It happened here:
The role of coordinative and communicative discourses in justifying the Norwegian pension reform

Rune Ervik • Tord Skogedal Lindén
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RUNE ERVIK

TORD SKOGEDAL LINDÉN

STEIN ROKKAN CENTRE FOR SOCIAL STUDIES
UNI RESEARCH, BERGEN
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Foreword

This paper is written as part of the research project: «It happened here. The Norwegian pension reform, process and content», directed by Axel West Pedersen, The Institute for Social Research, (Institutt for Samfunnsforskning), Oslo. The project is funded by the Norwegian Research Council and its program for evaluating the Norwegian pension reform (EVAPEN, http://www.forskningsradet.no/prognett-evapen/Forside/1253961246179).

Axel West Pedersen
Project leader
Preface

This working paper is a revised and extended version of a paper first presented at the Annual Norwegian Conference in Political Science, Tromsø, January 2014. We would like to thank participants in Tromsø for valuable comments on the conference version of this paper. Moreover, we are grateful to project manager Axel West Pedersen for specific comments and suggestions for improving our arguments of this text.
Summary

Reasoning from the retrenchment literature (e.g. Pierson 2001) Norway should be an unlikely candidate for a major structural pension reform, because of its unique economic situation, with a steadily growing petroleum fund and substantial streams of tax revenues flowing into the public coffers. Within this context politicians should have a hard time convincing the electorate and strong interest groups such as unions of the need to reform. Still it happened here, and reform justifications met with surprisingly little and short lasting opposition. This working paper asks how reform was possible in this context, and argues that two images of justification and presentation in the Norwegian pension reform process partly explain how reform resistance was overcome.

We discuss how reform advocates in different phases of the pension reform relied on two contrasting images: the first one applied to create an understanding of the need to reform, a sort of crisis scenario neatly cached in the «shark jaw» image. The shark jaw arises in a graphic illustration when projected future petroleum revenues and pension expenses are displayed simultaneously. The lines for the two indicators go in opposite directions, forming a jaw. The other image consisted in framing the actual reform as an improvement; this is contained in the «elevator» image. This is a policy story of progress, in terms of how the reform lets you enter an elevator that brings you upwards, starkly contrasting and contradicting the substance of retrenchment, in which benefits and replacement levels are reduced. The point of the elevator metaphor is that future pensions will secure a high standard of living even though public pensions (the elevator) do not bring you to the top floor. We argue that the shark jaw summarises and was important in a coordinative discourse at the elite level/directed towards the elite, whereas the elevator metaphor catches the essence of the arguments towards the wider population. The images of the shark jaw and the elevator are used here as pointers and headings for broader policy stories, containing other important elements and indicators as will be revealed.

Our paper is informed by the discursive-institutionalism perspective of Schmidt (2000, 2008, 2011) and her distinction between coordinative and communicative discourses. Empirically, we rely on a comprehensive material including document analysis, parliamentary debates, interviews with key actors in the reform process, media searches and opinion surveys.

**Key words:** Norwegian pension reform, retrenchment, reform resistance, coordinative discourse, communicative discourse
Samandrag

Ifølgje litteraturen om nedskjeringer, til dømes Pierson (2001), skulle ein ikkje vente ein omfattande pensjonsreform i Noreg grunna landet sin unike økonomiske situasjon med eit stort oljefond og høge skatteinntekter. I ein slik kontekst spår litteraturen at det skal vere vanskeleg å overtyde veljarar og sterke interesseorganisasjonar som fagforeningar om behovet for reform. Likevel vart ein reform gjennomført, og grunngjevingane møtte overraskande liten og kortvarig motstand. I dette notatet spør vi korleis reform var mogleg i ein slik kontekst, og hevder at to rettferdiggjørande bilete delvis kan forklare korleis ein overvann reformmotstanden.

Vi diskuterer korleis reformtilhengarar i ulike fasar av pensjonsreforma støtta seg på desse to ulike bileta: det første vart nytta for å skapa forståing for behovet for reform, eit slags krise scenario som vert godt illustrert av «haikjeften». Haikjeften er ein grafisk ilustrasjon som kjem til uttrykk ved at framtidige oljeinntekter og pensjonsutgifter vert framstilt samstundes. Linene for dei to indikatorane går i motsett retning og formar ein kjeft. Det andre biletet rammar reforma inn som ei forbetring; og dette kjem til uttrykk i «heis»-biletet. Dette er ei forteljing om framsteg, og korleis reform er ein heis som tek deg opp i sterk kontrast til nedskjeringar kor ytingar og kompensasjonsnivå tek deg nedover.

Poenget med heismetaforen er at framtidige pensjonar vil sikre ein høg levestandard jamvel om offentlege pensjonar (heisen) ikkje tek deg til toppetasjen. Vi hevdar at haikjeften samanfattar og var viktig i ein koordinerande diskurs innanfor elitenivået/retta mot eliten medan heismetaforen grip argumentasjonen retta mot befolkninga elles. Haikjeften og heismetaforen vert her nytta som illustrasjonar for ei brei forteljing som inneheld fleire element og indikatorar.


**Nøkkelord:** Norsk pensjonsreform, nedskjeringer, reformmotstand, koordinerande diskurs, kommunikativ diskurs
Introduction

Reasoning from the retrenchment literature (e.g. Pierson, 1994; 2001), Norway should be an unlikely candidate for a major structural pension reform, because of its unique economic situation, with a steadily growing petroleum fund and substantial streams of tax revenues flowing into the public coffers. Within this context politicians should have a hard time convincing the electorate and strong interest groups such as unions of the need to reform. Still it happened here, and reform justifications met with surprisingly little and short lasting opposition. This paper asks how reform was possible in this context: How did the main actors create the necessary scope of action for a comprehensive reform, persuading potential opponents to accept change? We argue that two images of justification and presentation in the Norwegian pension reform process partly explain how reform resistance was overcome.

More specifically, we discuss how reform advocates in different phases of the pension reform relied on two contrasting images. The first one was applied to create an understanding of the need to reform, a sort of crisis scenario neatly cached in the shark jaw image. The shark jaw arises in a graphic illustration when projected future petroleum revenues and pension expenses are displayed simultaneously. The lines for the two indictors go in opposite directions, forming a jaw. The key message was that future petroleum revenues will gradually be reduced and dwarf when compared to the ever growing financing need of future pensions, i.e. future public pension costs cannot be financed from Norway’s extraordinary incomes from this natural resource. The other image consisted in framing the actual reform as an improvement; this is contained in the elevator image. This is a policy story of progress, in terms of how the reform lets you enter an elevator that brings you upwards, starkly contrasting and contradicting the substance of retrenchment, in which benefits and replacement levels take you down. The point of the elevator metaphor is that future pensions will secure a high standard of living even though public pensions (the elevator) do not bring you to the top floor.

These two images are much used by those identified as main actors in our analysis and data material/interview data. However, the images of the shark jaw and the elevator are used here as pointers and headings for broader policy stories, containing other important images, elements and indicators as will be revealed. Theoretically, we rely on the discursive–institutionalism perspective of Schmidt (2000, 2008, 2011) and her distinction between coordinative and communicative discourses as part of the broader literature emphasising the framing of reforms and the role of ideas and discourse (cf., for instance Béland and Cox, 2011; Campbell, 2002). Moreover, we include and discuss the classical retrenchment literature emphasising the difficulty in making major reforms and hence the need for blame avoidance, blame sharing etc. (Pierson, 1994, 2001). Empirically, our paper is informed by document analysis, including briefs and press releases from different ministries, parliamentary debates, interviews with key actors in the reform process, an exploratory media analysis of selected key words of the pension debate and Norwegian survey data on pension reform attitudes. We focus on main actors in the pension process,
illustrating our points often by reference to former Prime Minister (PM) Jens Stoltenberg, who appointed the pension commission in 2001.

The paper is organized as follows: In the theory section we place our approach within existing theories of reforming pension systems. A second section briefly presents the methods and sources applied in our analysis. Then the three following sections answer the key research question on how to overcome reform resistance: We present an account of how the problem and policy understanding of the shark jaw metaphor developed and how this problem understanding was dominating the outlook from key policy actors. The next section discusses consensus and the disappearing dissenters. Then we move on and analyse the framing of the reform proposal through the use of the elevator metaphor. The following section by means of opinion surveys asks how the population responds to changes. Section seven concludes

Finally, as noted above the «shark jaw» and «elevator» metaphors are chosen as headings for broader policy stories, because of the clear and convincing images they create. Policy stories provide: «a narrative, framed by fundamental normative beliefs about social organizations, that selectively highlights certain aspects of a policy issue, while de-emphasizing other aspects» (Ney, 2003: 93). They provide a description of a problem and its causes as well as containing prescription of needed actions to overcome the problem in order to obtain goals that are normatively appropriate. This fusion of cognitive and normative ideas are also central in the definition of «policy discourse», another concept often applied within the policy ideas literature (cf. Schmidt 2000, p. 230; Taylor-Gooby and Daguerre, 2002). In building these broader accounts of why reform is needed and why proposed solutions are bringing a better pension future for all, we show how other concepts were important as building blocks of these policy discourses.
Theory

In a recent overview article, Jordan, Bauer and Green-Pedersen argue that we have little knowledge of how politicians engage in what they call policy dismantling; «the cutting, diminution or removal of existing policy» (2013:795). One strand in the policy dismantling literature is on deregulation, which with regard to strategies «can involve struggles over how to justify (or deny) the costs and benefits of acting» (2013:797). Our paper contributes to the question of dismantling strategies – how do decision makers carry out reforms? As argued in the introduction, based on the dominating retrenchment literature (e.g. Pierson, 1994; 2001) it is a paradox that major structural reform takes place in a country enjoying such a unique economic situation as Norway. Admittedly, Pierson (1994) does not say that retrenchment never happens, but that it is unpopular and demanding because of institutional inertia and how people oppose cutbacks. Blame avoidance strategies help politicians introducing unpopular reforms. In the Norwegian case, the problem of being blamed for reform was less critical as almost all parties represented in parliament took part in two pension settlements in 2005 [all but the Socialist Left Party (SV) and the right wing Progress Party (Frp)] and 2007 (all but Frp).1 Further blame avoidance strategies were thus less important, although one still could argue that hiding cutbacks was one strategy (cf. e.g. Ervik and Lindén 2013).

