State Regulation of Parties and Interest Groups in Norway

Jo Saglie & Karl Henrik Sivesind

jo.saglie@socialresearch.no
khs@socialresearch.no

Institute for Social Research, Oslo, Norway


Preliminary version – please do not cite without permission.
Introduction

The paper aims to describe and compare state regulation of a) interest groups/NGOs and b) political parties in Norway. Norway is usually classified as belonging to the social democratic model, where public welfare costs are extensive and welfare provision only constitutes a minor part of the nonprofit sector. Other activities, such as culture, sports and other leisure activities, dominate the Norwegian voluntary sector (Anheier and Salamon 2006, Salamon and Anheier 1998, Salamon et al. 2004). This gives the state less incentives to control and regulate voluntary organizations.

Even though the voluntary sector to some extent depends on state funding, the state does not necessarily regulate how the money shall be spent. The relations to the public sector have been characterized by proximity in terms of communication and contact rather than dependence in terms of finance and control (Kuhnle & Selle 1992). To a large extent this still applies even to areas where the state has instrumental reasons for supporting voluntary organizations, such as promotion of public health, emergency preparedness, integration of immigrants and refugees, and foreign aid. For example, sports contribute to improving the health of the population, and the Red Cross and similar organizations are important for emergency preparedness (Stortingsmelding nr. 39 2006–2007). The state has made agreements with organizations in several areas about integration of immigrants and refugees in their activities (Sivesind 2013). When considering both paid and voluntary work-force, member-based organizations, in particular in culture, sports and recreation, represent the largest share of the nonprofit organizations. A dominant share of the government funding for these voluntary organizations’ supports their own activities based on general criteria.

When it comes to political parties, state regulation has traditionally been very weak in Norway. Although state funding of political parties was introduced in 1970, the state has only recently introduced legislation that requires parties to report their income and expenditures.

In short: the relationship between the state and both political parties and other voluntary organizations has been based on mutual trust, rather than control (Kuhnle and Selle 1992). Even though elements of control have been introduced, the Norwegian case may give reason to question the thesis of transformation of voluntary associations into ‘semi-public agencies’. The paper utilizes previous research on Norwegian parties and voluntary sector, and thus aims to bring together perspectives from two distinct sub-disciplines.

In the first section of the paper, we present the ‘social democratic model’ of civil society, as well as some perspectives on this model. Next, we discuss the historical development of voluntary organizations and political parties in Norway. We then describe how voluntary organizations and interest groups are regulated and financed by the Norwegian state, before we proceed to a corresponding description of the relationship between Norwegian political parties and the state. In
the concluding section, we compare the two types of organizations and discuss some implications for the ‘social democratic model’.

**Norway: a Social Democratic Model?**

Norway is classified as belonging to the social democratic model in Lester Salamon and Helmut Anheier’s typology (Anheier and Salamon 2006, Salamon et al. 2004, Salamon and Anheier 1998). Anheier and Salamon present a ‘social origins theory’ that views the non-profit sector ‘as an integral part of a social system whose role and scale are a by-product of a complex set of historical forces’ (Salamon & Anheier 1998: 245; Anheier & Salamon 2006). The purpose of the theory is to classify countries into four non-profit sector models in which different causal mechanisms are in operation. The assumption is that no single factor can explain the size and composition of the non-profit sector in different countries, in contrast to the economic theories of non-profit organizations (Government Failure, Market Failure and Supply Side Theory, see Salamon & Anheier 1998: 220–223). Instead, complex relationships exist between, on the one hand, social forces such as the working class, the landed and urban elites, the peasantry, and external powers and, on the other hand, social institutions like the state, parties, and the church. As a consequence of different forces and relationships evolved during industrialization, countries today cluster into four types, which are called the social democratic, corporatist, statist, and liberal models according to the size of public welfare spending and the scale of the non-profit sector.

As in the other Nordic countries, the public welfare costs are extensive in Norway. Social expenditures accounted for 22 per cent of GDP in 2012 (OECD 2012). The nonprofit organizations’ share of paid employment in the welfare field is just 7 per cent (Sivesind and Selle 2009: 114-116), compared to 13 per cent in Denmark and 20-25 per cent in corporatist countries such as France, Austria and Germany. There are also high levels of volunteering in expressive organizations and low levels in welfare services (Sivesind and Selle 2009, Sivesind and Selle 2010). All these characteristics are consistent with the social democratic model.

However, Salamon and Anheier also emphasize that the nonprofit sector was rejected as a mechanism for meeting welfare needs. This is because the church authorities in many social democratic countries had been domesticated as a result of the Reformation. During social democratic rule, according to these authors, church-related welfare was gradually absorbed by the public sector in the process of extending social rights. The public and third sectors were seen as alternative providers of welfare services, the former preferred by the social democrats because it offered the only way, it was thought, to ensure unitary standards and equal access for all. Based on social origins theory, Salamon and co-writers assume that in the social democratic regime the public
sector both pays for and performs the welfare services. This leaves little room for non-profit organizations in this field, and, accordingly, little room for state funding of such organizations. They therefore expect that ‘the voluntary sector would be financed more heavily by private charitable contributions’ (Salamon & Anheier 1998: 230).

