

Brink Lund, Anker (Ed.); Byrkjeflot, Haldor (Ed.); Christensen, Søren (Ed.)

**Book**

## Associative Governance in Scandinavia: Organizing Societies by “Combining Together”

Nordic Studies in a Global Context

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*Nordic Studies in a Global Context*

# **ASSOCIATIVE GOVERNANCE IN SCANDINAVIA**

**ORGANIZING SOCIETIES BY “COMBINING TOGETHER”**

Edited by  
Anker Brink Lund, Haldor Byrkjeflot  
and Søren Christensen



# Associative Governance in Scandinavia

This edited volume explores a variety of aspects of associative governance, providing detailed case studies of associations and associational governance in Scandinavia. Theoretically developing a concept and approach of associative governance, the book sheds light on a dynamic way of perceiving associative aspects of community and commercial life that has been hitherto underexplored and undertheorized. It shows how governance by associations may be conducted not only bottom-up by self-organized and voluntary participation, but also top-down by authoritative incorporation through government, and – not least – in multifarious interstices in between. New section by exploring a vibrant panoply of dimensions of associative governance, empirically grounded in historical analyses of a wide range of organizational repertoires, the book may provide novel insights into the significant role of associative governance in Scandinavia over the past two centuries. Finally, it provides research-based knowledge about how to maintain “good political and economic institutions” in the future and a more holistic and dynamic approach to the literature on The Nordic model.

The book will be of key interest to scholars and students of Nordic and Scandinavian studies, history, sociology, political science, marketing, social policy, organization theory, and public management.

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# **Associative Governance in Scandinavia**

Organizing Societies by “Combining Together”

**Edited by  
Anker Brink Lund, Haldor Byrkjeflot and  
Søren Christensen**

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The lion's share of planning and writing of the formative outline for this book took place during the COVID lockdown. This process of seclusion was in itself an educational experience in combining together under challenging conditions. It taught the editors that academia does, indeed, draw heavily on associative infrastructures and that Teams and Zoom are poor substitutes for *in vivo* person-to-person interaction among peers. On the contrary, it also proved that virtual meetings may work all right as frameworks for communicative action if the participants already know each other and respect scholarly differences in a constructive fashion. This lesson, actually, contains an important message as far as future prospects for associative governance of academic societies go: increasing dependency on social media platforms is a mixed blessing for social activities depending heavily on associative governance. However, associatively, it does save a considerable amount of time otherwise spent on travel and small talk.

We would also like to acknowledge the wide variety of scholars who have provided us with valuable inspirations by way of books, articles, and conference papers. None of them, however, should be blamed for our interpretations (and possible misunderstandings) of their scholarship, representing a wide array of schools and disciplines – few of them in unconditional agreement with our particular take on “the associative”. Additionally, we would like to thank the skillful and unfailing copy editor and proofreader Merl Storr.

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# 1 Introduction

## Scandinavian perspectives on associative governance

*Søren Christensen, Anker Brink Lund, Haldor  
Byrkjeflot and Benjamin Ask Popp-Madsen*

### Associative perspectives on governance

If I try to make for myself a visual picture of the social system which I should desire for England and America [...] it would be a harmonious society like the one in Northern Europe.

(Wallas, 1914, p. 368)

Ever since Graham Wallas – co-founder of the London School of Economics, British public official, and political scientist – romanticized the region in his *Great Society* in 1914, the Nordic countries have often been similarly hailed in both journalistic portrayals and scholarly research. Indeed, depictions of “Nordic exceptionalism” seem to have mushroomed since the beginning of the century. In February 2013, *The Economist* published a now well-known front-page story that has become frequently cited in scholarly explorations of the region. Illustrated with a picture of a Viking, the story praised how “the Nordics cluster at the top of league tables of everything from economic competitiveness to social health to happiness”, claiming that Nordic societies “have avoided both southern Europe’s economic sclerosis and America’s extreme inequality” and that “theorists have taken to calling successful modernization ‘getting to Denmark’” – the latter, of course, being a reference to Fukuyama’s (2011) renowned depiction of Denmark as a “mythical place” (p. 14) that is stable, democratic, peaceful, prosperous, and inclusive.<sup>1</sup>