Keeping the particular Nordic consensus culture in mind some might argue that reform is not that surprising in Norway after all. In political systems where there is a high level of trust and legitimacy, such as the Nordic (cf. e.g. Alestalo, Hort and Kuhnle 2010; Wollebæk 2011), people to a higher degree than for instance in Southern European countries (Matsaganis 2013) accept policy makers’ claim that reform is necessary and that reform is not a way of enriching parts of the population. While we acknowledge the importance of this consensus culture for reaching compromises in the field of pension, we think this is only part of the picture as there was still considerable resistance that had to be overcome. That reform was difficult and that Norway may be considered a «least likely reform case» is for instance supported by the many critical voices raised in the consultation procedures prior to the adoption of the reform (cf. among others, FFO 2004; Fagforbundet 2004; LO 2004; UHO 2004). We also find support for this in our interview data; several actors emphasize the importance of maturation and the gradual recognition of the need for certain changes. The claim in the retrenchment literature of how it is difficult to gain acceptance for unpopular policies also applied to Norway.

As reform still happened we need additional theory to understand why. According to the retrenchment literature veto players and voters make such unpopular policies very difficult. Yet Vivien Schmidt (2000), a prominent scholar in the literature on welfare reforms and the role of ideas and discourse, observes much reform activity that contradicts these claims. She raises interesting research questions to which our analysis of the Norwegian pension reform also intends to contribute:

1 The parliamentary majority on the pension reform consensus established in 2005 consisted of the social democratic Labour Party (Ap), The Conservative Party (H), the three political centre parties; The Liberal Party (V), the Christian People’s Party (Krf) and the Centre Party (Sp).
The most interesting question to explain, then, is how governments actually managed to overcome narrow self-interest enough to persuade electoral majorities and even the most affected interests of the merits of a new policy programme (Schmidt, 2000:230).

Schmidt’s work in a widely quoted book (Scharpf and Schmidt, 2000) provides a helpful framework for our analysis of the Norwegian pension reform process. Political communication and discourse are central in her study. Schmidt understands a policy discourse to provide «the cognitive definitions of the problem and the cause-and-effect relationships defining effective solutions» as well as «the normative content of arguments proposed to justify unpopular policy initiatives» (2000:230). Schmidt emphasizes that reformers must convincingly argue that change is both needed and appropriate. Furthermore, it is crucial to change «the underlying definition of moral appropriateness» if one is to be able to carry out unpopular welfare reforms (2000:231). This construction of a legitimizing discourse, which may take place at a communicative or coordinative stage, will inform our analysis of the Norwegian pension reform process.

Schmidt distinguishes between a communicative and coordinative discourse (2000:232, 2008:310). The communicative discourse is developed to convince the general public whereas the coordinative discourse is supposed to convince the elite. The former is most important in single actor systems such as France or Britain, the latter in multi-actor systems such as Germany, Sweden and Denmark, where there are more potential veto players that can oppose governmental initiatives. In multi-actor systems it is crucial to create consensus among the policy elite, consisting of different political parties and organizations, as consensus among these actors with different values and interests practically secures public acceptance, making the communicative discourse less important. While Norway has characteristics associated with multi-actor systems, we, however, consider the discourses as two phases of a legitimizing discourse where it is first important to convince the political elites of the reform; coordinating the policy content, and second, to communicate this to voters.

Schmidt also stresses how a convincing discourse must include both cognitive (economic) and normative arguments (2000:306). Examples of successful and convincing discourses of how one through reforms could increase the country’s competitiveness and distribute welfare more equally are found in Italy, France and the Netherlands in the 1990s.

Schmidt (2000) claims that the extent to which a legitimizing discourse is convincing helps explain whether or not countries are able to carry out unpopular reforms; it is possible to overcome interest based opposition through discourse. Discourse is thus an important factor next to economic pressure and institutional characteristics to understand why reforms happen or not. In the subsequent analysis, we argue that Schmidt’s theoretical framework sheds light on how former prime minister Jens Stoltenberg, and other main actors in the Norwegian pension reform process, were able to sell what an journalist coined «an unmarketable commodity» (Aabø, 2005) and introduce a comprehensive pension
reform with clear elements of retrenchment. The Norwegian pension reform can be described as consisting of four main elements: A new Notional Defined Contribution-inspired system for the accrual of pension rights, an actuarially «neutral» flexible retirement age between 62 and 75, the introduction of an automatic longevity adjustment factor (levældersjustering) and a less than full wage indexation of pension benefits (Pedersen, 2012:8).

We should stress, though, that parts of the reform process fits well with what Pierson (2001) and other proponents of the retrenchment literature suggest. For instance, public employees were protected from cutbacks private employed people experience as a result of the reform (Pedersen, 2012). An evident example is how the early retirement scheme (AFP) for public employees, which clearly contradicts the logic of encouraging people to work longer, was not challenged by politicians. The strong social partners is one obvious reason for this, confirming how veto players, as described by Pierson and others, may oppose retrenchment. And the introduction of a longevity factor that will automatically reduce benefit levels if life expectancy increases, has similarities with Pierson’s obfuscation and blame avoidance strategies. Still, comprehensive reform happened in Norway, a paradox in need of explanation.3

Methods and data

In assessing how actors framed the problem understanding and tried to sell the reform we rely mainly on qualitative methods and sources. These consist of interviews with key policy actors including politicians, public servants and interest organization representatives. 11 interviews were conducted in the period June–August 2013, with 13 interviewees. For this paper’s purpose they serve mostly as a source for covering the coordinative discourse between leading representatives of the central stakeholders of the reform process. But we have also asked these interviewees questions about activities and strategies to communicate the reform to the broader public. We also include two main parliamentary debates in 2005 and 2007. Policy documents are scrutinized covering both green and white papers. Importantly, this includes briefs («kortversjoner»), from different ministries, press releases and powerpoints from press conferences where available. These documents are crucial in terms of providing stakeholders and the general public with a clear picture of why a reform was needed in the first place and secondly how the new pension system would accomplish needed changes and did this in a way that enhanced the fairness of the pension system, and benefitted all existing and future users of the system.

2 Jens Stoltenberg is leader of the social democratic Labour Party (Ap), and was prime minister of two «red-green» majority government coalitions consisting of the Ap, SV and Sp, during the period 2005–2013. After the 2013 parliamentary election the coalition was replaced by a minority government formed by The Conservatives (H) and the Progress Party (Frp), backed by two additional parties of the parliament the Liberal Party (V) and the Christian People’s Party (Krf) securing a parliamentary majority for the «blue-blue» government. Erna Solberg from H is PM.

3 Cf. Jensen et al. (2014) for a recent article challenging Pierson and the retrenchment literature.
The above is complemented by an exploratory, quantitative media search study conducted by applying the ATEKST Retriever, search archive service (ATEKST Retriever, 2014) This archive consists of print media including daily national and regional newspapers, magazines journals, periodicals and press releases from press agencies and government ministries. In addition non-print internet based documents of some of the above sources, but also including websites such as that of the national broadcasting institution NRK are covered. The archive covers the period from 1945 until present and is continuously updated. However, since coverage of sources is expanding, this means that a key word search would be biased towards the present in terms of key word returns, just reflecting that the number of media sources is increasing over time. We have taken this fact into account by trying to limit our search as far as possible to media sources that are present both at the start and end of our search period.

This media archive source allows us to search for specific key words that were part of the pension debate, to see how they have entered the media agenda and how their use has fluctuated over time. The method allows us to identify to what extent some key words and concepts that we find to be applied within public documents have entered the broader public debate and seen as part of the communicative discourse or to what extent they remain within a more narrow community of pension specialists and so part of the coordinative discourse. And together with survey data (see below) it provides further insights into how the receiving end of the communicative discourse react to signals from the major reform architects.

A problem with only providing a quantitative overview is that all counts are treated equally. This implies that important qualitative aspects of information are overlooked, i.e. who says what in which fora? A simple quantification does not distinguish between the prime minister participating in a TV debate (referred to at the broadcaster’s website) with several hundred thousands of viewers and a small commentary article in a daily newspaper. Thus, given an identified need to weight the key word counts, in respect of both the messenger and on the receiving side there are clear limitations to our media search. However, the following measures are taken to improve the explorative media search: To reduce «noise» (i.e. the expansion of media sources and possible inflation of key words towards the most recent periods and double counting of media key words returns) we have focused on a limited selection of national newspapers (Aftenposten, Dagbladet, Dagens Næringsliv, Klassekampen, Morgenbladet, Verdens Gang) and including the largest regional newspaper (Bergens Tidende) as well as the website of the national broadcasting corporation NRK. The search period is 1995–2013. We have intentionally started the search some years before the appointment of the pension commission (2001) to see if any key words enter the media agenda at an earlier stage. Most of these sources have article records starting before 1995, save for the smaller quality newspapers Klassekampen (records from 2001 and onwards) and Morgenbladet (2003) and the NRK website (2000).

