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1 Introduction: Democracy, Institutional Compatibility and Change

Can democracy ever be perfect, Robert Dahl (1971) famously asked, and his answer was negative. He suggested replacing the concept of democracy with that of polyarchy and thereby admitted that the most salient issue is not attaining a perfect social order but rather measuring and evaluating popular participation in social and political decision-making. Assuming that Dahl is right, at least for the foreseeable future, a pressing task is the improvement of democracy. Increasing the quality of democracy is of course a challenge that presents itself very differently according to traditions of governance and social development in various parts of the world. The present book tackles this question at a point where it in one sense is the most challenging, namely in the north-western corner of the European continent. The aim is analytic insight, not to posit the Nordic countries as ideal. Despite their high rankings on various measures of successful democracy, democratic governance in these societies is far from perfect.

There may be signs that the quality of democracy in the present-day world is more tilted towards future deterioration than towards increased citizen participation and social inclusion. Illiberal winds are gaining strength in Europe and its vicinities; voter turnout is generally in decline (IDEA, 2016). The slightly intriguing question that arises in this context, then, sets the focus on what kinds of improvements could be feasible and relevant. Two possible answers have appeared in the last decades. One side calls for more direct democracy by replacing or supplementing existing forms of representative democracy. This may include participatory forms of local democracy at the municipal level or, alternatively, increased workplace democracy. In order to work, such reforms presuppose some sort of reconfiguration of existing political institutions. However, in well-established polities it is a demanding task to change political institutions that already enjoy a high degree of legitimacy. An alternative is to broaden the articulation of policy preferences by accepting and inviting popular voices, not only via traditional one-issue movements or interest organizations but by channels for closer contact between voters and politicians: regular meeting-places for politics and interest organizations, state support for the public sphere and local referenda around specific issues – on the internet or otherwise. All of these suggestions are interesting and relevant, but when tried out their effects have been somewhat limited up to now.

Challenges to democracy may also be confronted from a different angle. The quality of democracy is not only dependent on the structures of the political institutions but also on the significance of democracy in the everyday life of citizens. This means that the quality of democracy is not only measured by voting, or by degrees of political participation, but also by links between democracy in the political sphere and other social institutions, such as workplaces, schools or health care institutions. By implication the perspective is broadened from ‘What is a democratic government?’ to
‘What is a democratic society?’, where a democratic society is a more encompassing notion than civil society organizations. Freedom is a core value of democracy, but the basic experiences of freedom for most citizens are located in these institutions and not only in political institutions. The leitmotif of the present book is how democracy shapes and is shaped by these other institutions and how they in turn are related to each other. The quality of democracy changes when these institutions are changing.

1.1 What Can a Democratic Society Be Like?

It has commonly been assumed that democracy was rapidly expanding after the end of the Cold War and the fall of the Berlin Wall, while deterioration has taken place over the last two decades. Recent developments in Hungary, Poland, Turkey and Russia serve as illustrations, at least in the short run, of more illiberal forms of governance, varying in their distance to bogus democracy. Not that regular elections have been abolished, but they do not live up to the requirement of being free and fair: oppositional politicians and groups are brought to silence, the power holders keep control over flows of information, electoral campaigns are biased or undermined by false information or elections are rigged. These challenges to the quality of democracy certainly call for great attention. At the same time, another question deserves to be raised: Given that free and fair elections are necessary conditions for democracy, are they also sufficient conditions?

One point for reflection is the case of India, the world’s largest democracy, with more than 800 million prospective voters. Despite considerable logistical and organizational challenges, the formal aspects of elections are working admirably well. Serious irregularities or attempts at undermining elections are virtually non-existent; political institutions operate in accordance with general standards. Nevertheless, as a democratic society, India has serious deficiencies, leading the highly respected historian Ramachandra Guha (2008) to characterize it as a 50 per cent democracy. Why? The problem is not that of suppression of opposition; it is the inadequate basis for the majority of citizens to take part in democratic processes in a serious way. Education is very well organized for a minority but a catastrophe for the majority of poor people; the same is true for health services. While an elaborate set of employment regulations apply to less than ten percent of the workforce, the overwhelming majority of workers are deprived of virtually any rights at work. Likewise, the public sphere is a meeting place for the happy few who have the capacity to procure and process information necessary to participate in democratic processes (Thörnquist & Harriss, 2016).

The example illuminates the salience of institutions – for education, work, health, information – for the quality of democracy. In addition to the obvious requirement of standards of efficiency, this concerns their internal functioning: are they shaped in ways that recognize citizens as autonomous individuals? – as well as their relationship to politics: do they empower citizens and enable them to participate in society at large?
1.2 Alternative Views

A broad institutional conception of democracy stands in contrast to a recent, strong trend in political science, not least inspired by political developments over the last decade. Common to these is a focus on an assumed low competency among voters. The topic of ‘civic literacy’ (Milner, 2002) among voters is not new (see Hesstvedt, this volume, for an overview); several recent contributions, however, are characterized by the more drastic underlying assumption that voters to a large degree are non-rational.