Careful comparative analysis does not support this prediction. The share of voluntary sector income from gifts is 7.5 per cent, which comparatively is in the mid-range of 15 Western European and liberal countries (including UK, USA, and Australia). Furthermore, when focusing specifically on the welfare field, the share of income from gifts falls to among the lowest with three per cent (Sivesind and Selle 2009, Sivesind and Selle 2010), which is even more contrary to Anheier and Salamon’s expectations.

In a later article, Anheier and Salamon admit this is an anomaly, but claim: “However, once the value of volunteer time is considered, the prediction holds for social democratic countries as well” (2006: 108). Still, there is a problem with this rescue claim. Only 15 per cent of the volunteering hours in Norway are for organizations operating within the welfare field. In addition, most of this volunteering takes place in support, advocacy, and member-based activities and does not contribute to funding or performing welfare services.

Instead, government transfers and payments are the main source of income, in addition to user charges in some welfare services. The voluntary organizations typically do not want to subsidize the government’s operation with money generated through donations or volunteering. Those kinds of resources are reserved for areas where the voluntary organizations do not operate on government contracts, such as help to the homeless and substance abusers outside of institutionalized care. Donations may go to medical research but not to hospital treatment. Donations and volunteering are thus not important alternatives to public funding of welfare services in Norway, contrary to what one would expect from the social democratic model of Salamon and Anheier. However, volunteering still remains highly significant as a labour resource and as a factor in income generating activities, particularly in sports, culture, and recreation.

**Perspectives on the Social Democratic Model**

Researchers who study civil society in the ‘social democratic model’ countries have diverging views on the roles and regulation of interest groups/NGOs. Some claim the voluntary organizations have given up too much of their independent role and policy influence through handing over ownership and operation of welfare services to the government in order to promote public responsibility (Selle 1999, Tranvik and Selle 2005). Others claim the loss of influence is a result of the state’s “colonization” of the voluntary organizations (Lorentzen 2004).
These perspectives – claiming that the voluntary sector lose their independence – are well known from the general literature on voluntary organizations, as well as the literature on political parties. For example, the ‘cartel party thesis’ (Katz and Mair 1995) describes how political parties distance themselves from civil society, and becomes colonized by the state. However, the criticism that has been raised against the cartel party thesis is also relevant in this context. For example, Enyedi’s (2014: 197) comment on parties may apply to voluntary associations as well: ‘The cartel theorists do not consider the state as a tool used by people to achieve common goals. They treat it as an alien force, reproducing, ironically, the neoliberal conceptualization of state-society relations.’

A third perspective, in contrast, claims that an extensive level of external participation in policy-making on national and local level is characteristic for the Scandinavian countries. The non-profit organizations have a smaller part to play in welfare-services, and are therefore less burdened by the fear of alienating state sponsors. This results in surprisingly critical voluntary associations, (Janoski 1998).

The typology of Salamon et al. is useful to describe voluntary associations in general, but less applicable to party organizations. However, the social democratic model with a strong state might also have some implications for party organizations. On the one hand, it might be argued that a strong state makes such ‘colonization’ of civil society more likely – perhaps also in the case of the political parties. On the other hand, the features of the social democratic model – especially the minor role of welfare-providing NGOs – may reduce the state’s incentives to control voluntary organizations. This may make political parties and other voluntary associations more similar, regarding their relationship to the state.

**The Development of Norwegian Civil Society**

A ‘Scandinavian model’ of welfare provision, with a relatively strong element of citizenship rights and state responsibility for welfare, was introduced as an idea in the nation’s politics even before the turn of the twentieth century (Kuhnle 1981)—long before the Labour movement came to power. The popular movements emerged in the early 19th century, mobilizing people around religion, temperance, the new Norwegian language, labour issues, enlightenment, sports and shooting, as well as help for blind and deaf people. Since then, voluntary organizations have pioneered the provision of welfare services. However, as welfare needs were uncovered and defined, it gradually became clear that the voluntary sector lacked the necessary capacity and resources to meet these needs. Thus, the state became accepted as the only source of funding capable of meeting welfare needs (Kuhnle 1983, Kuhnle and Selle 1990). Nevertheless, some (limited) space exists for voluntary...
organizations to provide welfare services in collaboration with the public sector. As such, voluntary and public sector welfare provision have grown simultaneously.