As Mary Hilson (2020) notes, “external stereotypes [of the Nordic countries] have often – though never exclusively – been positive, or even utopian” (p. 70).<sup>2</sup> While both historical and present-day utopian external stereotypes, romanticized representations, and rosy depictions of Nordic societies are indeed mythical, the ideal type sketched by Fukuyama does somewhat resemble political life insofar as the Nordic countries – in recent history, at least – have been relatively successful in offering welfare, security, and well-being for most of their inhabitants, as well as ranking persistently highly for happiness (Martela et al., 2020) and gender equality (Larsen et al., 2021).

An important and burgeoning recent literature has studied the Nordic model(s) in various ways: as a *Geschichtsregion* (Hilson, 2008), that is, through a heuristic concept for analysis and discursive construction; as a cultural construction and

distinctive *Sonderweg* that goes back to (at least) the 18th century (Sørensen & Stråth, 1997); as a *Begriffsgeschichte*, a rhetorical figure concerning “Nordic democracy” (Kurunmäki & Strang, 2010); and in terms of the *circulation of ideas* about Nordic models (Byrkjeflot et al., 2022), to name a (selected) few. As Haldor Byrkjeflot argues in his introductory analysis of existing approaches to the Nordic countries, these can be dissected into three partly overlapping and partly diverging approaches: the resource mobilization approach, the cultural construction approach, and the associative governance approach.

The premise of this book is that in the European region comprising the nation-states of Denmark, Norway, and Sweden, an important constituent of civil society is the plurality and plethora of self-governed associations – rather than libertarian individuals, traditional communities, or polarized republics. Our argument is that this collective and connective activity has been a civilizing factor enabling a particular variant of Nordic associative democracy. Thus, the book examines how governance by associations can be conducted not only through the “bottom-up” processes of self-organized and voluntary participation, but also to a large extent through top-down, authoritative incorporation by government – and not least in the multifarious incipient interstices in between.

There is a vast corpus of research demonstrating that associations have played a substantial role in the historical development of the Nordic countries and exploring relations between the state and associations in the region (Alapuro, 2010; Alapuro & Stenius, 2010; Enjolras & Strømsnes, 2018a, 2018b; Hilson, 2010, 2018; Klausen & Selle, 1996; Kuhnle & Selle, 1992; Selle et al., 2018; Stenius, 2010; Strang, 2016; Torpe, 2003; Vyff et al., 2017; Wollebæk et al., 2010). However, the exploration of these relations has often been equivocal insofar as it has been dispersed, with few attempts to integrate different perspectives in order to provide more theoretically coherent accounts of historical development in Scandinavia. In this edited volume, we seek to move beyond these more differentiated previous accounts by employing the concept of “associative governance” as a theoretical hinge that integrates different distinct perspectives. This concept offers a dynamic way to perceive associative aspects of community and commercial life that are currently underexplored and undertheorized. Accordingly, based on the diversity of empirical analyses, we aim to synthesize “the associative” into a broader and more dynamic idea than has been commonplace to date in monographs that focus on specific associations, corporations, and social movements. Indeed, we explore a vibrant panoply of aspects of associative governance, as well as kindred phenomena such as (neo-)corporatism, and we ground our exploration empirically in historical analyses of a cornucopia of organizational repertoires – including municipal governance, labor market governance, savings banks, religious life, housing, cooperative governance, and corporate governance.

We are cautiously optimistic that the richness and breadth of these analyses provides fruitful insights into how associative governance has emerged and become institutionalized over the last two hundred years. Our main ambition in this introduction is to briefly outline a concept that can capture conceptually diverse and historically shifting forms of state-society relations, rather than a “sector

understanding” that distinguishes more categorically between state, market, and civil society (see, in particular, Egholm and Kaspersen (2020) for an exemplary analysis and critique, identifying the origins of the sectoral approach to civil society in the 1980s).<sup>3</sup> Our use of the theoretical concept of associative governance to comprehend the historical developments and political specificities of the Nordic countries obviously requires us to clarify essential aspects of this concept and approach.