Based on a wide-ranging set of data and empirical studies, Christopher Achen and Larry Bartels conclude in *Democracy for Realists* (2016) that voters basically do not vote for parties that represent the best policies according to their own interests. On the average, the electorate is ill-informed about party programmes as well as the outcomes of their politics when in power. Voters choose their party for other reasons. Even if the distance between voters’ interests and the policies of their preferred parties is glaring, they continue supporting their ‘own’ party. Hence, Achen and Bartels argue for the salience of party loyalty and identity politics; there is a strong tendency for people to vote for the party that people like themselves vote for. Thus, institutions and citizens’ relationship to institutions are really of minor importance in this analysis. Group membership and group recognition is what counts in electoral processes.

Another, more philosophical, version of the ignorant voter approach is Jason Brennan’s *Against Democracy* (2016). Brennan’s main concern is the alleged unfairness that uninformed voters are accorded the power to impose unfortunate, ‘wrong’ decisions on other people, such as by voting for an incompetent person as president. In one sense Brennan is opposed to politics in general; it generates strife, and for most people life is better without it. More moderate tenets are those of selecting out potential voters who are deemed unsuited for participation in political decisions, leaving politics to those who understand what it is about, and his idea of letting experts rule, while sidestepping the question of how expertise must be institutionalized and held accountable to minimize expert biases and mistakes (Holst & Molander, 2017; Gora, Holst, & Warat, 2017). Brennan thus exemplifies a broader tendency in much normative political theory to overlook institutional prerequisites and how institutions work (see also Waldron, 2016).

A third contribution leaning to the dystopian side is Jan Werner Müller’s study *What is Populism?* (2016). He depicts the rise of populist leaders that are strategically undermining democracy by making credible their own omnipotence to ignorant voters. Not that leaders appear as dictators; on the contrary, they are running for election. In principle they are siding with the people against elites; they represent the true interests and desires of the people. This goes together with anti-pluralism, regarding ‘elites’, experts and quarrelsome oppositional politicians as the roots of a present mess that needs to be tidied up. Only the selected leader is able to do that.
Even though these three contributions have voters’ ignorance as a common theme, they differ in their diagnoses and conclusions. Brennan is exceptionally outspoken; his ambition is to replace democracy with what he assumes a better form of government, namely what he refers to as epistocracy, governance by the best-informed. Achen and Bartels and Müller lament the present situation of democracy but see ways to improvement; Müller stresses the role of a pluralist civil society. Achen and Bartels assume that diminishing social inequality is a means to increase the level of information among voters and thereby the quality of democracy.

Yet, they all fail to fully recognize the importance of social institutions, albeit for different reasons. In Müller’s perspective, political institutions are generally too weak to counter attempts at neutralization by charismatic leaders, whereas social institutions are obstructed. In Achen and Bartels’ model, institutions are basically replaced by group identity. Brennan has no clear view on institutions (see also Christiano, 2017), something that becomes problematic in regard to his idea of excluding large groups from political influence while keeping intact a well-functioning society.

Not so recent, but still holding a vital position in the literature, are works which indicate the salience of institutions to democracy in ways more directly relevant to the present book. A highly influential contribution is Robert Putnam’s *Making Democracy Work* (1993) on the conditions for democracy in the former city-states of Northern Italy. The point of departure is the building of reciprocal trust among citizens. This takes place by their participation in several organizations, which in their main orientation are non-political – anything from associations for bird-watching to chambers of commerce. Crucial is the high prevalence of such associations and their overlapping character. By participating in several associations, each citizen gets to know a wide variety of people, while at the same time many take part in organizations composed of several kinds of people. Out of these networks emerges trust across groups; in the next round it opens up for a generalized trust, which is a precondition for setting up democratic institutions by channelling conflict into frameworks that are possible to handle.

Putnam’s bottom-up conception has been challenged by Bo Rothstein (2004), taking Sweden as his point of departure, and later by Francis Fukuyama (2014), recommending the ‘road to Denmark’. Both underscore the importance of a stable and well-functioning bureaucracy for the maintenance of social trust and thus for the quality of democracy. Fukuyama directs attention to the political process. If civil service becomes too malleable for politicians, as in the US’ replacement of top bureaucrats by incoming presidents, the frameworks for politics become unstable, and the long term result is political decay. Rothstein’s model is more comprehensive. It includes the interplay between citizens and bureaucratic, public organizations, whether civil service, health care or fire brigades. Trust among citizens is dependent on citizens’ trust in the state and in public agencies. Only if there is a common expectation that rules will be enforced for everyone does each individual expect others to live up to common norms (Rothstein, 2004). Recently this proposal has
been linked to discussions on so-called epistemic democracy: Democracy should be institutionalized in ways that ensure citizens’ inclusion and mutual respect but also include ‘truth-sensitive’ decisions (Christiano, 2012; Landemore, 2012) – good democratic governance scores high on participatory and ethical but also epistemic dimensions (Mansbridge et al., 2012; Holst & Molander, 2017; Chambers, 2017), or what Rothstein (2011) has termed ‘quality of government’.

John Higley and Michael Burton (2006) take as their point of departure the uneasy relationship between elites and democracy. Based on a broad historical survey they argue that a necessary condition for the emergence of democracy is a compromise between elite groups, channelling conflict between powerful groups into a situation where they ‘agree to disagree’. The institutionalization of conflict and conflict resolution is further developed by differentiation processes leading up to modern societies characterized by a broad set of large organizations in various social spheres. The top leaders in the variety of large organizations form more or less integrated elite groups.