The political parties emerged together with these popular movements. They adopted similar organizational structures, with local and regional branches, corresponding to the ‘mass party’ model (Duverger 1959). Individual parties were more or less closely affiliated with movements representing the same social or cultural groups – in some cases with a formalized cooperation, in other cases with a shared ideology and close contacts (Rokkan 1967; Allern 2010).

In the early 20th century, the popular movements grew strong by activating broad segments of the population in membership activities and volunteering. In relatively poor but egalitarian local communities, many people could give a little of their time even if they were short of money. This practice appealed to people’s sense of work duty. An institution of ‘dugnad’, or voluntary community effort, had existed since the middle ages. People were expected to contribute a certain minimum of work to common responsibilities, such as mutually assisting neighbours or building common goods as churches, roads, and community houses. ‘Dugnad’ also applied to voluntary organizations, which came to be considered a crucial part of this common responsibility. In the 1960s, during the most expansive phase of welfare state development, popular movements played an important role in policymaking and service delivery. Rather than expressing distinct values and being pressure groups in conflict with government, they represented a force in the ideological and organizational transformation towards increased public responsibility, even in welfare fields in which they had been pioneers and institution builders (Sivesind and Selle 2010, Hestetun and Onarheim 1990, Kuhnle and Selle 1992, Selle 1993).

Through the emergence of an affluent welfare society and secularization, the Norwegian voluntary sector became increasingly dominated by culture and leisure activities. Still, the norms of volunteering proved to be surprisingly resilient to modernization; since the 1980s, culture, sports and recreation have accrued the majority of volunteering hours within the voluntary sector. An important reason for this is that participants and their parents consider these organizations as their responsibility, and funding from the state, the municipality and gaming income does not change this notion. To a large extent, volunteering is used to generate cash income through flea markets, coffee and hot dog sales, as well as to arrange sports and culture events and festivals. Traditionally, local and national lotteries have also been an important source of income for the voluntary organizations, and gaming automats generated rapidly growing revenues for a few years before the ban in 2007. Although voluntary associations may operate lotteries under an exemption from the general ban on gaming in Norway, competition from the state-owned games company Norsk Tipping has made such lotteries a less profitable source of income than they used to be (Gulbrandsen 2012). Many Norwegians are members of several associations, and in most of them they do not take an active
part. The small fee can thus be viewed as a kind of monetary and moral support for the organization. The share of income from donations for the voluntary organizations matches Western European averages (Sivesind and Selle 2010)

Despite a high level of public welfare spending, the nonprofit sector in Norway does not rely heavily on income from the public sector (unlike political parties, as we shall see below). Only 36 per cent of the income comes from transfers and payment from the public sector, 7.5 per cent from gifts, and 56.5 per cent from sales, fees, and charges (Sivesind 2007, Sivesind and Selle 2010). Important reasons for this are that a small share of the nonprofit sector performs welfare services that are commonly paid for by the government; additionally, member-based organizations, particularly at the local level, generate a high share of income through their own activities, in which volunteering is a highly significant input (Sivesind 2012). In the welfare field, income from the government accounts for more than 60 per cent. In housing and labour organizations, fees and charges dominate, while society-oriented organizations and culture and recreation organizations get more than one third from the government and 50-60 per cent from sales, fees, and charges. Religion is the only field where private donations are a significant source, representing about one third of the income (Sivesind 2007). International activities also get significant amounts in private donations, but even larger payments come from the state to development aid and disaster relief, since the NGOs are a main public policy instrument in this field (Rattsøutvalget 2006).

State Regulation of Voluntary Organizations and Interest Groups

Funding

In the voluntary sector outside the welfare field and foreign aid, direct support from the public sector represents a smaller share of the total income. However, there is a significant indirect public support for sports and cultural activities, in particular through funding of sports facilities, local and regional culture houses, and meeting places.

Surplus income from the state-owned gaming company Norsk Tipping is also used for supporting such purposes, in addition to its general support for voluntary activities following quotas set by the Parliament. The share for sports will be gradually increased from 45.5 and reach 64 per cent in 2015, culture’s share is decreasing from 36.5 to 18 per cent, while social and humanitarian organizations will still get 18 per cent. This support is partly distributed by the Government and partly channelled through voluntary umbrella organizations that distribute support for local activities, i.e., The Norwegian Confederation of Sports and three voluntary umbrella organizations in the fields of music, amateur theatre, and children and youth organizations. The gamers may also decide which local voluntary association should get 5 per cent of their stakes, the so-called ‘grass root share’.
In addition to revenue from gaming, the state and the municipalities give economic support to certain types of voluntary organizations, in particular youth and children’s organizations and religious societies, based on predefined criteria, such as the number of members, geographic coverage, and the organization’s statutes and main purpose. There are also support arrangements targeting political parties (which are described more thoroughly below), advocacy organizations for disabled people and elderly, environmental organizations and immigrant organizations (Lorentzen 2010). In other words, support for voluntary associations is distributed directly by the government or through the voluntary sectors’ own umbrella organizations.