As Byrkjeflot argues in the following chapter, research based in a tradition of civil society studies and corporatism studies has seemingly developed as somewhat parallel attempts to explain and explore Nordic developments. While studies of neo-corporatism overarchingly focus on the role of interest groups, civil society studies attend toward a broader spectrum of associations and people’s movements and their interactions with the state. Indeed, our concept and approach of associative governance may provide fertile ground for integrating and combining insights from both traditions – neo-corporatism and civil society studies.

Please note that the variegated meanings of “the Nordic countries” and “the Nordic model” are contested and multifarious. We will therefore begin by unfolding our understanding of – and approach to – “the Nordic countries” in this volume, before unpacking the concept of associative governance and its *theoretical* grounding. Then, we shall outline the book’s *empirical* analyses and groundings, stressing *both* similarities *and* differences between the Nordic countries.

It should also be kept in mind that our approach to “the Nordic region” is somewhat biased: the majority of the book’s empirical analyses focus on Denmark, and to a lesser extent on Norway and Sweden, that is, the three countries known in shorthand as “Scandinavia”. Finland appears in the margins of the book, while Iceland and the autonomous regions of Greenland, the Faroe Islands, and Åland are all absent. This of course not only highlights the necessity for more research, but also calls for caution when making “Nordic” generalizations (Hilson, 2020; Marjanen et al., 2021).

More specifically, we primarily use Denmark as a prism to cast light on Scandinavian (and broader Nordic) developments, as most chapters focus overridingly on Denmark. Some chapters take Denmark as their primary case and compare it throughout with Norway and/or Sweden; others draw more evenly on all three of the Scandinavian countries. In other words, the chapters do compare elements from different Nordic countries, but rather than being methodologically comparative, we endeavor to make them *exemplary*.<sup>4</sup>

### **Toward a theoretical grounding of associative governance**

When the French nobleman Alexis de Tocqueville visited the USA in the early 1800s, he found a vibrant political life based on the notion of combining together: *l’idée de s’associer* (Tocqueville, 1835/2012, p. 217). The baffled European observer compared the resulting multitude of vibrant associations to the meager civil society of his paternal homeland, France, where autocratic and revolutionary governments regarded corporative traditions with disdain, and associative politics

with distrust. If Alexis de Tocqueville had visited the disunited states of Norden in the wake of the Napoleonic Wars, he would have found an organizational landscape similar to the *ancien régime* of his home country dominated by privileged corporations, for example, estate representations, villages, and guilds. In central government, however, influential reformers serving the king-in-council initiated anti-corporatist policies in line with post-revolutionary France, and especially at the local community level associative agency flourished pretty much to the same extent as Tocqueville had observed in the USA.

An attentive observer could also witness how communities of peasants and burghers practiced the art of associating in spite of the autocratic rule hardened by the on/off state of war between the Nordic empires of Sweden/Finland and Denmark/Norway. In the years following these political upheavals, estate-based societies gradually transformed into nation-states with market economies and representative parliaments, notably not in a disruptive and revolutionary manner, as was the case in France and the USA, but piecemeal and facilitated by community organizing at the local level of government. Taking our point of departure in community life rather than in central government, court cabals, and shifting military alliances, we propose studying *l'idée de s'associer* as a heuristic prism for exemplary explorations of “the associative”.<sup>5</sup>

Today, this approach is underexplored in sociology, political science, and social theory, and it is almost entirely off the radar of analyses of historical development. We claim that these seemingly half-forgotten approaches to social organizing may call attention to essential aspects of historical layers and developments in Denmark and the rest of the Nordic region, thus helping constructively to elucidate comparative achievements regarding welfare, stability, well-being, and trust in the Scandinavian context. Therefore, we will briefly outline the concept of *associative governance*, although this book excavates the concept – and its different aspects and dimensions – through *empirically* grounded historical analyses and a plethora of governance repertoires in labor markets, corporations, cooperatives, savings banks, housing, and moral life through religious organizations.<sup>6</sup>