There is a certain overlap between Putnam’s democracy model and that of Higley and Burton. In both cases, the development of democracy rests on a common understanding between groups that are sufficiently powerful to develop a sort of constitution. The main difference lies in the nature of the initial situation – in the former case common interests realized by criss-crossing memberships and in the latter by mitigation of conflict. In both cases, institutions are implicitly accorded a central role, but the shape of political arrangements emerging from such types of citizen interaction is quite unspecified. They may take a democratic form, but in no way need to do so, to which the long term aristocratic republicanism of the Northern Italian city-states bears witness. The fragility of the social capital model is also demonstrated in Putnam’s later works on civil society and democracy in the United States. Similarly, efficient bureaucracies and quality of government do not in themselves ensure democracy. A main point in Rothstein and Fukuyama is also that democratic governance emerges through long-term historical processes. For an illustration from the Nordic area, see Frisk Jensen (2014).

### 1.3 Broadening Focus on Democracy

If institutional aspects are present in the works cited above, the aim of the present book is to broaden the field to social institutions in a general sense. Before going into a more wide-ranging discussion of social institutions, the modes of interaction located in between those and political institutions are surveyed. This concerns who democracy is for, the kinds of citizen resources and rights and frameworks for interaction between them.

The *demos*, the *who* of democracy, obviously does not automatically consist of the total population in a society. Michael Walzer underscores that it is constituted via
inclusion by those who already are posited as citizens, by ‘the decisions they make in
the present about their present and future populations’ (1983, p. 31). A decisive thread
in the history of democracy is the story of the integration of subjects into citizenship
(Aakvaag, 2017; Engelstad, this volume, Ch. 17): property-less men, slaves and former
slaves, peasants, workers, women and cultural minorities. As long as voters have to
prove that they are qualified to vote, as has happened to many of them, contestations
will go on. Further debates are turning around the question of minimum age for the
franchise – during the last century diminished in many countries from 25 years in some
cases even down to 16 years. The inclusion of immigrants is another controversial field
(Olsen, this volume). The processes of inclusion may take the form of socialization,
formally for immigrants (ibid.) or informally through others parts of the institutional
landscape (Rogstad & Reegård, this volume). Children and adolescents, as crucial
parts of the population, will in time acquire full membership in the demos, whereas
others remain in a hybrid position as ‘denizens’, who nevertheless may hold rather
wide democratic rights, such as voting in local elections or various types of social
rights. At any rate, the demos as a primordial democratic institution is upheld in a
dynamic balance between too sloppy and too rigid boundaries.

Democracy may also be extended by the broadening of social and political
rights. During the decades following T.H. Marshall’s (1965 [1950]) classical
distinction between civic, political and social rights, human rights have been
strongly consolidated. This has partly led to increased recognition of the elements in
Marshall’s taxonomy, partly also to their reinforcement. A significant example of the
latter from Norwegian society is the strengthening of the freedom of expression, both
by constitutional reform laying a special obligation on the state to secure optimal
conditions for public deliberation (Engelstad, Larsen, & Rogstad, 2017) and by transfer
to other institutional spheres, such as working life (Trygstad, 2017). A relatively recent
development is linked to the emergence of a full-scale welfare state in large parts of
the Western world; the rights of patients, and socially needy citizens. At the same
time, important rights are not included in Marshall’s typology. A much debated topic
is that of cultural rights; one salient question being who is the bearer of such rights,
groups or individuals? In parallel, what are the rights of parents to bring up their
children within the cultural frames of their special preferences? Other topics not
touched upon by Marshall are consumer rights and employee rights in employment
relations. In part, employee rights are related to the general citizen rights that are
not to be annulled within the confines of employment; here there are demanding
balances between loyalty to the employer and the civic rights of employees.

Political rights are, however, of limited value if citizens are lacking sufficient
political knowledge and competence. Modern societies are complex and specialized
and depend on a cognitive division of labour. This results inevitably in a reliance on
expertise and the need to integrate different groups of experts in political processes to
ensure rational decision-making. Yet, a competent citizenry is essential to hold experts
to account, and a central empirical result is that inequalities in political competence
among citizens are closely correlated with other forms of social inequality (Hesstvedt, this volume). Hence, the quality of democracy not only hinges on institutional factors in politics, such as voting systems, but in addition on the general distribution of social resources for the involvement of citizens in other social fields, such as culture, working life or voluntary organizations. Outside the Western world, new initiatives for increasing political involvement, particularly among less privileged social groups, have been undertaken by developing reforms for popular involvement close to where important needs are felt. A much-discussed example is the introduction of participative budgeting at the municipal level in Brazil. Such initiatives have been transferred to the most developed parts of the world, even to Scandinavia. At present, experience indicates that the effects of such initiatives become relatively modest when they are introduced into political systems with a different mode of functioning (Legard, this volume).

A different bundle of factors broadening democracy concerns the channels between civil society and political institutions. In addition to voting rights, these concern the possibility to influence politics between elections. Allowing citizens to impact policies is desirable on normative grounds; open channels from voters to their representatives enable them to take better care of their own interests, whether of a personal nature, by lobbying on behalf of organizations, or more broadly by social movements (Mjøset, this volume). But it can also be important for social efficiency and decision quality. Open channels to power positions ensure the flow of ideas important for improving productivity and policy. Close contacts both with experts and interest groups are essential for the functioning of a modern government. This may be established by flows of information through a wide range of media or by temporary or permanent committees appointed to expound complex social and political problems (Krick & Holst, this volume; see also Christensen & Holst, 2017).