The sum of income-tax deductible donations from individuals to voluntary associations has been 2,200 US dollars [12 000 NOK] since 2005. The smallest deductible amount is 500 a year to each organization. The list of Norwegian organizations that qualify for deductible donations has gradually extended to 498 organizations in 2013, and includes a broad spectrum of activities—from culture and recreation, to environment, religion, peace and human rights, development and disaster aid, as well as general social and welfare associations. The donated amount must be reported by the organization to the tax authorities, so only registered gifts can be deducted. In 2011 the average deducted amount was NOK 3,700, and 564,000 tax payers (Statistisk sentralbyrå 2013) or 22 per cent of employed persons used the opportunity to deduct gifts. This means that many people use the system even though the deductible amount is quite moderate. One reason for this is that an increasing number of people give gifts regularly, which is easy for the organizations to register and report to the tax authorities.

**Regulation**

In Norway, the Ministry of Culture has the responsibility of coordinating the policy for the voluntary sector. However, organizations providing welfare services, international organizations, and immigrant and environmental organizations have more contact with the ministries responsible for their respective fields of operation. The Register of Non-Profit Organizations, established in 2009, is intended to simplify the interaction between voluntary associations and public authorities by providing systematic statistics and policy-relevant research and information; in doing so, it aims to strengthen the legitimacy of voluntary activity. Only voluntary associations, non-commercial foundations, and limited liability companies that only distribute funds to nonprofit activities are eligible for registration. While registration is optional, the number of registered organizations is steadily increasing as registration is a requirement for receiving the grass root share from Norsk Tipping, value added tax (VAT) compensation, and other benefits.

Furthermore, there is a central register for foundations in connection with the Norwegian Gaming and Foundation Authority, which checks if activities are in line with the Foundation
Legislation Act. All foundations in Norway have to be registered. The Norwegian Gaming and Foundation Authority also supervise and control all private and state operated lotteries. Voluntary associations must apply for an exemption from the general ban on gaming to arrange lotteries and bingo and submit accounts to the gaming authority.

In addition, there is a register for fundraising organizations operated by a private foundation called the Fundraising Control [Innsamlingskontrollen] established by the fundraising organizations themselves. It maintains a register that is prescribed by the Law of Registration of Fundraising.

Voluntary associations do not have to pay VAT on many important types of income, including membership fees, sale of organizational effects, lotteries, gifts, flea markets, irregular advertisements, as well as cafe, kiosk, and food sales in connection with the organization’s arrangements. These types of income are considered by the tax authorities as non-commercial income. Nonprofit organizations also have somewhat higher basic amounts exempted from VAT, employer’s tax, and income tax than business enterprises. The law recognizes nonprofit organizations as business enterprises with very limited modifications in certain areas of taxation.

In 2001, VAT on services was introduced in Norway and the Parliament granted voluntary associations a right to full compensation. In 2010 the compensation was extended to include all types of VAT, but the amount allocated by the government only covered 49 per cent of the VAT in 2012. The plan is to gradually increase the amount until it covers full compensation for all VAT.

In October 2012, the government signed a compact with voluntary organizations that provide health and social services, as inspired by similar agreements made in the UK, Denmark and Sweden. The compact’s goal is to establish shared principles and guidelines for effective and high quality services and dialogue, while securing predictability, autonomy, and distinctiveness for the voluntary organizations. The background for this compact is the increased use of quasi-markets to allocate contracts and regulate welfare service provision. In this process a number of voluntary service providers have lost their government contracts, and institutions have been forced to be close down. Many have feared that the voluntary sector’s welfare services will decrease as a result; however, employment data show that nonprofit organizations have been able to retain a share of about seven to eight per cent of the rapidly growing welfare employment in the period 1997–2010 (Sivesind 2013).

The multitude of registers, laws, exemptions, and support arrangements define different partly overlapping target groups; thus, where a ‘foundation’ is defined by law, a ‘nonprofit’ or ‘voluntary organization’ is not a distinct legal category in Norway.
A transformation of voluntary associations?

Our data do not support the thesis of a general transformation of voluntary associations into ‘semi-public agencies’. If we look at the more than 80,000 local voluntary associations in Norway, there are few signs of instrumentalization. Some of the national level organizations and umbrella organizations are included in public policy documents and have made agreements with national public authorities about how to attain such goals. However, these goals are quite uncontroversial seen from the organizations’ point of view. There is a strong overlap with organizational goals, such as promotion of public health, emergency preparedness, integration of immigrants and refugees, and foreign aid.