Like *government*, the term *governance* ultimately derives from the Greek *kubernaein*, meaning “to steer” (Hoad, 2003). In a metaphorical sense, this goes back to Plato, who used the term in *The Laws* and *The Republic* to refer to the “art of navigation” (or proper steering) of a community – that is, the political art of governance (Plato, 2013/380 BC; Takala, 1998). The concept of governance has become fashionable, and it is now one of the most commonly employed concepts in political science and organization studies – indeed, it has even been called a “fetish” in these fields (Peters, 2011, p. 63). Certainly, the concept has also attracted ferocious contemporary critics. For example, Latour (2012) complains that “we have been giving in to the temptation to replace [...] the exercise of democracy by the awful word ‘governance’” (p. 4), while Jonathan Metzger and colleagues (2015) argue that “a spectre is haunting Europe – but it is not Karl Marx’s famous spectre of communism-to-come – it is the tired, disoriented and crepuscular spectre of governance” (p. 1). However, these critiques are directed toward the proliferation of the concept’s entanglements with neo-liberal discourse and its mushrooming



popularity from the 1990s onward, rather than its more historically deep-rooted meaning and connotations.

*Association*, on the contrary, derives from the medieval Latin *associationem*, a noun of action stemming from *associare*, to “join with”, an assimilated form of *ad* (“to”) and *sociare* (“unite with”) from *socius* “companion, ally” (Hoad, 2003). “Association” meant “an organized body of persons with a common purpose” from the 1650s onward, and today, it is defined in *The Oxford English Dictionary* (2009) as “the action of combining together for a common purpose”.

Accordingly, and grounded in its etymological roots, “associative governance” could thus be said to represent approaches to governance as *the political art of navigating through actions of combining together for common purposes*. These very broad preliminary remarks obviously pose as many questions as they answer, and the concept of associative governance may have a tendency to sound alluring but somewhat vague – for example when it is characterized as “social cooperation” and “dialogue among diverse social actors” (Bradford, 1998, p. 538). However, other definitions are more ambitious, elaborate, and demanding. For instance, associative governance has been defined as the institutionalization of “representation and action-planning among the full range of actors deemed relevant to economic innovation” (Feng et al., 2014, p. 184) or as “policy-making processes and institutional infrastructures that facilitate the participation and interaction between a wide range of actors from public agencies, private enterprises, trade unions and the voluntary sector” (Leibotiz, 2003, p. 2613).

An exploration of the literature that employs the concept of associative governance (or its variants) reveals that it is operative in theories of associative democracy (Amin, 1996; Bader, 2007; Cohen & Rogers, 1983, 1993, 1995; Fung, 2003; Hirst, 1994, 1996, 2001), neo-corporatism (Streeck & Kenworthy, 2005; Streeck & Schmitter, 1985), planning studies (Bradford, 1998; Phelps & Tewdwr-Jones, 2000), environmental political theory (Fischer, 2017), urban studies (Leibotiz, 2003), contemporary regional studies (Gunasekara, 2006), and studies and theories that focus on the role of the state (Bell & Hindmoor, 2009), among other fields. Since planning, regional, and urban studies and research that use associative governance as a theoretical and analytical lens are often primarily focused on single *instances* or *specific contemporary* cases of associative governance or associations, we consider it more fruitful here to focus on the concept as it unfolds in more *encompassing* theories and explorations of governance, associative democracy, and neo-corporatism.<sup>7</sup>

In the final chapter of this book, and in light of and in dialogue with the book’s empirical analyses, we will elaborate on key aspects of some of the most ambitious, critical, and vibrant examples of the current reinscription of associations, drawing on theories of “associative democracy” developed by Joshua Cohen, Joel Rogers, and Paul Hirst, as well as on Wolfgang Streeck and Philippe Schmitter’s neo-corporatism, and Stephen Bell and Andrew Hindmoor’s contemporary rethinking of governance through associations. In this introductory chapter, we will now simply and briefly provide a theoretical grounding for the concept of associative governance.