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4 Atekst also includes other Scandinavian media sources and cooperates with the international media data base Lexis Nexis (ATEKST Retriever, 2014).
This implies that we have to compromise somewhat the aim of reducing «noise» in order to include the period before 2001 without excluding the three last mentioned media sources.  

Finally, we use available surveys on pensions and pension reform from 2003, 2005 and 2009, to analyze to what extent the opinion have bought into the communicative discourse, in terms of accepting a general need to reform and if opinion think suggested reform measures are appropriate. The Norwegian survey material provides a unique possibility to observe if and how opinion changes as the reform process unfolds. This allows us to come closer to the «other side» of the communicative discourse than the somewhat restricted focus on the policy makers and their message in Schmidt’s account (cf. Schmidt 2000, p 232–233). The survey material we apply is also more adequate and to the point than the international surveys applied by Schmidt, since the latter contain more general survey questions on welfare state attitudes, whereas ours focuses squarely on pension reform.

The coordinative discourse: «The shark jaw» and the necessity of reform

A key aspect of the attempt to forge a consensus about the necessity of reform is to present a description of the pension problem that gains acceptance among the central stakeholders. Concerns about the sustainability of the National Insurance (NI) (Folketrygd) has been a recurrent topic almost since its inception in 1967, so it is difficult to pinpoint the actual starting point for the recognition of the pension problem and the need for reform. A retrenchment reform was made in 1992 to save future spending on the earnings related part of pensions. The increasing future gap between oil revenues and pension costs were illustrated in long term programs for 1994–1997 and 1998–2001 (St. meld. nr 4, 1992–93: 104; 1996–97: 29). As noted by Jens Stoltenberg (2003), it was during his time as Minister of Finance (1996–1997) that he was familiarised with the term «The Shark Jaw» (Haikjeften). As he notes: «Then I was presented with a figural illustration, the only in the national budget with its own name, the so-called «Shark Jaw» (op.cit).»

In 2001 the Stoltenberg I government (2000–2001) presented a chapter in the long term program for the period 2002–2005 on «a solidaristic and sustainable pension system». There, the motivation for appointing a pension commission was that the substantial challenges following from an ageing population, combined with higher average benefits would lead to a strong increase in pension expenditures throughout the century (St. meld. nr. 30, 2001: 465). In addition, if the development with increasing propensity to retire early

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5 However this is a minor problem in our explorative account. As will be revealed below, key word returns from the period from 1995–2000, was close to zero, and so excluding these latter sources would not have changed the outcomes in any significant way.

6 Norwegian policy formation has a long history of long-term economic planning. The first long-term program was presented in 1948 as part of the Marshall plan for the countries involved in the goal of restoring the European economy and society after WW II (Bjerke 1989, p.120). Since 2004, long-term trend analyses have been continued in a new series, «Long-term perspective for the Norwegian Economy» (Perspektivmeldingen) [cf. St.meld. nr 8 (2004-2005): cf. Boks 7.1., p. 128].

7 If not otherwise stated, all Norwegian quotes are translated into English by the authors of this paper. Cf. Annex for an overview of original quotes and translations into English.
continued, this would reinforce the worsening of the dependency burden. How was the economic challenges presented? The government stressed the rather unique Norwegian experience as concerned future increases in pension spending; whereas all countries was expected to spend an increasing part of their GDP on pensions in 2050, Norway was projected to experience the most dramatic increase in the years ahead as evidenced in the below table taken from the Long- term program (St. meld. nr. 30, 2001: 480):

**Table 1: Forecast on public pension expenditures in Norway and some EU countries, share of GDP in per cent**

<table>
<thead>
<tr>
<th>Country</th>
<th>2000</th>
<th>2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>10,2</td>
<td>13,2</td>
</tr>
<tr>
<td>Finland</td>
<td>11,3</td>
<td>16,0</td>
</tr>
<tr>
<td>France</td>
<td>12,1</td>
<td>15,8</td>
</tr>
<tr>
<td>Germany</td>
<td>10,3</td>
<td>14,6</td>
</tr>
<tr>
<td>Italy</td>
<td>14,2</td>
<td>13,9</td>
</tr>
<tr>
<td>Netherlands</td>
<td>7,9</td>
<td>13,6</td>
</tr>
<tr>
<td>Sweden</td>
<td>9,0</td>
<td>10,0</td>
</tr>
<tr>
<td>Great Britain</td>
<td>5,1</td>
<td>3,9</td>
</tr>
<tr>
<td>Norway</td>
<td>7,0</td>
<td>17,8</td>
</tr>
</tbody>
</table>

Adopted and translated from table 15.4, p. 480 of the Long term program.

Original Source: (Economic Policy Committee, 2000) and Ministry of Finance (Norway).

By this account it was clear that an unreformed system would put pressure on future public finances. The Government also noted that many countries already had reformed their public pension system and so were able to curb the growth of pension expenditures. Further on it was noticed that a continuation of the present system would result in substantially higher expenditures when compared to many neighbouring countries.

In meeting future pension burdens within a Pay As You Go (PAYG) system there was basically three choices: The first was to increase taxation, the second to reduce future pension benefits and increase the pension age, and the third was to reduce public expenditures in other public policy areas. Norway had an additional source of financing by tapping resources from the petroleum fund. In a PAYG system the payments to the system is via taxes on labour income or consumption. Taxation on labour may lead to a lower labour supply and thereby an efficiency loss is created for the society as a whole. With reference to research results and an alleged broad consensus among economists this efficiency loss was assumed to be around 20 % of the incomes generated by increased
taxation. In addition, the long-term report asserts that the efficiency loss increases progressively with higher tax rates (St. meld. nr. 30, 2001; p. 486).  

In sum, two factors were emphasised in framing the need for reform: The first was that Norway’s increase in future spending was exceptionally high in comparative terms. The second was the detrimental effects of increasing taxation. This was because taxation in itself led to efficiency losses and particularly progressive and redistributive aspects of taxation was problematic because it weakened the symmetry between paid contributions and rights in the system, and so people would come to view their pension contributions as a tax and not as compulsory savings. In this way, increasing taxes as a main road to pension reform was effectively undermined by the above arguments. The long-term program did not provide concrete recommendations (which was to be the mandate of the pension commission) but referred to pension recommendations of the OECD, especially the need for reforms that secure that the expected total pension payments over the life course should to a stronger degree be independent of the timing of the retirement decision (op.cit 481). Moreover, the then recent Swedish pension reform was presented and the introduction of a divisor (delingstall) based on developments of mortality, and its effect on pension benefits was made clear, i.e. that if longevity increases, the divisor will increase and hence yearly pension benefits for those covered will be reduced (op.cit. 482). Concerning the pension age increase this was not explicitly discussed apart from a short note on flexible pensioning. Here the argument was that the future labour market would require more flexibility. People would increasingly change work throughout their career and wish for flexible working time arrangements. Wishes and needs about time for retirement would vary and more people would like to combine work and pensions, and this illustrated a general need for increasing flexibility of pension arrangements in the future (op.cit. 489).

However, although policy ideas were floated at this this time, it was the work of the pension commission and it’s report that created momentum for reform and specified the particular elements for a major structural overhaul of the Norwegian pension system, including three key retrenchment elements: the introduction of a longevity factor (delingstall), a move towards actuarial neutrality as part of the flexible pension age introduced, and the indexation rule for pensions in payment, providing less than full wage compensation (NOU 2004:10, pp. 11–12).

A key insight gleaned from our interviews with central pension policy actors is that the problem understanding was heavily dominated by the outlook from the Ministry of Finance and the Statistisk Sentralbyrå (SSB) (Statistics Norway). Both the Ministry of Finance and the SSB had key roles in the pension commissions work, as the secretariat was placed in the Ministry of Finance, and was the «engine» in the commission work according to informants. Given the complexity of the pension issue, and the technical expertise and «calculative» resources in the hands of these two actors, it seems reasonable to assume that they had a

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9 Cf. Lie and Venneslan (2010) for a historical account of the importance of the Ministry of Finance and its particularly strong role as a coordinating institution in the central administration and the work of the governments of Norway.
dominant position towards the politicians in the commission, not only in terms of problem description but also in the internal discussion on policy solutions. Thus, in terms of a coordinative discourse consisting of «individuals and groups at the centre of policy construction who are involved in the creation, elaboration and justification of policy and programmatic ideas» (Schmidt, 2008: 310) the secretariat and members of the pension commission are at the core of such policy actors. However, although being relegated to the pension commission’s council, policy actors representing the major interest organizations of the labour market and other member of the council should also be included in the community of key policy actors.

The outlook of the Ministry of Finance and the SSB reflected a long standing concern over increasing future financing needs with a continuation of the NI that could be dated back to the 1980s. It was part of key commission work on pensions in the 1990s, such as the Moland committee on funding of pensions (NOU, 1998: 10) and the Olsen committee (NOU, 1998: 19) on flexible retirement, as well as in long-term programmes. In this way, many topics discussed in the pension commission’s report were already introduced through previous work on pensions, and thus could be seen as helpful in maturing the readiness for reform and to institutionalise reform thinking within ministries and the broader pension policy community. With the long-term programme for 2002–2005 (St. meld. nr. 30, 2001) the idea of a pension reform took form and the decision to appoint a commission was made.

