cases this might be true, but as the example of the retirement pension shows, ideological appraisals have differed within the labour movement. In order to understand which solution was chosen, one also has to take into consideration the historical situation and the political compromises it gave rise to. In this perspective, the Norwegian Nation Insurance of 1967, in many areas similar to the Swedish one and held as the pinnacle of the Scandinavian welfare model, may be looked upon as highly situational and possibly an episode: the outcome was not obvious, and its future highly questionable.

This article joins those that believe that local/municipal welfare has been a central element in the Norwegian welfare system. This is also the case with the Labour Party, which has combined an emphasis on national standards and public responsibility for both financing and producing welfare services, with a clear view for the necessity of municipal reforms. Today, however, market-based solutions have become relevant, particularly in the field of health services. Market-based welfare institutions have been a marginal phenomenon, and the public and voluntary institutions have not so much competed with as complemented each other. The Labour government's ambition to reform the public sector represents a major breach with its historical tradition.

The breadwinner economy, the father being the breadwinner and the mother caring for the home and children, has had a major influence on the Norwegian welfare system, but in the field of family politics the Labour Party has taken some important initiatives. In the first half of the 1920s the party emphasized the core family's importance over that of other relatives. This produced the Oslo benefit and the retirement pension in the 1930s. Secondly, the man's responsibility as the breadwinner was stressed thus influencing the trade unions wage politics. It was not until the 1960s and early 70s that a change appeared in the ideology. These changes were followed by an expansion in the childcare sector and better rights for leave from work because of childbirth. These changes took place primarily during periods of Labour governments. The idea that a harmonious home required the mother to be responsible for raising the children seems to have been more dominant, or at least predominant, for a longer period of time in the Norwegian society and among the Norwegian political authorities than in Sweden and Denmark. Perhaps it is in this area of family politics that the Labour Party has differed most from the right-wing and centre parties.