In their influential “relational state-centric” work *Rethinking Governance* (2009), Bell and Hindmoor define “associative governance” as occurring “when governments or state agencies form governing partnerships with societal organisations or NGOs” (p. 162). They explore associative governance in two categorized forms: *corporatism*, where governments jointly make and implement public policy in cooperation with major interest associations, and *private interest government*, where governments or state agencies sanction or encourage the use of private authority in governance arrangements. Bell and Hindmoor reiterate widespread examples of *corporatism* whereby “governments formally negotiate with labour associations to establish and jointly implement wage moderation policies in a national economy”, and also an example of *private interest government* whereby “governments allow firms or business associations to set codes of practice or self-regulate their activities in certain sectors” (p. 162). For Bell and Hindmoor, the costs and benefits of governance through association “depend, in particular, on prevailing institutional arrangements, especially on the capacities of associations and on the strength and capacity of the state” (p. 163).

This implies that (a) when associations that represent *private* interests have a high membership density or coverage, as well as effective internal procedures for the mediation of member interests that help to mobilize members into collective action, interest group politics need not lead to rent-seeking; and (b) the state can enhance its policy capacity by establishing associative governance arrangements with nonstate actors and by effectively metagoverning such relationships (Bell & Hindmoor, 2009, p. 163). In what Bell and Hindmoor call governance *through* associations, this requires the state to “share power to a greater degree than any [...] other modes of governance”, as the state delegates authority to nonstate actors. This is preconditioned by the state’s assessment regarding which associations possess and can provide valuable resources (p. 174). This echoes Trevor Matthews’s (1988, as cited in Bell & Hindmoor, 2009) recommendation that associations should be “vitaly important allies” for governments in governance (Matthews, 1988, p. 174). Thus, associative governance arrangements, such as corporatist and private interest government arrangements, “are created and maintained by the state” (Bell & Hindmoor, 2009, p. 174), emphasizing that associations “[do] not emerge spontaneously” (p. 175). Rather, governance through associations requires the state’s provision of sufficient *incentives* for associations to engage in governance activities (p. 176) so that states can enhance their policy capacities in these relations. Although Bell and Hindmoor’s view of associative governance is rather state-centric, we equally emphasize processes where individuals associate around shared interests and form organizations to pursue them – that is, activities that can largely be characterized as bottom-up. Associative governance is a prism through which to understand and explore how these dynamic processes influence each other, create specific governance regimes, and form specific policy areas.

As we will stress continually throughout this edited volume, the distinctiveness of the Nordic model cannot be attributed to a strong, independent civil society in opposition to the state (bracketing the conceptual question of what that would even mean under conditions of state sovereignty). Instead, the model is more fruitfully

explored through an examination of relations of negotiation, collaboration, compromise, and institutionalized conflict *between* nonstate organized interests and the state – in other words, the relations we conceptualize as associative governance. The strength of intermediate groups and organizations, such as people’s movements and political parties, contributes to the balance of power between the state and society. Another contribution to this situation is found in the Nordic countries’ decentralized multilevel governance structure, as a great deal of responsibility for welfare provision and local governance is delegated to municipalities. Indeed, it has been argued that the Nordic welfare states developed from below, with the municipalities as central facilitators and providers of infrastructure (Grønlie, 2004; Kolstrup, 1998).

In contemporary literature on corporatism and neo-corporatism (both in its original and in more contemporary variants derived from the Latin corpus, or “body”), it is commonplace to distinguish between what Philippe Schmitter (1974) terms “state corporatism” – referring to how authoritarian and fascist regimes have historically created and controlled corporations as a way to govern society – and “societal corporatism”, “liberal corporatism” (Lehmbruch, 1977), or simply “neo-corporatism”.<sup>8</sup> For our purposes, the “neo” in neo-corporatism has a dual – conceptual and temporal – meaning. Conceptually, in line with Streeck and Schmitter (1985), neo-corporatism signifies a form of interest representation and collaboration between the state and associations that does not resemble the fascist integration of state and society, but which is more stable and structured than pluralist systems (Molina & Rhodes, 2002, p. 307). Temporally, neo-corporatism refers to the 20th-century state-society integration *after* the creation of modern, liberal constitutions, representative democracy, and individual political rights. The estate-based society of the 18th and 19th centuries was also corporatist insofar as the state governed society through legally recognized corporations (towns, guilds, universities, companies, etc.), but it did so without the individual rights and freedoms that characterize modern society.