The basic problem understanding was concisely formulated by one of the key reform actors as a combination of increasing longevity and a pension system that did not take into account increasing longevity, i.e. a situation where you have increasing longevity and a pension system offering a fixed pension age and benefits that are not adjusted against pension age or longevity. In addition, there were increasing cohorts of older people. This demographic perspective was also stressed by politicians who applied the worsening of the ratio between working age people and inactive retired persons [i.e. the Old Age Dependency Ratio (OADR)] as the key illustration of the pension problem. In framing this problem understanding, the informants pointed to several indicators and descriptive tools. In addition to the OADR there were descriptions of longevity changes, overview of time spent in education, work and retirement. A more dramatic and vivid description was the «eldrebolgen», i.e. «the old age wave» depicting the rising share of older people in the overall population.

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10 The Commission consisting of 13 members, including its leader was composed of politicians from all political parties represented in the Parliament, and independent experts. The leader of the commission was a former Minister of Finance, Sigbjørn Johnsen from the Labour Party. Moreover, two of the politicians had previously served as State Secretaries in the Ministry of Finance and among the four experts, one had a background from the Ministry of Finance and another was an economics professor, and also a third had a background in economics. None of the politicians came from the Committee on Social Affairs of the parliament. The Commission was criticized by central welfare state researchers for being biased towards the economic aspects of reform, and for relying to heavy on economic expertise in its composition, disregarding broader expertise on social security. These critics feared that ends and means would switch position, so that welfare policy became a means towards securing economic growth and not the other way around (Kuhnie, Haavet, Hatland, Slagsvold, and Warness 2001: 151-152).

11 The OADR is defined as the ratio between those aged 65+ to those aged 20-64. This ratio multiplied by 100 provides the percentage of the inactive as a share of the active working population.
Indicators for measuring future fiscal burdens more directly were also mentioned, such as pension costs as percentage of GDP and tax increases needed to finance this, future changes of the necessary pension premium on wages and pension income, as well as the method of generational or intergenerational accounting. Concerning generational accounting Norway was one of the pioneering countries in applying this method (Auerbach et al., 1999). According to informants the generational accounting perspective was important for arguing the need to reform. Lectures on generational accounting from German economist expert Bernt Raffelhüschen were offered for the commission. Moreover, Carl Gjersem, an expert in the economy division in the Ministry of Finance had previously worked on generational accounting, and also contributed to the commission’s work (NOU, 2004: 1, p.39).

A particularly Norwegian rhetorical tool was the so-called «Haikjeften» (Shark jaws), mentioned by interviewees as important in portraying the relationship between future increasing pension expenditures and the reduced stream of petroleum revenue in years to come. Figure 1 below illustrates the Haikjeften. The upper increasing line show pension expenditures as a percentage of GDP-mainland Norway in the period 2005–2060, whereas the lower decreasing line represents the public sector net cash stream from petroleum activity as a percentage of GDP-mainland.

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12 Generational accounting purports to calculate the debt burden our generation will leave for future generations (Galbraith et al., 2009). In the Norwegian context it is a method for assessing the generational distribution consequences of continuing present budgetary policies when taking into account demographic changes and the commitments of the National Insurance scheme. The calculation assumes a long-term, budget restriction for the public sector. This entail that payments in the form of transfers and consumption over time has to be financed by tax receipts from todays and future generations or by reducing the asset of the public sector (NOU, 2004: 1: Boks 3.2., p. 50).
Shark jaw

Figure 1: The shark jaw

Source: (Finansdepartementet and Arbeids- og sosialdepartementet, 2004a: p.7)

The point of this scary picture was to make clear that future oil revenues could not be seen as a way to close the expected financing gap. Thus the popular idea that because Norway was such a wealthy country, pension reform was unnecessary, was intended to be debunked by the above image and the underlying figures it represented.

Were these concepts and indicators traceable in the public media debate on pension reform? Providing some clues to that question, we need to have some overall scale to relate findings to. Thus in figure 2, we have searched for articles containing the key word «pension reform» (pensjonsreform), restricted to the media listed in the section on data and methodology:
Figure 2: Media returns on key word «pension reform» 1995–2013

This search gave a total of 4969 hits for the period 1995–2013. The figure reveals an increasing attention on pension reform starting around the appointment of the commission and a particular strong increase around the dissemination of the report in 2004 and subsequent political agreement in 2005. A new upsurge in interest is spotted towards the year before the implementation of the reform in 2011.

Figure 3 displays a media search for «pension reform» combined with «old age wave» (eldrebølgen), «generational account» (generasjonsregnskap) and «shark jaw» (haikjeften) for the period 1995–2013:
Figure 3: Media returns on pension reform and -old age wave, -generational account, -shark jaw, 1995–2013

Source: Retriever, 27.01.14

For the «old age wave» key word this had a peak before the dissemination of the pension commission report, and since we have witnessed a high incidence of this key word and especially in the years around the implementation of the pension reform. This indicates that this image has entered the broader public agenda and become part of the communicative discourse on pensions and challenges of ageing.

Both «generational account» and the «shark jaw», had very few returns. Given their low numbers of occurrences it seems to be much more of a key word used within a community of specialists as our interviews and documentary analysis illustrates, and hence should be seen as a building block within the coordinative discourse (Cf. Schmidt 2000)13. However, it was also used in presentations of the then Minister of Finance, Per-Kristian Foss (H), in communications to a wider audience of the need to reform (Foss 2003) as well as in briefs from the ministries of Finance and Work and Social (2004a). Here it is important to emphasize the shark jaw as a metaphor for the argument that the balance between (future) pension obligations and future oil revenues demands a pension reform. Thus, the shark jaw is a about sustainability, in terms of revealing the lack of sustainability without reform.

13 The media search provided 290 returns for «old age wave» (i.e. 5.8% of all articles containing «pension reform»), 7 for «shark jaw», and 19 for «generational account». An additional search, not shown here including all medias (printed and web based) on the «shark jaw», showed a peak (11 returns) for 2004, the year when the pension commission’s report was issued.
Arguments on pension obligations are widespread in parliamentary debates and public debate on the pension reform. The shark jaw is thus a good illustration of the argumentation justifying the need to reform.

**Key actor consensus and the disappearing dissenters**

Together the above elements of the problem understanding shaped a strong need for reforming the existing system towards what was seen as a sustainable pension future according to the informants. This outlook ruled strongly both within the key ministries, other state institutions dealing with pensions, among a majority of politicians, and among employer interest organization and the financial sector. The only key actors within the pension policy community providing any critique or questioning of the economic problem understanding came from employee organizations and some organizations representing user interest organizations. As is seen from the written hearing statements these actors heavily criticised the viewpoint that the NI was becoming too expensive in the future. For instance the Norwegian Confederation of Trade Unions (LO) in its statement argued that the Commission had interpreted their mandate mainly on public finance savings and austerity measures (LO, 2004). The LO found that the commission had provided a distorted picture of the financial basis of the NI system by: underestimating the costs associated with transferring pension expenditures from the NI to other pension institutions, underestimating the contribution to financing from the Petroleum Fund, and by ignoring the possibility to increase contributions from employers and employees so as to reach the level observed in other countries. The LO framed the pensions issue as a part of a genuine political struggle concerning the role of private sector and the market in society and welfare provision. It was argued that the NI was the most cost-effective way of organizing a pension system and that a diminished NI, in accordance with the Pension commissions’ proposal would bring increased profit to the insurance industry and shareholders. In their view the basic fault of the commission’s work was the misconception that a reduction of public NI expenditures would remove the economic challenges.

Also the employee organization representing educational groups (teachers, nurses, policemen), the UHO (Utdanningsgruppene Hovedorganisasjon), (later renamed Unio, hovedorganisasjonen for universitets- og høyskoleutdannede) questioned the economic need to reform and why it was necessary first to recommend reductions in the NI and then to compensate this by legislating mandatory service pensions:

> If the Pension Commission really was concerned about the level of pensions it would be more rational for the individual, for the single firms and for society as a whole if this was done in a collective way by improving benefits of the NI (Utdanningsgruppene Hovedorganisasjon (UHO, 2004).

According to the UHO, this would provide substantially lower administrative costs. Whether the financing was provided by taxes, contributions by employees or employers, was of minor consequence for the macro-economy or the competitiveness of the economy. This view contradicts the arguments of the Commission both in terms of the need to reform and the strong argument of the Commission against relying on increased taxation as a way to
confront future financing problems. In addition, the UHO argued that the commission applied preconditions on economic development that revealed an overdramatized need for future financing. This was so because forecasts on labour productivity growth was set too low at 1.5%, whereas historical growth rates of productivity over the last 30 years was around 2.5%. In sum the UHO argued for postponement and to «wait and see».

Some of these critical points came across in interviews made with these actors. For instance against the view that tax increases was an non-viable option it was argued that these deficit perspectives were based on the false premise that the income side of the system was constant. Opposing this view, the critics argued that the logic of all pension systems was that you pay what it costs, i.e. the premium or taxes goes up when expenditures rise. However, the most interesting is how they gradually in the reform process came to see such resistance, in terms of questioning the problem understanding and the preferred main solution, as pointless. It was argued that substantial changes would be made, and that trying to change the main elements was futile. Hence, the best thing to do was to find areas where they could have influence and improve reform outcomes.