These considerations point to the significance of the public sphere in a more general sense. The public sphere may be seen as a constellation of five institutional fields: media, arts and culture, research, voluntary organizations and religion (Engelstad et al., 2017). What they have in common is freedom of expression as a crucial precondition for their optimal functioning. Prominent discussions of the public sphere (Habermas, 1989; Alexander, 2006) tend to view it as basically anchored in initiatives among citizens. However, all of the fields sketched here are to some degree dependent on public policies, whether regulating or securing their economic viability, guaranteeing some kind of infrastructure, or even state subventions (Benson, 2009; Larsen, 2017; Furseth, 2017). The interplay between the state and the public sphere opens a wide range of compromises, and even state control, be it by means of formal regulations or conditions for economic support. An ideal would be a combination of a strong state issuing efficient guarantees for a well-functioning public sphere; but in the real world, this combination is rather uncommon. Effective freedom of expression is also dependent on the deliberative qualities of public discourse – reciprocal tolerance for a broad span of opinions. Counteracting bullying in the public sphere is basically the responsibility of the participants in it.
Taken together, rights and the competencies to make use of those rights are crucial elements in the freedom of citizens in a democratic society. Freedom must be taken in the double sense of negative and positive freedom – on one hand the absence of impediments to free action and on the other the accessibility to resources necessary to perform given actions (Aakvaag, this volume). Neither negative nor positive freedom can be realized without considerable social restrictions. This means that freedom in this double sense is constantly at play as it depends upon a negotiable balance between negative and positive liberties related to the restrictions and opportunities created by institutions.

1.4 Institutions in Modern Societies

The idea of basic social institutions originated in the sociology of the late 19th century. Emile Durkheim (1978) distinguished six main types of institutions, or better, institutional spheres common to all societies: religious, political, moral, juridical, economic and aesthetic. Since the advent of modern society and the subsequent processes of social differentiation, these broad categories have necessarily been further specified. What can count as a basic set of institutions in modern societies like the Nordic ones is not given but rather depends on the level of analysis; institutions have some similarity with Chinese boxes, inside one there are other, more specialized ones. But delimiting a fairly limited group of major institutions with particular characteristics is still possible on the basis of specificities of activities, role patterns and power structures.

The theory of social differentiation assumes that social fields are differentiated out, mostly by processes of fission, and acquire specific modes of functioning (Alexander & Colomy, 1990). This implies specific activities, internal norms, criteria of success and modes of recruitment into the institution. Among social institutions, politics is in a special position because it has its focus on citizenry as a whole, by legislation, the distribution of rights, taxation and welfare services and infrastructure. At the same time, politics is the field for handling large-scale social reform, renewal and change. Yet the other social institutions cannot be reduced to politics because they produce goods that cannot be acquired by political means. Accordingly, politics does not exert full control over society. In this sense, the idea of society without a centre, understood as an institutional structure constituting a ‘unity expressed by the forms of system differentiation’ (Luhmann, 1990, p. 423), becomes meaningful. A further inference, elaborated by Michael Mann (1986), is that social fields vary greatly in their physical and social extension. As an example, legitimate political power is limited to the territoriosity of a state, such as Norway; whereas the Norwegian economy reaches out to much of the world, and Norwegian culture is shaped by impulses from other parts of the world. By implication, societies are not ‘systems’ in any strong sense, and certainly not closed systems, but are better understood as constellations kept together by the interaction of governance and institutional interdependence.
To the degree that societies are delimited by politics and political legitimacy, it also makes sense to describe them in terms of configurations of institutions. Despite differences in extension, social institutions have common elements in their varying relationships to and dependence on the state. In the following, what may be regarded as the basic institutions in modern society are sketched in Table 1.1. The list emerged by combining three works elaborated independently of each other: (i) A recent conceptualization of a ‘canon of function systems’ (Roth & Schütz, 2015) inspired by Luhmann. The authors makes a critical survey of a large number of attempts to single out core function systems in modern society and end up with a list of ten specific social subsystems. (ii) A study of power elites in Norwegian society at the beginning of the 2000s (Gulbrandsen et al., 2002) intended to reveal similarities and differences between sector elites and thus the mode of integration of social power. (iii) A general discussion of theory of modern society with the specific aim of setting up an inventory of basic institutions in a modern society like those in Norway (Aakvaag, 2013, 2015). This contribution is also informed by Niklas Luhmann and especially by his final work ([1997] 2013, Ch. 4) – however, not with the aim to develop further the concept of function systems but to reconceptualize it as a stepping stone for delimiting a set of basic institutions. A striking aspect of the institutions listed in Table 1.1 is the high degree of overlap between the three works despite their different approaches. Only the work by Gulbrandsen et al. focuses on the salience of power, pointed out by Mahoney and Thelen (2010) as a crucial aspect of institutions. And despite common inspiration from Luhmann, the function system aimed by Roth and Schütz speaks to a theoretical strand quite different from that of Aakvaag. The aim here is not an _ex ante_ theory of communication, as in Luhmann, but an empirically based conception of production and power. A crucial point which is absent in Luhmanian theory is that institutions have normative components.