In sum, neo-corporatism is a way for the state to govern (civil) society, that is, to *incorporate* certain collectivities and groups in such a way that they become *governable*, by giving them privileges and exemptions (top-down governance, the structuring and incorporation of society). At the same time, neo-corporatism is also a way in which (civil) society can promote its own interests as *organized groups* (bottom-up representation), despite the fact that the territorial-parliamentary form has become thoroughly individualized and occupies the dominant position in the modern democratic imaginary. The concept of neo-corporatism is especially relevant for our exploration of the historical development and political importance of associative governance in the Nordic countries. While the Nordic countries certainly pride themselves on their traditions of broad intraparlimentary compromise (*det samarbejdende folkestyre*) – that is, on the distinct structure of their parliamentary channel – what might be more unique in a global comparative context is the distinctive structure and success of the countries’ corporative-parliamentary blend, which Stein Rokkan, in highlighting the influence of the former, famously formulated as “votes count, resources decide” (Rokkan, 1987, p. 206; see also Rokkan, 1981).

Moreover, this pivotal political role of organized interests in the Nordic countries is preconditioned on a strong civil society capable of solving problems through collective action, on strong, well-organized business groups and trade unions, and on a tradition of public policymaking and implementation in close cooperation with interest groups (Christiansen, 2017, p. 36). Neo-corporatism might thus be regarded as a fundamental part of the “consensual” (Lijphart, 1999) nature of Nordic political systems, including their key traits of negative parliamentarism, proportional voting, and multiparty systems.

Having briefly unfolded the concept – and our approach – of associative governance, in the following section we will now outline some of the key dimensions of associative governance, focusing on *associations*, *corporations*, and the dynamic processes of *associating* and *incorporating*.

### **Associations, corporations, and the state**

The starting point of this book is that if one seeks a fruitful understanding of the distinctiveness of Nordic historical development, one cannot operate with a clear-cut opposition between civil society and the state. Instead, it is more productive to analyze at least two simultaneous processes of governance. The first is the way in which the state seeks to *incorporate* existing organized collectivities in its administration of society, either with the objective of controlling society by putting it into a manageable, legal form, or simply because the state does not have the capacity to govern society without utilizing partly self-governing collectivities. The second process is the way in which organized collectivities seek to gain recognition by the state in order to obtain certain privileges, exemptions, and monopolies on the right to speak and negotiate on behalf of certain social groups, as well as the way in which organized collectivities appeal to or pressurize the state to take over the governance of certain policy areas, *and* the ways in which organized collectivities struggle to avoid incorporation by the state in order to guard their autonomy and externality to the state. These two different processes – we will call them *top-down incorporation* and *bottom-up representation* – inform our conceptual distinction between associations and corporations.

In line with this, we define an *association* as a group organized for the pursuit of common interests or for the attainment of certain ends, based on voluntary membership and formally independent of state government. By stressing the *common interests* of its members, we highlight the plurality and diversity of the possible ends pursued by an association. By stressing the *voluntary* nature of membership and formal *independence* from state governance, we highlight that associations – and this is the key difference from how we understand and utilize the concept of the corporation – have not (yet) entered the intricate negotiation of privileges and duties that would be set in motion by incorporation into the state administration and influence via the functional corporative channel.

This understanding of the association is in line with previous Nordic scholarship on the topic (e.g. Clemmensen, 1987), and it directs our attention – to use the Tocquevillian expression – to the myriad of different combinations established for

a variety of reasons and causes.<sup>9</sup> In contrast, we understand a *corporation* to be a legal entity constituted by law, separate from its members and recognized by the state, and thereby given certain privileges, exemptions, and duties, where access to those privileges requires membership. The key characteristic of the *corporation* is that it is legally recognized by the state and thereby charged with certain duties and granted access to certain privileges. To be clear, the conceptual distinction between associations and corporations is less of a difference in kind and more of a difference in degree. In our terminology, many organized collectivities *begin* as associations and *become* corporations over time as they are recognized and integrated (i.e. *incorporated*) into the state. Thus, the distinction between associations and corporations might also be regarded as a continuum along which collectivities can be *more or less* incorporated, depending on their integration into the state.<sup>10</sup>