Thus, the reality of politics was that there was a very broad consensus and a parliamentary strong majority in parliament behind the Commission’s economic understanding and recommendations, and that it was therefore futile to continue fighting against the main trust of the reform.

Moreover, within the key labour organization LO, there was an internal recognition that there was a need for stabilization mechanisms of the system, in terms of the longevity adjustment (cf., LO 2005, pp. 321–327). As the 2005 LO Congress accepted the longevity adjustment, a key potential veto player had joined forces with the pro-reform actors, although with some conditions and costs for this support (LO, 2005). With the incoming red–green coalition government, having as one of their election pledges that the general tax level should not be increased, alternatives considering increased tax financing to meet the growing pension expenditures, were definitely buried.

14 One of these was the continuation of the negotiated early retirement scheme AFP with continuing subsidies from the state. Concerning the longevity adjustment factor the Congress made a conditional and vaguely formulated statement in their adopted proposition on pensions:

«LO demands a broader effort to secure the economy of the system. For the LO it is a precondition for such a longevity adjustment that we manage to create an inclusive working life that enable people so that they both can and want to continue in work longer than today... the concrete formula for the longevity adjustment has to be considered further. It has particularly to be assessed how longevity develops for different groups (of workers). It is unfair if increased longevity for those with higher wages is to result in changes with impact on groups with hard work and perhaps low wages» (LO 2005, pp. 326-327).

In this way the adopted proposition could gain support from sceptics worried about the potentially inequality creating aspects of the longevity factor, but without endangering overall support to such a stabilization mechanism. However a minority was not convinced and instead opted for an explicit increase of the pension age if longevity increased. It remains to be seen if the LO will mobilize around this «conditional support» of the longevity factor.

15 It should be noted that additional dissenting voices were to be found outside those constituting the key policy community around the pension reform process. These included for instance, contributors to the network of radical economists (RØST), (Cf. Eilertsen et al., 2003), independent pension advisors, (Cf. Engelstad, 2011), but perhaps more surprising was the critique of chief economist of Nordea Markets, Steinar Juel arguing against the «shark jaw» image and claiming that high oil prices would close the financing gap and so made the pension reform unnecessary (Juel, 2008).
The main critique of the commission understanding rested on a belief among the dissenters that future productivity increases and economic growth, and increasing taxes based upon this larger economic cake would be able to cover the increasing costs (Cf. also St.forth. 2007: 2662). Still, lacking the resources of the Commission, they were not able to demonstrate this in a convincing way, in terms of providing forecasts on productivity growth and the tax increases needed to finance it. And the premise of increasing tax levels was the Achilles heel of this alternative policy story, as this was ruled out as an option by the Commission. Moreover, economic growth and productivity increases were all in vain in terms of providing a solution to the pension burden according to a key expert. The argument was that because the pension system in magnitude is linked to productivity growth and this in its turn was linked to the wage level, productivity growth would not be helpful at all. In addition, there was the effect of weaker productivity growth in the public sector, which made the public sector more expensive and worsening the financing problem. Within this way of framing the pension problem, a kind of There Is No Alternative (TINA) of pensions came through in terms of available options for reform: longevity adjustments of pension benefits and a policy of prolonging working life.

Both those opposing the reform and as will be revealed below, those supporting the reform, had parallel arguments, departing from a common understanding and presupposition that Norway in some distant future (for instance in 2050) will be much richer than today. For those supporting the reform, PM Jens Stoltenberg’s elevator argument is a case in point. From this side the argument would go like this: «Future pensioners will (under the precondition of wage growth around 1,5 % and full wage indexation of pensions) be much richer than today’s pensioners. The reform will only cut some of this expected growth». In the opposition camp there is a fully parallel argument connected to the burden of finance: «In the future wage earners and taxpayers will be much more affluent than today and the expected increase in the burden of financing will only cut the top of the real wage increase. To double or triple the financing burden is therefore unproblematic». In both cases we have a somewhat misleading elevator argument. In the one case saying that large cuts are unproblematic. In the other case to argue that substantial tax increases are unproblematic. Both views are oversimplified, neither tax increases, nor reduced replacement rates are unproblematic: the point is to find a suitable trade-off. Given the dominant problem understanding, which ruled out tax increases, such a balance between the two arguments was not possible to reach.

We now move on to discuss the elevator image as an umbrella for the arguments directed at the general public.

The communicative discourse: The «elevator» and reform as harmless, fair and flexible

There is some overlap in terms of actors when we move from the policy sphere to the political sphere where the communicative discourse occurs. Here we find actors involved in presentation, deliberation and legitimation of reform ideas to the public (Schmidt, 2008: 310). Thus also here we find politicians and in addition government spokespersons, and
party activists. In terms of politicians this not only includes those supporting reform ideas but also opposition parties, as well as other organized interest, media, experts and think tanks. And last but not least the general public of citizens and voters that are addressed by the reform message also contribute to the communicative discourse, by expressing in various ways their support or disappointment of the suggested reform measures. In our analysis below we catch this discourse and some of the groups involved by analysing opinion surveys, providing media search on topical key words, and focusing the communicative activities of politicians in parliament, in media and in addressing key constituencies.

The former section has explained how the proponents of reform succeeded to persuade opposition forces – particularly in the trade unions – about the necessity and inevitability of a retrenchment reform. The second step, then, was to sell the content of the reform through what we argue is a communicative discourse directed towards the general public. One way of doing this was to frame it as an improvement rather than retrenchment. This is contained in the elevator image used by former PM Stoltenberg. This is a policy story of progress, in terms of how the pension system is an elevator that by default brings you upwards, starkly contrasting and contradicting the substance of retrenchment, in which benefits and replacement levels are reduced.

The figure below may be used as an approximate illustration, although it shows future costs of old age pensions, comparing total expenditures for a continuation of the existing system with the government proposition for a new old age pension. It shows that both systems «elevate», although the reformed system (the lower gray line) will not bring you as far (in total expenditure terms) as the old one (upper black line).
Figure 4: The elevator argument

Source: Arbeids- og inkluderingsdepartementet 2006. Adoption and translation into English of figure, p. 4. Figures are billions of NOK.

The point of the elevator metaphor is that future pensions will secure a high standard of living even though the public pension system (the elevator) is adjusted so that it does not bring you to the top floor. More specifically, the PM is quoted as saying the following when addressing the trade union congress in the midst of the reform process: «If you are at the first floor, and intend to go to the twelfth floor, but only reach the ninth floor, have you then gone down?» (Moxnes, 2013). PM Stoltenberg used this or similar images in different settings. At a conference organized by the trade union LO in 2010, Stoltenberg is quoted as follows when addressing planned adjustments of the disability pension: «Some claim that cutbacks are taking place because the increase is not as high as it could have been. But if you go by the elevator to the tenth instead of the twelfth floor, are you then going down? (Dagens Næringsliv, 2010)». Media search combining the elevator illustration and Jens Stoltenberg (not shown here) reveals that this was applied during 2010, i.e. just before the implementation of the reform. The similar «little less more» argument was applied earlier, for instance in an interview given as part of the Labour party’s press conference presenting their pension model in December 2004 (Arbeiderpartiet, 2004). In the interview the then party and opposition leader Stoltenberg argued:

In 2050, pensioners will have doubled their purchasing power compared with today. Everyone will get much more, but some will have a little less more than others. I don’t denote this as retrenchment (VG, 17.12.2004)

The argument comes in several different versions. In a feature article from 2010, Hanne Bjurstrøm, former minister of labour, emphasized that people misunderstand when thinking that future pension benefits are reduced. Bjurstrøm (2010) explains this by referring to driving a car, saying that there is a difference between slowing down and reversing. What the government is doing is slowing down the growth of future pension expenses.

Much of the argumentation follows the classical conservative argument of reforming in order to conserve; to safeguard the pension system one would sooner or later be forced to reform (See Schmidt 2000: 248 for a similar example). This need for reform is what the former section has discussed under the heading of the shark jaw. The claim is that it was thus much better to start the process one step ahead, which would allow for setting priorities and aims instead of waiting till one is being confronted with inevitable cutbacks (cf. e.g. (Arbeids- og inkluderingsdepartementet, 2006: 10). As such, the reform does not cut pensions, but forgo large increases. This argument of «a little less more» portraying the reform as relatively harmless, was as illustrated above by the PM and one of his ministers, used in different versions and images.

As we see this framing was applied by Stoltenberg around the timing of the release of the pension commission report in 2004 and at the LO Congress in 2005, and just before the implementation of the pension reform in 2010.
The elevator image is thus first and foremost a pointer and heading for broader policy stories, containing other important elements and indicators as will be revealed in the following. The common denominator is «a little less more». Again a quote by the PM is illustrative:

Adjustment of pensions for an anticipated increase in longevity is no proposal for cuts, but that both the years as retired and the years in work will increase. If longevity increases by one year, we have to work some additional months. But there is no pension cut. There is just a little less increase for some. And for those with the lowest pensions today, the pension will increase (NRK, 2005).