The institutions in Table 1.1 differ from each other in terms of the main ‘goods’ they produce. Therefore they differ in their criteria of quality in production as well as their internal norms guiding the production along with their arrangements for internal normative regulation. Even though institutions have their specific tasks and aims, they are interconnected in several ways. This is conceptualized by Hall and Soskice (2001) in their discussion of institutional complementarities, contributing to the stability of their constellation. As conceived by Hall and Soskice, it was used to distinguish institutional constellations across societies. However, it also makes sense to distinguish bundles of complementary institutions within a given society, such as between institutions in the economic, political, cultural and community/socialization spheres, much along the same lines as the AGIL scheme drawn up by Parsons (1967a) and the classification of four power networks by Mann (1986). These bundles are specified in Table 1.1. At the same time, the dynamic character that Parsons (1967b) ascribed to his general typology should be noted: continuous interaction is going on between them. This is true as well for the basic institutions in Table 1.1; interaction is taking place within each bundle as well as across the borders between them.
Table 1.1. Basic institutional spheres in modern societies

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<tr>
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<th>Roth &amp; Schütz</th>
<th>Gulbrandsen et al.</th>
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<td>Politics</td>
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<td>Civil service</td>
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<td>Judiciary</td>
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<td>Military</td>
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<td>Economy, working life</td>
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<td>X</td>
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<td>Economic associations, trade unions</td>
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<td>Mass media/news media</td>
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<td>Art and culture</td>
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<td>Religion</td>
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<td>Science</td>
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<td>Voluntary organizations, social movements</td>
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<td>Sports</td>
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<td>Family and kinship</td>
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<td>Education</td>
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<td>Welfare, health, social security</td>
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Given that specific institutions are built around specific ‘goods’, recruitment processes and success criteria, what is it that prevents them from falling apart, creating social chaos? Given that institutions are constantly, if mostly slowly and unevenly, in change, tensions between them are unavoidable. If they nevertheless are kept together, it is because single institutional fields are interdependent. Moreover, they are manned by large numbers of individuals, who necessarily act within several institutions at the same time: as employees, mothers, patients, and activists in voluntary organizations, to name a few. Minimal compatibility between these roles is necessary for individuals to be able to cope with them. In addition is the relationship of institutions to the state, which also necessitates compatibility with state government, directly or indirectly.

Accordingly, institutions in the state sector, also outside purely political bodies, contain salient democratic elements both as concerns individual autonomy and collective decision-making. Among these elements are the defining characteristics of the institutions by the state; citizens’ rights are issued by democratic bodies, which directly or indirectly cover all other social fields. This is equally true for bureaucratic regulation and control. Moreover, the monopoly of state institutions on physical violence is a precondition for political equality.
In the economic sphere democratic elements are located in the citizen’s right to enter into contracts, and thereby bargaining relations, whether over goods, services or labour power, and in this context the right to association as well. Salient democratic features in the economy are also the protection of employees in labour relations along with their potential for the development of skills and competencies at work and accordingly their influence on decisions in the enterprise.

Common to the group of integrative institutions, from science to sports, is their close links to the freedom of expression. This leads to access to information necessary to make rational judgements, to form opinions on socio-political problems and aesthetic- and value-based questions as well as transcendental beliefs. As part of the public domain, sports function as a learning arena for a combination of competition and common rules, representing – like democratic politics – an agreement to disagree.

The fourth category, socialization, is no less linked to democracy: families constitute the foundations for the formation of autonomous individuals in the primary upbringing; these are carried on and generalized by educational institutions. Health care institutions maintain and if possible reconstitute the capacity of citizens to act as responsible individuals.

Even though there is considerable variation between societies in the extension and mode of the regulation of institutions, in no modern democratic societies are links to politics absent. Some institutions are related to political processes, such as the media, while the organization of the welfare state and basic education are subservient to politics. The economy and the markets are objects of political regulations, but this is often true also for sports or religion, as is the case of the Nordic model. Nevertheless, all these institutions enjoy considerable autonomy vis-à-vis politics. Without a certain degree of autonomy, institutions would stall and become subordinate to politics or to other institutions. In large parts of the world, voluntary organizations are closely controlled by the state or by political parties. In the Nordic societies, in contrast, even though voluntary organizations to a large extent are subsidized by the state, it is not to make them conform to given policies but to secure civil society commitment and open public debate (Engelstad et al., 2017). This degree of autonomy also presupposes the existence of formal or informal codes of conduct, regulated and handled within the institution itself. In this regard institutions may function as fields for professional intervention.

1.5 Institutions in Change

Despite their relative inertia, institutions are dynamic, in continuous change. One set of driving forces is found in the changes in the mode of functioning internal to a given institution. Three main types of change have been explored in the literature. (i) the theory of path dependency (Pierson, 2004) focuses on sudden ruptures of given developmental patterns serving as turning points for the development of new policies.
The timing and sequences of opportunities determine further changes. (ii) Theories of aggregate effects (Mahoney & Thelen, 2010) emphasize the long-term results of many separate actions, to a large extent emerging as unintended consequences. This does not preclude the salience of power relations for outcomes. (iii) Finally, political ideology decisively influences the shaping and changing of institutions due to long-term power games over the form of institutions (Schmidt, 2009). These theories are not incompatible but rather complementary (Thelen, 1999); to a large extent they respectively refer to situations of crises and ruptures, long-term more or less unintended changes and political reform processes. More elaborate summaries are given in the earlier volumes of the book series (Engelstad & Hagelund, 2015; Martin, 2015; Engelstad, Larsen, Rogstad, & Steen-Johnsen, 2017).