In some of these areas and in the small nonprofit provision of welfare services, the organizations may even sign contracts with the government on local, regional or national level. However, all other government transfers are basically funding to promote the organizations’ self-initiated activities. This includes the VAT-compensation increasing year by year (NOK 1.2 billions to sports and voluntary organizations in 2014), general support per member for youth and children organizations, and large sums of money distributed from the surplus from gaming. In addition there is government support targeted for building infrastructure, houses and sports facilities that voluntary organizations may use. Only smaller amounts are used to support particular activities of political parties, advocacy organizations for elderly and disabled people, environmental organizations, immigrant organizations, and religion and life stance organizations (Lorentzen 2010).

However, this is support that promotes organizations that to a large extent are alternatives, watch dogs or even in direct opposition to the public authorities. All in all, non-profit organizations in Norway get a smaller share of support from public authorities and provide less welfare services on public contracts. They are, to a greater extent, partners in policymaking dialogues or interest groups in opposition than the concept of ‘semi-public agencies’ would suggest.

State Regulation of Political Parties

Traditionally, political parties have not been strongly regulated in Norway. On the one hand, they have been regarded as private institutions, and, therefore, not to be controlled by the state. On the other hand, parties also have a public function – they recruit candidates and present lists for national and local elections. It has therefore been necessary to incorporate parties in the Election Act.

Registration: what is a party?

According to a minimal definition, parties are ‘any group, however loosely organized, seeking to elect governmental office-holders under a given label’ (Epstein, 1980 [1967]: 9). The concept of ‘party’ is more narrow in Norwegian legislation, where a distinction is made between registered parties and
other groups that field candidates in elections – i.e. local lists (see, e.g., Aars and Ringkjøb 2005, 2008).

A political group can apply to register in the Register of Political Parties. The Political Parties Act (§ 3) lays down the conditions. Among other things, the party must collect signatures from 5000 persons who have the right to vote in general elections. The status as a ‘registered party’ is advantageous. First, a local list must collect a number of signatures (varying with municipal size) before each election, whereas a registered party can submit candidate lists for elections without gathering new signatures. Second, only registered parties get public funding for their organizations – as we shall see below. The local lists are in practice excluded from these opportunities. The Party Act (§ 5) determines that ‘when the party has not issued a list of election candidates in any constituency at two consecutive parliamentary elections’, it will be deregistered. Even if the local lists were able to collect enough signatures for registration, they would therefore be deregistered after two elections.

**Candidate selection**

Even though state regulation of political parties used to be limited in Norway, candidate selection was an exception. This is unusual in a comparative perspective. Candidate selection is seen as an intra-party issue in most countries and therefore unregulated by the state. As Hazan and Rahat (2010: 4) point out, Norway was one of the few exceptions from this pattern – until 2002.

A separate Nomination Act was passed in 1920, in connection with the introduction of proportional representation. The new multi-member constituencies covered much larger areas than the former single-member districts. The legislators thought that a new system for choosing candidates, adapted to these new circumstances, was needed (Valen 1988: 210–1). The Nomination Act was later incorporated in the Election Act, but abolished in 2002 – as recommended by the Electoral Reform Commission (NOU 2001:3, p. 230–1).

According to the Nomination Act, municipal branches elected delegates to nomination conventions in each of the 19 constituencies (identical to the 19 counties), where the candidates were selected (Valen 1988; Valen et al., 2002). The prescribed rules were not mandatory; the parties were free to choose their own procedures. But if they abided by the Act, public funding covered expenses in connection with the nomination conventions. The procedures of the Nomination Act were largely followed, and deviations were usually minor. Even today, most constituency parties adhere to the candidate selection procedures of 1920. Membership ballots have been introduced in several parties, but these are usually only advisory: the final decision is still taken by the nomination convention.
**Funding**

Although some elements of party subsidies had existed earlier (e.g. funding of parliamentary party groups, youth organizations and the parties’ educational organizations), a general system for public funding of party organizations was introduced in 1970 (see, e.g., Svåsand 1991; NOU 2004:25). A public commission had been appointed to review the issue, and the majority recommended to introduce public funding. The main argument was that parties play an important role in a democracy, and that the state should provide the parties with the resources they needed to fulfil their functions (Svåsand 1991: 12730; NOU 2004:25, p. 38–39). The commission also looked to two neighbouring countries: Sweden and Finland had introduced public party funding in 1965 and 1967, respectively.

The system for party funding is rather complex, including support for the parties’ national, county and municipal organizations, their youth organizations at the national and county levels, the parliamentary party groups and the party groups in county and municipal councils. The system has gone through some revisions, and the present criteria for support dates back to the recommendation of another public commission: the Democracy Financing Committee (NOU 2004:25).

Public party funding is allocated on the basis of the number of votes received by the party (at the national, county and municipal levels). The only exception was state support for party youth organizations, which previously was based on membership figures and reported activity – as a part of a more comprehensive system for funding of voluntary youth organizations. However, membership fraud – inflated membership figures – was uncovered in party youth organizations. Since 1995 the criterion for subsidies to the party youth has been based on votes, rather than membership (NOU 2004:25, p. 42).