Stoltenberg appointed the Pension Commission as prime minister in 2001 and became prime minister again in 2005. In the parliamentary debate on the first pension settlement in 2005, to which we return to below, his speech nicely illustrates the strong focus on how the reform would correct unfair elements of the existing system. In his view, the pre-reform system generated far too many people receiving only the minimum pension («minstepensionister»), a large number of workers were not covered by occupational pension schemes, and people with a long, stable contribution record receive disproportionate low pension benefits. Stoltenberg claims:

All groups of pensioners will have larger pensions. No one will get less. But some of those who would get much more with today’s system, gets a little less more... Some of those who would have good pensions in 2050, will still have good pensions, but a little less more good pensions. To call this a robbery, is an abuse of the word (St.forh., 2005: 2367).

We find a similar reasoning in the contribution of the finance minister Per-Kristian Foss, H, saying:

The pension reform is no retrenchment measure. If we conducted unilateral benefit cuts I could have understood such a claim. Yet our reform contains many elements which alone increases the benefits, or expenses in the Folketrygd. The reason why the reform is still sustainable is that we emphasize work incentives. The carrot, not the stick, is the main element of this reform (St.forh., 2005: 2364).

Interviews with key actors within or close to the pension commission confirm that there was not much emphasis on informing and convincing the general public of the need for and content of reform. This was not part of the terms of reference, and left to the politicians. However, as part of the reform process, the government developed some information material. These briefs, available at the website www.pensjonsreform.no, are interesting as sources where the main arguments are put forward in a simple manner. A main impression is that consequences of the reform are not very dramatic, and framed as being decided by individual choice – it is very much possible for each individual to adjust to the new rules by working longer and thus benefit from the new way of setting pension benefits (e.g. Arbeids- og inkluderingsdepartementet, 2006). One of these briefs claims that by encouraging people to work longer, employment participation will increase and the consequences of the tightening of pension benefits for each pensioner be reduced (Finansdepartementet and Arbeids- og sosialdepartementet, 2004a: 16). This argument of being able to choose to work more and adjust to new rules is widespread in the whole pension reform debate (Cf.
Finansdepartementet and Arbeids- og sosialdepartementet, 2004b: 17 for a short and precise example).

There are also arguments for why reforms are just by showing that people with very different incomes end up with similar pension benefits, or how people (women) with low incomes and broken labour market participation records end up with low pensions (Arbeids- og inkluderingsdepartementet, 2006: 5). The message here is that the new system will result in several important improvements. These and relating points may be subsumed under the ideal of fairness and justice.

By identifying weaknesses in the existing system it makes sense to conduct a reform correcting these flaws. One prominent example is that by referring to how people with similar income would receive different pensions, the strengthened correspondence between income and actual pension benefit could be justified, establishing incentives encouraging people to work more. In a generational perspective, it could be argued that it was just to reform the pension system to secure that today’s young people would also benefit from a generous public scheme. Schmidt (2000: 231) refers to such intergenerational solidarity as one value justifying benefit cuts. Highlighting the value of being able to choose one’s own future could accompany the introduction of the flexible pension age and the longevity factor as both entrust individuals with the choice of (and responsibility for) what constitutes a sufficient and proper pension level. This fairness argumentation makes the reform stand in a much more positive light than would a focus on lower benefits and less redistribution. This even allows policy makers to claim credit (cf. Levy 2010: 562).

Studying the two phases of the reform process which Pedersen (2009: 145) has referred to as the most politicized, that is the periods surrounding the two parliamentary pension settlements of 2005 and 2007, and looking closer at the parliamentary debates following these settlements, this becomes very much clear.

The pension commission presented a modernised national insurance that strengthened the link between contribution and benefits. The cost for this in redistributive terms was that those on lower and middle incomes got somewhat less, whereas those on higher wages would get more in the future. It was this aspect of the reform that got the most of attention and was much discussed in the two parliamentary debates in 2005 and 2007. Thus the debate considered the social fairness of the system, and representatives from the Labour Party stressed the need to improve the fairness of system and to obtain a better redistributive profile than the one presented by the Pension Commission and which the Bondevik II government proposal built on. In order to support the reform and build a broad cross party consensus the Labour Party demanded a more redistributive profile closer to the old system. This was accepted by the Bondevik-government. Thus the

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16 In the 2005 debate fairness/unfairness (rettferdig/urettferdig) was mentioned 31 times (over 39 pages), whereas there was less focus on longevity adjustment (levealdersjustering) (occurring only five times in the text). In the 2007 debate fairness/unfairness was mentioned 20 times over 23 pages, whereas longevity adjustment was mentioned five times. [Flexibility (fleksibilitet) was mentioned 10 times in 2005, and 6 times in 2007. Best years rule (bestedrsregel), three times in 2005 and 20 times in 2007]

17 Kjell Magne Bondevik (Krf) headed two governments as PM, the first from 1997-2000 (Bondevik I), and the second in the period 201-2005 (Bondevik II). The Bondevik II government was a coalition government consisting of Krf, H and V.
representative from the Labour party could argue that they had secured an improvement of the system in terms of its redistributive profile for instance as formulated by one of its representatives:

When the Government presented its pension white paper to the parliament (Stortinget), there were among other things one issue the Labour party reacted very strongly at. This was the distributive profile- or the lack of a distributive profile- in the white paper, and this especially concerned those on low pay and the gender profile. For the Labour Party it was crystal clear that if we should strike a deal or enter into negotiations, the future national insurance had to be corrected on this area, i.e. concerning low pay groups, gender/female profile and the social basis. This was an absolute condition (St. forh. 2005, pp. 2351–2352 Nordtun, MP Labour Party).

Thus, the strong focus on improvement of distribution, made the potential distributive consequences of the longevity adjustment and the divisor (delingstall) slide somewhat into the background, but not disappearing totally (cf. for instance St.forh 2005, p.2358, Ryys, MP, SV). Thus a communicative discourse focussing on the need to improve some distributive outcomes fitted nicely with the traditional image of the Labour Party associated with values of social fairness and redistribution and that ought to have resonance with its core electoral constituency.

Moreover, fairness arguments of solidarity between generations was also applied as justification for the reform and as a way to secure the sustainability (bærekraft) of the system (cf. St. forh 2005, p.2350, Larsen, MP The Conservative Party (H); p.2359, Eriksen, MP, H; p.2361 Sarfionn, MP Christian People’s Party; p.2369, Nilsen, MP, H).

Several MPs from many political parties rely on arguments of fairness to justify the reform, but the two parties (FRP, SV) not part of the pension settlement also use fairness arguments. Siv Jensen, FrP, is one example, claiming that a reform aiming at reducing the state’s expenses by 20 per cent necessarily must involve cutbacks for the pensioners, refusing arguments of solidarity and how all benefit from the reform (St.forh., 2005: 2354, 2355). Kristin Halvorsen, SV, refers to how different life expectancy means that some social groups will benefit less from the reform than other, and the reform cannot be understood as generation solidarity as it in reality makes future generations face the burdens of the reform (St.forh., 2005: 2374).

In the parliamentary debate on the second pension settlement in 2007 (St.forh., 2007), similar arguments as in the 2005-debate turn up. Bjarne Håkon Hansen, MP and Minister of Labour and Inclusion, claims that it is unfair that the pre-reform system has such a weak correspondence between life income and pension (St.forh., 2007: 2670). Karen Andersen, representing SV, a party which did not accept the first settlement in 2005, now argues that change is needed because the current system is unfair (St.forh., 2007: 2664). The opposition, however, represented by Robert Eriksson, FrP, claims that the reform is nothing but a retrenchment measure (St.forh., 2007: 2659).

In sum, many of the arguments of the communicative discourse described above are recurring in these parliamentary debates. It is also interesting how several politicians emphasize how the reform must be rooted in the population (Duesund, KrF, St.forh., 2007:

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18 Cf. also St.forh. 2005, pp.2352-2354, Frøiland, MP Labour Party.
2666); they must understand «that what we do is fair, good and necessary» (Hanssen, AP, St.forh., 2007: 2671). Parliamentary debates are a good opportunity to communicate this message (Cf. Berven, 2004).

While the focus early in the reform process was set on «a little less more», justice arguments were also very important. Arguments of flexibility and freedom of choice were also prominent topics. The individual choice of when to retire between 62–75, and the possibility to combine work and pensions without any pension benefit reductions, were presented as major improvements. There are quite a few references to this argument in the debates on the two parliamentary settlements. A media search for «pension reform» (pensjonsreform), and «justice» (rettferdighet), «flexibility» (fleksibilitet), «freedom of choice» (valgfrihet) is reported below:
Number of Articles

Figure 5: Media returns on pension reform and −justice, -flexibility, -freedom of choice

It reveals that whereas justice and fairness arguments peaked around 2004 and 2005, partly together with flexibility, the latter came to dominate more clearly as a key word particularly around the years leading up to the of implementation of the reform. That there is less use of the term freedom of choice, may be that this within the general welfare debate is more strongly associated with ideologies and policies of increasing choice within the provision of publicly financed services (schools, long-term care etc.) and so is associated with a political divide between right and left in politics. Compared to this «flexibility» appears as less contested and to have a positive appeal. However, in communicating the reform to the public the assumption and value of freely choosing retirement or continuing to work, or combining both is stressed (Finansdepartementet and Arbeids- og sosialdepartementet, 2004 a: 12, 2004b: 12).