In addition to changes going on in one institution at a time, institutions are changed indirectly by their interaction with other institutions. In the sociological literature we find many different theories of such inter-institutional processes of institutional change (Alexander & Colomy, 1990). One cluster of decentred models assumes that institutions may change without overall coordination. For instance, Niklas Luhmann (2013) points out that due to the complexity and heterogeneity of institutions in functionally differentiated modern societies, no institution – not even politics – can monitor and regulate the others. However, according to Luhmann, institutions act as environments for each other and subsequently change as they mutually adapt to each other. Another version of decentred models is market-based models, which emphasize how the ‘invisible hand’ of the unintended aggregate consequences of economic and social transactions instigate changes across institutions as organizations and individuals in one institutional field (such as the economy or media) adapt to changes in other fields (such as politics or religion) (North, 1990).

Their obvious relevance for understanding change in any institutionally differentiated and complex capitalist modern society notwithstanding, decentred models fail to capture the significant amount of centralized coordination taking place in modern and, in particular, the ‘coordinated’ Nordic societies (Hagen, 2000). In part this follows from a disregard of social action. Other types of models emphasize how institutional change follows from different forms of centred coordination across institutions, such as the democratic power circuit (Aakvaag, this volume), elite compromises (Gulbrandsen, this volume; Engelstad, this volume, Ch. 17) and interactions between elites and social movements (Mjøset, this volume).

What decentred and centred models have in common is that change in one institution has potentially great significance for other institutions. The precise mechanisms through which such inter-institutional change takes place, such as institutional spill-over or the adaptation of given elements in one institution to changes in external institutional environments, are laid out in more detail in the Afterword to this volume, with a special emphasis on processes of democratization and the central role of the state.
1.6 Aspects of the Nordic Model

Updated overviews of Nordic politics and society are easily accessible. Readers can choose between several first-class outlines: related to political institutions (Knutsen, Ed., 2016), the relationship of the Nordic countries to Europeanization (Wivel & Nedregaard, Eds., 2017), the significance of social democracy (Brandal, Bratberg, & Thorsen, 2013), tripartite relations in the interplay of politics and the economy (Dølvik, Fløtten, Hippe, & Jordfald, 2015) or a more general survey of Nordic societies (Aakvaag, Hviid Jacobsen, & Johansson, 2012).

The present book takes a different route as its main topic is to explore the relationship of political institutions to the broader set of social institutions. In large parts of the book, Norway is used as a representative example of the Nordic model, based on the assumption that this country most visibly embodies the neo-corporatist elements of the model. Even so, several of the contributions make references to the other Nordic societies to indicate parallels or dissimilarities. Moreover, the Nordic area is sometimes treated as a whole (Hesstvedt; Skorge) or, on the contrary, discussed via specific intra-Nordic comparisons (Mjøset; Trætteberg). Comparisons with non-Nordic countries are performed to exploit similarities (Krick & Holst on Germany) or differences (Engelstad on the US).

A general discussion of the Nordic model is found in the second volume of this series (Engelstad et al., 2017). Here the Nordic model is conceived as an ideal type in the Weberian sense, consisting of a set of core attributes. In real life, no country will perfectly represent all of these attributes. Political history differs, and, accordingly, specific processes of change will take place in each country. Nevertheless, as long as institutional bundles show a high degree of similarity, and significantly differ from other societies, the concept of a Nordic model makes good sense. As conceived by Engelstad et al. (2017) the model rests on four pillars: (i) a strong and at the same time liberal state, (ii) strong trade unions and a high degree of cooperation in wage formation between labour market parties and the state, (iii) a generous welfare state and (iv) a high degree of state intervention to guarantee the quality of the public sphere (ibid., p. 48). To this may be added specificities of the political system, such as parliamentarian governance and close relationships between the state and social movements and civil society organizations. As a whole, this model may be characterized as a neo-corporatist model even though it to a certain extent has been in decline (Christiansen et al., 2011; Öberg et al., 2011).

The core question, which is also the most pertinent to democracy, is whether it is possible for a strong state to be truly liberal. Liberalism, of course, denies this possibility, on the ground that a strong state unavoidably will abuse its power at the cost of citizens. How, then, is the Nordic model compatible with democracy? The answer lies in the strong position of the public sphere. In socio-political versions of the Nordic model, which are the most common, the public sphere is not included (e.g. Dølvik et al., 2015), only wage formation and the welfare state. However, without a
well-functioning public sphere, these would never have taken the form they actually do. Historically, the liberal Nordic state is based in the durable position of freedom of expression, constitutionally established in Sweden by 1766, in Norway by 1814 and in Denmark by 1848. Further reinforcement by freedom of assembly was closely linked to the growth of religious lay movements in the middle of the 19th century. Paternalist and autocratic currents, both on the right and the left – the social democratic hegemony in the mid-20th century was polemically characterized by historian Jens Arup Seip (1963) as a one-party state – were countered by the liberal heritage in the public sphere, guaranteeing the presence of oppositional voices. In Denmark and Norway, furthermore, the need for cooperation with non-socialist parties, despite conflicts, influenced the political climate around the middle period of the 20th century.