Consequently, all organized collectivities have traits of both the association and the corporation, and the historical development of these dual traits is precisely what this book investigates. Secondly, this discussion leads us to a conceptual distinction between the *processes* of *associating* and *incorporating*. We understand *associating* to be a process through which individuals come together to solve societal problems and/or pursue common ends by universalizing their particular interests. The process of associating does not depend on the state, nor is it necessarily initially directed toward the state; instead, the objective is often to solve societal problems by forging collective identities and shared interests. We thus stress a Hegelian notion of associating as *Zusammenhang* (and not as *Verein* in the narrow legal sense), that is, as a process of universalizing interests by organizing collectively (Hegel, 1991/1821, p. 266).

Associating is thus to be understood to a large extent as the *bottom-up* process of creating shared interests between individuals and formal organizational structures to pursue those interests. In contrast, *incorporating* is a *top-down* process undertaken by the state, through which specific associations are incorporated and integrated into the state and given certain privileges and duties. This incorporation can be understood in two different ways. One understanding stresses that incorporation functions as an indirect mechanism of the state that does not simply regulate civil society, but rather actively shapes and constructs it (Neocleous, 1996, p. 4). In this understanding of incorporation, the state transforms the associations of society into a legal-corporate form that can be recognized and governed (Neocleous, 1996, p. 23). This means that the state (attempts to) shape(s) civil society into an administrable form by giving it a legal, corporate form, thereby recognizing only some parts of society as legitimate parts of civil society. Another understanding of incorporation plays down the element of statist control and the way in which the state seeks to depoliticize civil society by incorporating it. Instead, this second understanding focuses on incorporation as a question of the state's governing capabilities, that is, the fact that the state cannot – or at least historically could not – govern society without the help of local, regional, and functional corporations.

Which of these two types of incorporation has dominated the historical development of Nordic societies?

This is an empirical question, and the answer changes over time. To study historical developments of this kind is a messy business, because in most instances

top-down incorporation blends with bottom-up participation in a nonlinear fashion. Just as our distinction between associations and corporations should not be understood as a conceptual opposition, so too the processes of *associating* and *incorporating* are often mixed and intertwined when we analyze them historically.

Some collectives primarily associate in order to be recognized by outsiders as legitimate representations, and they seek to become incorporated by other associations and state authorities in order to gain political influence. Some incorporated collectivities, on the contrary, do not go through processes of voluntary associating, because they are strictly top-down creations of the state. Conceptually, however, we can distinguish between the processes of associating and incorporating with reference to the role of state: the question is whether the processes emanate more from the bottom-up, as individuals seek to forge common interests and identities (*associating*), or more from the top-down, as the state seeks to integrate collectivities into its administration of society (*incorporating*).

Based on these distinctions, we can tentatively define what we mean by *associative governance* as our central analytical framework for exploring the historical development and political importance of the Nordic model. Associative governance is a mode of societal governance that involves *negotiation, compromise, and institutionalized conflict* between mutually recognized actors – these actors being the state on the one hand and society’s associations-turned-corporations on the other. In this manner, associative governance offers a “third way” – in contrast with contract-dominated market competition and law-dominated state regulation – that fosters collaboration between actors from different sectors in pursuit of coordinated social and economic development (Cooke, 2001; Leibotiz, 2003).

As Streeck and Schmitter (1985) argue, the central principle of what they call the “associative model of social order” is “negotiation within and among a limited and fixed set of interest organizations that mutually recognize each other’s status and entitlements” (p. 124). To study associative governance is thus to focus on processes that lean more toward bottom-up *associating* or top-down *incorporating*, as well as the historical processes through which individuals associate around common interests, *and* the processes whereby the state seeks to incorporate those associations. While the concept of neo-corporatism certainly captures large parts of these processes, we argue that the concept of associative governance better expresses the nature of bottom-up *associating* and top-down *incorporating*, as well as the *processes and hybrid modalities in between* that have shaped historical developments in the Nordic countries. Indeed, associative governance can entail processes of bottom-up associating while simultaneously being characterized by processes of both voluntary incorporation and incorporated voluntarism.