More specifically concerning fairness and justice a key issue in the public pension discourse concerned the removal of the best years rule (bestårsregel) and replacing this with an all years rule (alleårsregel) and its possible negative consequences especially for women with breaks in their labour market careers. This was one of the most heated topics when the pension commission released its report and an issue that created uncertainty within the unions. The media search below reflects this attention and by including the search term «longevity adjustment» (levealdersjustering) (i.e. the key retrenchment element of the reform) it indicates how a key element of retrenchment, was to some extent

19 Total returns for «justice» (rettferdig) was 390 (7,8 % of articles containing pension reform), «flexibility» (fleksibilitet), returned 517 (10,4%), and «freedom of choice» (valgfrihet) returned 102 (2%).
overshadowed by this other less dramatic reform element, in the immediate years after the release of the Pension commission report and its recommendations:

**Figure 6: Key word search: pension reform and -all years rule, -best years rule and – longevity adjustment**

However, as we move towards the implementation of the reform there is much greater media focus on the longevity factor.\(^\text{20}\) Seen from the side of reform advocates debate on the best years rule contra the all years rule or the life income principle in 2005 fitted well their appeal to increase the fairness of the system and the alleged lack of justice of the present. The injustice of the «best years rule», for instance providing unequal pensions benefits to two different persons with the same overall life income, was repeatedly stressed by the pension commission (NOU 2004: 1), in government communications to the public (Finansdepartementet and Arbeids- og sosialdepartementet, 2004 a: 16, 2004b: 10) and by Stoltenberg when addressing the LO congress in 2005. Here his speech was focussing mainly on the issue of fairness and a key example of unfairness of the existing system, was the unjustifiable consequences of the best years rule (LO, 2005, p. 241). In addition the «little less more» argument was advanced to sell the reform as an improvement:

\(^{20}\) Search on «all years rule» gave 184 returns ((3,7%) «best years rule» gave 283 returns (5,7%) and’ longevity adjustment’ provided 428 hits (8,6%). Moreover, it should be noted that only 50 of the 428 returns came in the period 2001-2005. The reason for the upsurge in attention in 2008 may be that new prognoses revealed a stronger increase in longevity than previously expected (Cf., Hansen, 2008).
Towards 2050 the number of pensioners will double. The purchasing power will more than double... It is not about pensions becoming smaller, but we speak about limiting growth, that some pensions are to grow a little bit less than they otherwise would have done... But pensions are not cut, and there is to be and you will have full wage indexation of pensions (op.cit 241).

Importantly and in line with the measures identified by the retrenchment literature he also added a «grandfather clause» in his reform advocacy: «We have to remember that this (new) system is not a system to be in force for today’s pensioners or the next group, but for those who get retired from 2050 and onwards» (op.cit 241).

**Pension reform and the people: A successful communicative discourse?**

To what extent was the communicative discourse successful? There are few surveys in Norway that have tapped attitudes among the public towards the need for a pension reform. In a survey from 2003 55 % of the respondents supported the following statement: «The current pension system has to be changed in order to be able to finance the National Insurance system (Folketrygden ) in the future» , whereas 39 % supported the following assertion: «The Norwegian state is so rich, that we will manage to maintain todays National Insurance in the future» Bay and Pedersen 2003, referred in (Bay and Finseraas, 2010, pp. 103–104).Thus this reform preparedness in the opinion obviously made efforts to overcome reform resistance easier. However, reform preparedness varied according to educational level; higher education groups were the most supportive, with 65 % in favour of reform need, those with lower education was the least supportive with 36 % of this group supporting a need to reform. Thus, to embed the reform broadly amongst the population such reform resistance would require a communicative discourse to convince such groups of sceptics. The 2003 survey did ask respondents of their support towards different possible reform measures, with a majority (51 %) in favour of increasing pension contributions, 22 % supporting an increase of the pension age, and only 9 % supporting the reduction of pension benefits (Bay and Pedersen, 2004). This is interesting when compared to the problem understanding and reform measures contained in the policy story of the pension commission: It evaluated tax increases as a problem in itself and fully ruled it out as a feasible measure to confront future costs of the pension system. It recommended adjusting benefits downwards (through the introduction of the longevity adjustment factor). Thus, the commission and the opinion seem to have been on opposite sides regarding favoured reform measures.

Moreover, results from Eurobarometer surveys suggest a strong willingness to increase taxes and pension contributions in order to keep existing level of pensions. In neighbouring countries Denmark, Sweden and Finland, majorities of respondents, i.e. those supporting fully or partly the statement that « the existing level of pension benefits should be uphold, even though this imply that contributions or taxes have to be raised» , made up 87 % in Denmark, 63 % in Sweden and 81 % in Finland (Finseraas, 2009, table 8.2, p. 225). Surveys in Norway show increasing support and majorities for improving old age pension benefits, comparing data from 1996 to 2006 (Kuhnle and Ervik, 2011, table 2.4, p. 53). The upshot of
this with relevance for the communicative discourse is that whereas reform preparedness may be high, the problem for the political elite is that the opinion are prepared to support the «wrong» reform measures, in this case tax increases.

To indicate to what extent reform advocates were successful in convincing the public about the necessary and appropriate means of reform, results from a survey made in 2009 may be useful (ISF and MMI, 2009). The survey is not directly comparable with the previous ones because of somewhat different phrasing of questions and categories of answers. But asked about the strategy of increasing payments into the system (contributions and taxes) 23, 8 % considered this to be a «very good» or «good» measure. However, 44,7 % disapproved (sums of category «very bad» and «bad» measure). Reducing benefits was still very unpopular. Only 6,5 % considered this a good or very good idea, 67,8 % opposed it (very bad or bad measure). Opinion was more supportive towards an explicit increase of the pension age, 52 % supported this (combining total and partial agreements scores). Moreover, 79,4 % was in total or partial agreement with the following statement: «People who are exhausted after a hard working career, ought to be allowed to retire early without any negative consequences for the size of their pension». This could be interpreted as a relatively strong support for having an early retirement social protection mechanism within the pension system. However, at the same time opinion was divided on the following statement: «People retiring early ought to pay for this themselves by having yearly lower pension benefits throughout their remaining life time». 38, 5 % agreed completely (9, 4 %) or partly (29, 1 %), whereas 38,7 % disagreed (full disagreement: 21, 7 %, partial disagreement: 17, 0 %).

Based on these surveys the communicative discourse has not been entirely successful on convincing the public about the merits of the reform. The most successful aspect seems to be the reduction of those supporting tax and premium increases as a possible reform alternative from a majority in 2003 to a quarter in 2009. However, scepticism towards benefit cuts are still substantial. In addition, people are divided over the issue of actuarial neutrality (i.e. that each person should bear the cost of retiring early), and also supportive of having an early retirement arrangement for those having a hard and long working career.

In the theory section we argued, based on Schmidt’s (2000) work, that the coordinative discourse would be most important in the Norwegian system. This should not be read as meaning that the communicative discourse is simply «decoration». Although the most important initial reform recommendations were adopted unchanged, adjustments regarding redistribution and equality issues were made during the reform process. As argued by one interviewee, when more or less all political parties support reform, resistance to the reform idea from other actors is futile, and it is more fruitful to seek to influence the content of reform. A communicative discourse is thus important in the Norwegian multi actor system, seen from the elite level, as some actors outside the elite consensus, e.g. grass root level trade union activists, may cause difficulties if not potential opponents are persuaded to accept change.

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21 We extend our thanks to Axel West Pedersen for granting us access to unpublished data from the 2009 survey.
Concluding summary

We have argued that a coordinative discourse, illustrated by the crisis image of the shark jaw, served to establish consensus on the need for comprehensive pension reform, but mainly within the expert community. The simple message is that the country’s unique petroleum income is insufficient to finance future pensions, meaning that reform is necessary to secure future sustainability. The shark jaw was not the only image used, but we consider this image a collective term for communication and rhetoric of the coordinative discourse and it is used by central actors in the debate. Similarly, the elevator image of reform as giving people not less, but only a «little less more», thus being improvement rather than cutbacks, serves as a collective term for the communicative discourse developed to convince voters that they ought to accept the reform. Again, the communicative discourse consisted of much more than this simple message – arguably the rhetoric of justice was more widespread, and the flexibility issue as well, – but the elevator image nicely captures the essence of the strategy of convincing people of the appropriateness of the reform.

What we argue, is that the reform process has been rather pluralistic and consensus oriented, yet dominated by an elite. This elite has mainly focused on establishing an understanding of the need for and content of the reform proposals and less on creating a real understanding and approval of the main principles and consequences of the new system (cf. e.g. Pedersen 2013). While one interviewee stresses how the Nordic consensus culture helped make reform possible, another informant argued that the labour union’s acceptance of reform rested on the presupposed condition that policy makers would reconsider the new policies in the light of actual experiences of inequalities in longevity between different social groups, and if necessary make adjustments. The fact that the reform, in our view, has been sold understating actual negative aspects of the reform increases the likelihood of a backlash and means that the communicative discourse will remain important in the years to come.