1.7 A Brief Note on Methods

A strong trend in contemporary political science is a growing emphasis on large-scale datasets and advanced statistical analysis. The present book takes a different stand, but this is not due to a general scepticism in regard to quantitative analysis. These methods have made invaluable contributions to the social sciences, and several of the contributions to the book are based on quantitative analyses of large datasets. Rather, it reflects the persuasion that to understand social variation and change, a historical and institutional approach is required. Even though the case for the ‘gold standard’ of controlled experiments can also be made in the social sciences, most social phenomena are of a complexity that makes it highly improbable that large-scale theories based on such methods will emerge. Simplifications are a necessary condition for social science modelling. But the interpretation and, if possible, synthetization of complex social processes presuppose that institutions and historical context are taken into account. The implication is not that the crucial importance of social action is denied. On the contrary, institutions constitute the necessary framework for social action. The analytical strategy of the present book is that of combining micro and macro analysis and restricting analyses to limited aspects of a limited set of cases. Even with this modest proposal, interesting syntheses are still possible.

1.8 Challenges to Democracy in the Nordic Model

The sustainability of the Nordic model has been a preoccupation for many. Given its anchorage in central institutions the model will certainly continue to exist into the foreseeable future, but the long-term prospects are necessarily unpredictable. Certain, however, is that the model as a going concern will encounter challenges and is bound to make adjustments. In the following some of the central challenges are examined. The exposition is concentrated on Norwegian society; as the sturdiest
case of neo-corporatism in the Nordic area, it is also here where the challenges are most visible.

Emphasizing democracy as a characteristic of society also brings forth the idea that the governing capacity of the state is necessarily limited. This has earlier been pointed out as a consequence of globalization (Østerud et al., 2003) as the political governance of an increasingly internationalized economy has become problematic. However, internally as well, the growing significance of social institutions makes political governance more challenging. Fifty years after the introduction of the first elements of the full-fledged welfare state, the notion of ‘society without a centre’ to some extent is ringing true. Albeit of overwhelming importance, the state is not the summit of society. Even if the complexities of modern societies due to interdependence between institutions do not allow the types of governance once envisaged by socialists, political and social reforms still are possible, albeit mostly on a limited scale, at least in the short run.

A case illustrating the prospects for reform is the legislated gender quota of boards of listed firms (Teigen, 2015), introduced in Norway in 2003. On one hand it demonstrates that openings exist for new types of political initiatives; on the other hand it also shows the institutional limitations in regard to the extension of such reforms to other parts of the business world. This is not only a question of political aims but also of respect for the differences between norms specific to politics and norms pertaining to the economy (Teigen, this volume). More generally, this example demonstrates the possibility of reform through specification of property rights without abolishing their central character (Engelstad, 2015, this volume, Ch. 2). A somewhat different illustration of the crucial relationship between reform and institutions is the comparison of welfare state reforms in Sweden, Denmark and Norway (Trætteberg, this volume), which demonstrates that the presence or absence of viable civil society institutions is a precondition for the prevalence of market solutions.

In the electorate, there are moderate signs of all-embracing protest movements. One of the most encouraging findings about the Nordic model is its ability to strengthen the freedom of citizens, in both its negative and positive aspects (Aakvaag, this volume). Policies systematically emphasizing social inclusion result in better life prospects for the large majority of ‘ordinary people’, maybe even the 99 percent. At the same time the quality of knowledge and competence in the electorate, albeit higher in Scandinavia than in most of the world (Hesstvedt, this volume), has hardly increased at the same pace. If it is correct, as indicated by the analysis here, that the level of inequality is inversely related to the level of political competence, improvements will to a large extent be an uphill struggle. Nevertheless, a more serious challenge may be the question of immigration and citizenship (Olsen, this volume). On this question the Scandinavian countries are deeply divided: Sweden has a very liberal policy of immigration; Denmark, at the opposite end, is highly restrictive; and Norway is somewhere in between, albeit closer to Denmark. In all three countries, there is significant support for political parties with a populist bent based on resistance to
immigration (Mjøset, this volume), but there are few signs that these parties want to break away from the Nordic model – they are leaning towards reserving welfare state provisions for the indigenous population rather than abolishing the welfare state.

A significant possibility for the viability and further development of democracy lies in the possibilities of increased participation and characteristics of the channels of communication between the population and its political representatives. What prospects exist for the extension of democratic participation to make the voices of ordinary people heard? Social movements are the main source of popular articulation, and they have long traditions in the Nordic countries. Here there are distinct differences between the ‘old’ movements originating at the end of the 19th century and the ‘new’ movements emerging within the last decades (Mjøset, this volume; Engelstad, this volume, Ch. 17). The old movements were related to policy formation in a way that strengthened national democracy. The new movements, however – around the issues of globalization, environmental issues and immigration – are directed to matters outside national borders. Even if they are successful at the national level, the problem does not disappear; prospective solutions will necessarily be international, negotiated at a far distance from national political processes.