The question of a pay-out threshold has been disputed. Between 1975 and 2005, public support for the national organizations was limited to parties that had received at least 2.5 % of the votes in the last parliamentary election. There were no such thresholds for the county and municipal levels. The Democracy Financing Committee proposed some revisions, and its recommendations were incorporated in the 2005 Political Parties Act. According to the current legislation, party support (at all levels) consists of two elements: a ‘basic support’ – a flat-rate sum for all eligible parties – and a ‘vote support’ proportional to the number of votes. To be eligible for the ‘basic support’ at the national level, a party must get at least 2.5 % of the votes or have at least one MP elected. At the county and municipal level, the corresponding threshold is 4 % or at least one elected councillor. However, there is no threshold for the ‘vote support’. As the ‘vote support’ constitutes 9/10 of the grants, this means that the effective threshold was lowered.

There are, however, limits to inclusiveness. As mentioned above, only registered parties are eligible. Others may still receive support for their groups in Parliament, county councils or municipal councils, but not for their organizations. This was the case when party subsidies first were introduced.
in 1970, and the Democracy Financing Committee argued strongly that this distinction should be maintained (NOU 2004:25, p 109–12; see also Aars and Ringkjøb 2008: 211–2). The local lists were organized around single issues rather than ideology, and this absence of comprehensive policies led to lack of party discipline – according to the committee. Not surprisingly, the committee member who represented the local lists disagreed strongly.

**Accountability**

Writing in 1991, Svåsand (1991:119) could claim that ‘few aspects of party activity have been kept more away from the public eye than the question of party finance’. Initially, there were no conditions for the support given and no control of how the money was spent. According to Pierre, Svåsand and Widfeldt (2000:12), ‘discretion on how the money was spent was seen as a key precondition for the introduction of the subsidies in order to ensure that parties would not become bound in any way by the state’.

This initial period of trust has ended: the parties are now obliged to report their income and expenditures. Except for the above-mentioned membership fraud in youth organizations, there have not been any major scandals in Norwegian party finance. Party finance is nevertheless a disputed issue. The parties of the Right usually claim that the Labour Party is controlled by the trade unions, because of the unions’ financial contributions to the party. Likewise, the parties of the Left claim that the Conservatives are in the pockets of wealthy business leaders.

Even though the national debate may have contributed to the increased transparency, the international influence seems to be equally important. The first step towards transparency was taken in 1998, when the Parliament passed the Act on publication of political parties’ income. According to this act, the national organizations of all registered parties were obliged to submit annual accounts of their income. Relatively strict requirements to party finance transparency were introduced in the Council of Europe’s ‘Recommendation Rec 2003(4) of the Committee of Ministers to member states on common rules against corruption in the funding of political parties and electoral campaigns’. The question was then whether the Norwegian practice lived up to these standards. The Democracy Financing Committee discussed the issue, and introduced some new measures to improve transparency (NOU 2004:25, ch. 6). Among other things, also county and municipal branches should report their income, thus giving a more complete picture of the finances of the parties. Moreover, the reported party income should be published by Statistics Norway, and accordingly be more accessible to the general public (see Henriksen 2011). The committee’s recommendations were then incorporated in the new Party Act.

---

1 https://wcd.coe.int/ViewDoc.jsp?id=2183
However, the Council of Europe was not satisfied with this. Its ‘Group of states against corruption’ (GRECO) evaluated the Norwegian system in 2008, and made some specific recommendations in 2009. Accordingly, the Political Parties Act was amended in 2013 (see Prop 140 L (2011–2012)). One major change was that the obligation to report income accounts was extended to expenditures.

**A transformation of political parties?**

Parallel to the thesis of the transformation of voluntary organizations, the ‘cartel party thesis’ (Katz and Mair 1995) describes a transformation of political parties – a movement away from civil society towards the state. Public funding of political parties is seen as an important cause of this development.

Public financing is assumed to have a number of negative consequences. First, it may create an entry barrier for new parties. This argument has not found much support in earlier studies (Pierre et al. 2000; Scarrow 2006). Public funding may just as well encourage formation of new parties, and the impact will in any case depend on the design of the subsidy regime. Public financing has not prevented fragmentation of the Norwegian party system, although the exclusion of local lists certainly can be regarded as a cartel-like practice.

Second, it has been argued that public party financing entails less incentives to recruit members, and thus reduces the parties’ ability to function as participatory and representative channels in the political system. Party membership has indeed declined in Norway, as in most West European countries (van Biezen et al. 2012). The question is nevertheless whether these developments are causally related. The decline of membership may be caused by a social changes – which affect people’s demand for party membership – rather than the parties’ demand for members.