The paradoxical reform success, seen from the perspective of the retrenchment literature, thus in our view does not imply that the battle is over once and for all. Lately, we observe signs suggesting that people now start realizing what the reform means for them, particularly the rather dramatic effects of the new indexation and the longevity factor for benefit levels and implicit pension age. Resistance and demands for new reforms might occur in the coming years and bring pension reform back on the agenda. If our suspicion is correct, this raises the question of what could have been done differently. Denmark also reformed their pension system based on recommendations developed by a governmentally appointed commission. This commission was given a mandate which specifically emphasized that the commission should contribute to debate on the need for reform. This strategy was probably an important factor behind the high support for the Danish reform (Lindén, 2013). And maybe options discussed and planned in Norway, but which in the end were not adopted, would have been wise. One example would be to consider explicit pension age increases as an alternative (as pursued in the UK and Denmark) to the more hidden retrenchment strategy of longevity adjustment as chosen in the Norwegian reform.
(Cf. Ervik and Lindén, 2013). This option would involve a less individualized risk strategy than the existing which leaves each person with the potential risk to retire too early and having an inadequate income in old age (Pedersen, 2013). Another example is the intention to equip all tax payers with an individual «pension account», informing each person how much pension benefits he or she has acquired each year, a major conscious-raising measure. Such speculation, however, does not prevent us from claiming that prominent Norwegian policy actors have succeeded to a high extent in carrying out a comprehensive reform without being severely punished by voters. Our main argument is that a coordinative discourse focussing on the need for reform and a communicative discourse saying that this reform represented fairness and improvements helped secure this success.
Annex I: List of Interviewees

Tomás Berg, Director General, Ministry of Labour and Social Affairs, member of the Secretariat of the Pension Commission (SPC), interviewed in Oslo, 4 June 2013.

Bjørn Halvorsen, Special Advisor, Ministry of Labour and Social Affairs, leader of the SPC, interviewed in Oslo, 3 June 2013.

Anders Folkestad, Leader UNIO (formerly UHO), interviewed in Oslo, 4 June 2013.

Per-Kristian Foss, former MP (H) and Minister of Finance (2001-2005), interviewed in Oslo, 4 June 2013.

Dennis Fredriksen, Senior Adviser, SSB, interviewed in Oslo, 6 June 2013.

Tor Hersoug, Director for R&D, NHO (Confederation of Business), member of the council of the pension Commission (MCPC), interviewed in Oslo, 5 June 2013.

Hilde Olsen, Senior Economist, OECD, (former Director at NAV), member of Pension Commission, MPC, interviewed in Oslo, 22 August 2013.

Erik Orskaug, Chief economist, UNIO, interviewed in Oslo, 4 June 2013.

Stein Reegård, Director, social policy department, LO, telephone interview, 11 July 2013.

Sissel Rødevand, Actuary Actecan, former Director, Finance Norway, (formerly Norwegian Financial Services Association), MCPC, interviewed in Oslo, 6 June 2013.

Bjørn Tore Stølen, former chief economist, YS (The Confederation of Vocational Unions), MCPC, interviewed in Oslo, 5 June 2013.

Nils Martin Stølen, Head of Research Unit for Public Economics, SSB, interviewed in Oslo, 6 June 2013.

Annex II: Original Quotes and Translations Used in the Text.

(p. 13)\textsuperscript{22}
Norwegian text:

Da ble jeg presentert for en figur, den eneste i nasjonalbudsjettet som har fått sitt eget navn, den såkalte "Haikjeften" (Stoltenberg, 2003).

Our translation into English:

Then I was presented with a figural illustration, the only in the national budget with its own name, the so-called «Shark Jaw” (Stoltenberg, 2003).

(p. 13)
Norwegian text

Et solidarisk og bærekraftig pensjonssystem (St.meld.nr 30, 2001: 314)

Our translation into English:

A solidaristic and sustainable pension system (St.meld.nr 30, 2001: 314).

(p. 21)
Norwegian text:

Hvis Pensjonskommisjonen virkelig var bekymret for nivået på pensjonsytelsene ville det vært langt mer rasjonelt for den enkelte ansatte, den enkelte virksomhet og for samfunnet som helhet om dette ble gjort kollektivt gjennom bedre ytelser i folketrygden (UHO 2004: 20).

Our translation into English:

If the Pension Commission really was concerned about the level of pensions it would be more rational for the individual, for the single firms and for society as a whole if this was done in a collective way by improving benefits of the NI (Utdanningsgruppes Hovedorganisasjon (UHO, 2004: 20).

(p. 22, footnote 14)
Norwegian text:

LO krever en bredere innsats for å sikre økonomien i pensjonssystemet. For LO er det en forutsetning for en slik levealdersjustering at vi får et inkluderende arbeidsliv som gjør at folk både kan og vil fortsette å jobbe lenger enn idag...den konkrete utformingen av justeringen må vurderes nærmere. En må særlig vurdere hvordan hvordan leveladersutviklingen er for

\textsuperscript{22} Refers to page in this Working Paper
Our translation into English:

LO demands a broader effort to secure the economy of the system. For the LO it is a precondition for such a longevity adjustment that we manage to create an inclusive working life that enable people so that they both can and want to continue in work longer than today... the concrete formula for the longevity adjustment has to be considered further. It has particularly to be assessed how longevity develops for different groups (of workers). It is unfair if increased longevity for those with higher wages is to result in changes with impact on groups with hard work and perhaps low wages (LO 2005, pp. 326–327).

(p.25)

Norwegian text:


Our translation into English:

If you are at the first floor, and intend to go to the twelfth floor, but only reach the ninth floor, have you then gone down? (Moxnes, 2013).

(p.25)

Norwegian text:

Noen sier det skal kuttet fordi økningen ikke er så stor som den kunne ha vært. Men hvis du tar heisen til tiende etasje istedenfor tolvte, har du da gått ned?» (Dagens Næringsliv, 2010).

Our translation into English:

Some claim that cutbacks are taking place because the increase is not as high is it could have been. But if you go by the elevator to the tenth instead of the twelfth floor, are you then going down? (Dagens Næringsliv, 2010).»

(p.25)

Norwegian text:

I 2050 vil pensjonistene ha frodoblede kjøpekraft i forhold til i dag. Alle skal få mye mer, men noen skal få litt mindre mer enn andre. Men det kaller ikke jeg kutt (VG, 17.12.2004)

Our translation into English:

In 2050, pensioners will have doubled their purchasing power compared with today. Everyone will get much more, but some will have a little less more than others. I don’t denote this as retrenchment (VG, 17.12.2004)

(p.26)

Norwegian text:

Justering av pensjonen for eventuelt økt levealder er ikke noe forslag om kutt, men at både antall år som pensjonist og antall år i arbeid vil øke. Dersom levealderen øker med ett år, må det jobbes noen måneder ekstra. Men pensjonen blir ikke kuttet. Det blir bare litt mindre økning til noen. Og for dem som har minst pensjon i dag, vil pensjonen øke (NRK, 2005).
Our translation into English:

Adjustment of pensions for an anticipated increase in longevity is no proposal for cuts, but that both the years as retired and the years in work will increase. If longevity increases by one year, we have to work some additional months. But there is no pension cut. There is just a little less increase for some. And for those with the lowest pensions today, the pension will increase (NRK, 2005)

(p.26)

Norwegian text:

Alle grupper av pensjonister kommer til å få mer i pensjon. Ingen kommer til å få mindre. Men noen av dem som ville fått veldig mye med dagens ordning, får litt mindre mer... Noen av dem som ville hatt gode pensjoner i 2050, får fortsatt gode pensjoner, men litt mindre mer gode pensjoner. Å kalle det ran er misbruk av ord. (St.forh., 2005: 2367).

Our translation into English:

All groups of pensioners will have larger pensions. No one will get less. But some of those who would get much more with today's system, gets a little less more... Some of those who would have good pensions in 2050, will still have good pensions, but a little less more good pensions. To call this a robbery, is an abuse of the word (St.forh., 2005: 2367).

(p.26)

Norwegian text:


Our translation into English:

The pension reform is no retrenchment measure. If we conducted unilateral benefit cuts I could have understood such a claim. Yet our reform contains many elements which alone increases the benefits, or expenses in the Folketrygd. The reason why the reform is still sustainable is that we emphasize work incentives. The carrot, not the stick, is the main element of this reform (St.forh., 2005: 2364, Foss, MP Conservatives).

(p.28)

Norwegian text:

Da Regjeringen kom med sin pensjonsmelding til Stortinget, var det bl.a. én sak Arbeiderpartiet reagerte meget sterkt på. Det var fordelingsprofilen – eller mangel på fordelingsprofil – i meldingen, og det gikk spesielt på forholdet til de lavlønne og kvinneprofilen. For Arbeiderpartiet var det helt krystallklart at skulle vi være med på en avtale eller gå inn i forhandlinger, måtte den framtidige folketrygd rettes veldig opp på dette området, altså i forhold til lavlønnsgruppene, kvinneprofilen og en sosial forankring. Det var et ufravikelig krav. (St. forh. 2005, pp. 2351–2352 Nordtun, MP Labour Party)

Our translation into English:

When the Government presented its pension white paper to the parliament (Stortinget), there were among other things one issue the Labour party reacted very strongly at. This was
the distributive profile – or the lack of a distributive profile– in the white paper, and this especially concerned those on low pay and the gender profile. For the Labour Party it was crystal clear that if we should strike a deal or enter into negotiations, the future national insurance had to be corrected on this area, i.e. concerning low pay groups, gender/female profile and the social basis. This was an absolute condition (St. forh. 2005, pp. 2351–2352 Nordtun, MP Labour Party)

(p.29)

Norwegian text:

det vi gjør, er både rettferdig og bra og nødvendig (Hanssen, AP, St.forh., 2007: 2671).

Our translation into English:

that what we do is fair, good and necessary (Hanssen, AP, St.forh., 2007: 2671).
References


ISF and MMI (2009) Velgernes holdninger til velferdspolitiske mål, prinsipper og prioriteringer. Opinionsundersøkelse (survey), SFI and MMI.


NRK (2005) «Stoltenberg hyllet og advarte», 10.05.2005