Another type of channel between politics and civil society can be found in institutions connected to Nordic ‘input democracy’ (Goodin, 2004) – that is, the mobilization of civil society organizations and experts into an elaborate set of hearings and of permanent or temporary commissions. In many cases, the main aim is not that of voicing popular preferences but to draw as much as possible on professional expertise in finding solutions to demanding political problems (Krick & Holst, this volume). Allegedly, this may be seen as furthering epistocracy rather than democracy; even at best, such committees must handle difficult balances between political representation and expertise. However, these processes are also a way of coping with social complexity and ensure knowledge-based policies, while at the same time mobilizing significant civil society organizations and interests (Christensen & Holst, 2017).

A source of increased participation creating enthusiasm on the left is reforms initiated in Brazil aimed at direct participation in budgeting at the municipal level. These experiments have to some extent been exported to large cities in the Western world, albeit in a diluted version. A few attempts at introducing them in Scandinavia have met with moderate success, the main reason being that such forms of popular participation collide with the institutional requirements of political processes (Legard, this volume).

Traditionally, workplace democracy has been regarded as the main way of increasing popular participation beyond elections. One of its roots in Scandinavia is the long-term establishment of national wage agreements between summit organizations in given industries; another is the broad engagement on the part of the state in regulating work-related conflict by legislating institutions for conflict resolution (Seip, this volume). In the long term, this has resulted in elaborate
institutions for workplace democracy (Falkum, 2015; Hagen, 2015). The question remains, though, how efficient are these institutions after all? Data from Norway, where the unionization rate is high, about 50 per cent, indicate that even in enterprises where trade union officers are in place, the success may be moderate (Trygstad & Alsos, this volume). Health and security issues are well taken care of, whereas institutions for participation in decision-making, either on company boards or in committees for cooperation, are clearly underutilized. However, the assumed effects of workplace democracy are not only direct participation but also the development of more general political interest and social integration. On this point, there are indications in other parts of working life that the institutionalized workplace relations have some positive effects (Rogstad & Reegård, this volume).

Even if the welfare state is basically a public responsibility, the mix of public and private services and provisions is a much debated topic in the Nordic area, as in the rest of the modern world. At this point, also, the Scandinavian countries differ significantly. In Sweden, the high prevalence of market-based reforms of the welfare state seems to have reached a point of no return, and the further marketization of welfare provision will continue (Trætteberg, this volume). One reason for this difference lies in the variation of civil society institutions in the three countries; in Denmark and Norway decentralization of welfare provisions was captured by civil society actors, whereas in Sweden such actors were absent or unable to use the opportunity. This difference may widen in the future; however, this does not mean that the welfare state is being dismantled in Sweden; it is still a state responsibility – what is delegated to private actors is the delivery of the services, not the funding of them. The trajectories of welfare state development depend not only on the structure of civil society but also on gender relations and family patterns. Welfare arrangements develop according to demands from voters. But their demands clearly differ, both across societies and across social groups within a given society. This can particularly be seen in the demands for child care and parental leave across a large number of Western societies (Skorge, this volume). Consistently, women with higher education show the strongest demands for these provisions, which may mean that the development of the welfare state to some extent is driven by aims at gender equality in the upper middle classes. However, class bias in the distribution of child care facilities is assumed to be mitigated in countries with a relatively low level of income inequality and high level of female labour market participation, being more in line with the democratic ideals of universalism.

Ideally, the delivery of welfare state provisions should be equal to all citizens and thus fully predictable. But given that the core of welfare provisions is the alleviation of social needs, the use of discretion becomes unavoidable, not least at the street level (Lipsky, 1980). In Norway, this is strengthened by significant changes in the role of recipients from clients to ‘users’, or customers, of welfare provisions aimed at integrating them into the labour market. To a large extent this reform is anchored in democratic considerations. Thereby allocation not only takes place according to given
rules but becomes dependent on developing motivation in the recipients (Hagelund, this volume).

Relationships between the elites and the population at large have already been alluded to above. One question is whether there is a marked contradiction between elites and democracy, or, on the contrary, whether elite compromises are a precondition for the development of democracy (Higley & Burton, 2006). If the abolition of the elites is impossible, the democratic challenge is that of obtaining an acceptable balance between the power of elites and that of the general population. The Nordic model in no way dispenses with elites, but their power is typically restricted by the broad set of social institutions in working life, the welfare state and the public sphere (Engelstad, this volume, Ch. 17). It might be assumed that restrictions on their power would call forth resistance in elite groups, but the opposite seems to be the case. In Norway, the elite’s support for the Nordic model has been shown to be generally very strong (Gulbrandsen et al., 2002). The most critical among elite groups would normally be the business elite. However, in Norway, business leaders have shown a high degree of trust in government, and this trust has even been increasing over the last decade (Gulbrandsen, this volume). One hypothesis might be that this is an expression of increased social integration. Alternative reasons may be that a conservative government has come to power and the tremendous success of the Norwegian economy during the 2000s. At any rate, the advent of neo-liberalism during the last decades has not diminished the support for the Nordic model.

Adherents of the Nordic model may dream of exporting the model to other parts of the world. Taken as a general political project, this hardly makes sense. The Nordic system has emerged over two centuries, and other countries have their own historical preconditions. Thus, the main purpose of the present book is to use the Nordic experience as material for reflection on possible conceptions of democracy and the quality of democracy – in other words, what a democratic society, and not only a democratic state, can be.

References