A third (and related) argument is that public funding makes parties a part of the state apparatus, rather than representatives of civil society. Norwegian political parties are clearly financially dependent on the state. As shown in Table 1, almost three quarters of total party income in 2012 came from public funding. About one fifth were generated by the parties themselves, through membership fees, lotteries and other activities. Only a minor part was donations from interest groups and private individuals. Such donations reach a somewhat higher level in election years (there was no election in 2012), but they nevertheless constitute a minor part of party finances (Allern 2010: 118–9, 274–6; Henriksen 2011). Contributions from interest groups and individuals certainly loom larger in the public debate on party finance, than in the actual accounts of the parties. On the one hand, this means that the parties are less dependent on (but not necessarily more distant from) those social movements from which they originated. On the other hand, this independence from private donors may also be a democratic advantage.
Table 1: Funding of Norwegian political parties (total for all registered parties), by source of income. 2012.

<table>
<thead>
<tr>
<th>Source of income</th>
<th>NOK 1 000 000</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government subsidy, total</td>
<td>404</td>
<td>73.6</td>
</tr>
<tr>
<td>Central government subsidy</td>
<td>337</td>
<td>61.4</td>
</tr>
<tr>
<td>Municipal/county subsidy</td>
<td>58</td>
<td>10.6</td>
</tr>
<tr>
<td>Other government subsidy</td>
<td>9</td>
<td>1.6</td>
</tr>
<tr>
<td>Own business, total</td>
<td>116</td>
<td>21.1</td>
</tr>
<tr>
<td>Membership fee</td>
<td>35</td>
<td>6.4</td>
</tr>
<tr>
<td>Income from lotteries etc.</td>
<td>29</td>
<td>5.3</td>
</tr>
<tr>
<td>Capital income</td>
<td>21</td>
<td>3.8</td>
</tr>
<tr>
<td>Business activity</td>
<td>19</td>
<td>3.4</td>
</tr>
<tr>
<td>Other income from own business</td>
<td>12</td>
<td>2.2</td>
</tr>
<tr>
<td>Contributions from private individuals</td>
<td>11</td>
<td>2.0</td>
</tr>
<tr>
<td>Contributions from others, total</td>
<td>18</td>
<td>3.3</td>
</tr>
<tr>
<td>Contributions from commercial enterprises</td>
<td>9</td>
<td>1.7</td>
</tr>
<tr>
<td>Contributions from employers’ and labour organizations</td>
<td>8</td>
<td>1.5</td>
</tr>
<tr>
<td>Contributions from other organizations</td>
<td>1</td>
<td>0.1</td>
</tr>
<tr>
<td>Contributions from others</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>548</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Statistics Norway

What, then, do Norwegian politicians and policy-makers think about the potential consequences of public party funding? The Democracy Financing Committee was aware of the cartel party thesis. In its report, the committee remarked that:

The committee is sceptical to the perception of reality that is implied in the hypothesis of ‘the cartel parties’. The committee emphasizes that it, at several occasions in its report, recommends rules that will make it even easier for new challengers in Norwegian politics. (NOU 2004:25, p. 34, our translation).

In other words, the committee did not like the cartel party thesis and seemingly set itself to refute it.

The relation between Norwegian parties and the state has certainly been transformed: parties have become financially dependent on the state, and the state has, in returned, demanded increased transparency and accountability. The question is nevertheless whether this involves a ‘colonization’ of the parties by the state. These regulative measures do interfere in the way parties

---

\[2\] In addition to political party representatives, and experts on the media, law and accounting, the committee included three political science professors.
work, but only to a limited extent – it can hardly be described as state infringement of civil society organizations. Besides, it is not unreasonable to demand a certain amount of accountability.

**Concluding Remarks**

When we compare Norwegian parties and voluntary organizations, a number of similarities appear. Both parties and their traditional allies among voluntary associations are affected by – and have to adapt to – a changing social context, as in other Western European countries (van Biezen & Poguntke, 2014). Political parties in Norway have lost members, and the traditional social movements based on mass membership, internal democracy and an ideological fundament, in particular farmers, fishermen, small-holders, temperance, lay Christian, and social and humanitarian associations and countercultural struggle for a New Norwegian language have also experienced a decline (Wollebæk and Selle 2002, Tranvik and Selle 2007). The different movements had ties to certain political parties – some even had connections in several parties – and in this way they became crucial in the competition for political power (Rokkan 1966, Allern 2010). Important reasons for the decline of popular movements are the weakening of collective identities that were constructed under social structures and cultural conditions of the past, and the development of an increasingly differentiated and knowledge-based economy (Sivesind and Selle 2010). The new, complex educational and professional systems do not seem to represent foundations for new broad collective identities and new popular movements.

This development constitutes a transformation of civil society. At the same time, changes have taken place in the relationship between state and the voluntary sector (including parties). Does this mean that a strong state (associated with the ‘social democratic model’) has ‘colonized’ civil society? Does state regulation and financing affect the behaviour of parties and voluntary organizations, in a way that pull them away from their ‘true missions’?

The design of public subsidies may certainly affect priorities. For instance, Norwegian political parties and civil society organizations would probably have made less effort to build educational associations without public funding (see, e.g., Svåsand 1991:139). Many types of voluntary organizations focus on recruiting members and keep fees at a minimum in order to maximise public support. The result is that many Norwegians get in touch with voluntary organizations through membership without necessarily being motivated for active participation or volunteering. An another example of effect of incentives is an umbrella organization called Hyperion that was established in 2003, partly in order to build a nationwide structure that qualifies for membership support from the Ministry of Children, Equality and Social Inclusion. It has recruited more than 12 000 members in 10 years, for the most part by absorbing existing local activities without any central level affiliation, such
as role games, board games, computer games, computer gatherings and activities related to
cartoons, animé, science fiction, fantasy, and horror. This means a change of organization structure
that benefits the affiliated organizations (national spokesmen in policy debates, possibility to borrow
equipment etc.) but it does not lead to any major changes in activity.

One aspect of state–civil society relations seems to have changed in a more general way:
there is a greater emphasis on accountability and transparency, in particular in service provision. The
state does not accept to give away money, without some information about how the money is being
spent. The initial state of trust between the state and political parties is gone. At least, lack of
transparency cannot be justified to the public and to international organizations such as the Council
of Europe. Civil society organizations that get public support for particular projects must write
reports and submit accounts. In order to apply for general support, they must submit documentation
of the number of members, type of activities, organization structure, statutes, etc. New Public
Management has resulted in a stronger focus on accountability in general. Still, the internal life of
civil society organizations is legally largely a matter of autonomy.

One aspect of the social democratic model – the minor role of welfare-providing NGOs – may
prevent ‘state colonization’. The voluntary sector within the social democratic model – just like
political parties – does not primarily produce tangible welfare services. Instead, they provide more
intangible goods: sports associations contribute to public health, neighbourhood associations
contribute to a sense of community, and political parties provide arenas for democratic debate and
participation. As the utility of voluntary organizations is more diffuse, the question of ‘semi-public
agencies’ may be less relevant than in countries where NGOs are major welfare providers.

This does not mean that interest groups and parties are independent of the state – but the
state is not necessarily purely instrumental, in a narrow sense, when regulations and funding systems
are developed. First, the state is not a unitary actor. Different government ministries and agencies
may support selected parts of civil society – who are allies in their struggle against other ministries.
Second, the state subsidizes its own critics – opposition parties as well as interest groups in
opposition to government policies, i.e. advocacy organizations for environment, animal protection,
human rights, gender equality, disabled people, elderly and immigrants.

Organizations have useful knowledge in various policy areas, and often become partners in
policy-making dialogues. The advocacy and policy-making roles do not necessarily conflict:
organizations may further their members’ interests by channelling their input into the state
apparatus. That is nothing new; there is a long tradition for corporatism in Norway. However, the
term ‘corporatism’ underplays the extent to which the state serves as a meeting point in which
representatives from society work out policies in a spirit of consensus and compromise (Rothstein
and Trägårdh 2007). Jepperson therefore uses the term a ‘social-corporate system’ in contrast to a
‘state-corporate system’, such as Germany, where the state by tradition has had a more dominant role in relation to civil society (Jepperson 2002, Schofer and Fourcade-Gourinchas 2001).

‘Partnership’ may therefore be a better metaphor than ‘colonization’, in order to describe the relationship between the state and civil society. Salamon (1987) noted that the voluntary and the public sector both have distinct advantages and drawbacks. The state is better equipped to handle some of the challenges of welfare service production, such as funding, avoiding particularism and paternalism, and instituting quality-control standards. Voluntary organizations can personalize the service, and be more innovative, flexible and cost-effective. Given this match between the shortcomings of the one sector and the virtues of the other, a close cooperation makes sense. This argument refers to welfare service production, but it might be expanded to policy-making and governance in general. Voluntary associations may, for example, have expert knowledge of specific issue areas, which the state may lack. In addition, voluntary organizations, in particular the broad social and humanitarian organizations, have been participants in official committees and the formation of public policies, but they have also acted as change-oriented pressure groups. This has to do with the openness of the political system. However, it also has to do with the fact that the voluntary organizations were able to coordinate the expectations of members and the state because public financing, consultation and communication in most cases did not imply strong governmental control (Kuhnle and Selle 1990; Kuhnle and Selle 1992). There has been a high degree of organizational pluralism; the different social movements have their own agendas and they have been able to make their voices heard. At the same time the participation of civil society organization in policymaking and implementation is very important for establishing legitimacy of the output. Thus, the relationship between the government and the voluntary sector might be characterized by interdependence, rather than competition or dominance.

References