### **Exemplary analyses of associative governance**

All the chapters in this book address what Tocqueville saw as the messy business of “combining together” under conditions of contingency and uncertainty. The chapters may not explicitly use the concept, but they address how citizens have joined or created associations – either voluntarily or forcedly – and thereby contributed



to civilizing social conflicts and solving societal problems.<sup>11</sup> The book as a whole, however, should not solely be understood as exercises in the political sociology of organization. More fundamentally, it is an attempt to excavate the phenomenon of “the associative”, regarded as a central element in Scandinavian governance, through a range of *exemplary* empirical analyses. Each chapter can be read as providing varieties of “combining together”, illustrated empirically with historical and contemporary cases within a Scandinavian context.

It is the overarching wager of this edited volume that although some literature exists on the concept of associative governance, a more nuanced and analytically vigorous understanding of the concept can be reached through combinations of historical-empirical approaches. In this way, the book fundamentally seeks to substantiate a multifarious concept through rich empirical analyses. Rather than more rigidly defining a carefully delineated concept that is supposed to exist “out there” and applying it comparatively to a plethora of cases, we treat associative governance as a dynamic concept that incorporates “concentrations of multiple meanings” in light of specific historical contexts (Boeeker, 1998; Koselleck, 2011). We thus explore various organizational forms and repertoires – religious organizations, labor market associations, cooperative businesses, housing organizations, savings banks, and business corporations – as variants and dynamic processes of “combining together”. In so doing, we attempt to bring “the associative” back into explorations of historical development(s) in Scandinavia and into the very core of social scientific scholarship.

Preceding the book’s empirical analyses of exemplary cases related to different societal sectors, *Haldor Byrkjeflot* presents an analytical overview of approaches to the Nordic model by reviewing the literature on that model and the “secrets” of its apparent success, as well as more critical historical accounts that emphasize the paradoxes associated with Nordic developments. In this chapter, Byrkjeflot argues that the current narratives concerning the Nordic model do not adequately explain what has happened, or what lessons and inspirations may be drawn from historical experience. Recent scholarship has shifted from emphasizing sociopolitical aspects toward arguing for the role of Protestantism and free farmers in the shaping of the Nordic model. In order to develop a third perspective as an alternative to the resource mobilization and culturalist approaches, Byrkjeflot brings in literature on the relationship between civil society and the state in the Nordic countries. People’s movements, voluntary organizations, and later corporatist compromises can be understood as necessary preconditions for the development of the Nordic model. The associative governance style or tradition that is so typical of the Nordic region developed in response to actions taken by local and central state institutions in the face of high levels of social mobilization and struggles among a range of people’s movements and voluntary organizations.

The following three chapters take a closer look at popular movements, usually regarded as pre-eminent roots of the Nordic model: the protestant revival movement, the social democratic labor movement, and the cooperative farmer movement. Acting together – in conflicts and in shifting alliances – these associative initiatives constitute organizational infrastructures defined bottom-up in



19th-century Denmark, Norway, and Sweden, later recognized top-down by the Scandinavian governments, and still crucial for the understanding of Nordic exceptionalism in the 21st century.

*Anders Sevelsted* argues that associative governance in Scandinavia must be regarded as an emergent order brought about by intermediary elites, managing repertoires of action as part of an ongoing struggle between moral movements and central government. More specifically, Sevelsted demonstrates how moral life in the Nordic countries rests upon orders negotiated between movement representatives who have mediated between movement constituents and state authorities. Historically, religious and temperance movement leaders have negotiated *serene*, as well as *secessionist* revivalist repertoires (aiming to stay or leave state churches, respectively), to reach an associative governance structure of religion. The recognition of increased religious freedoms inside or outside the national churches by the Scandinavian governments has resulted in a relative lack of politicized cleavages in religious life in Denmark, Norway, and Sweden. Despite a mutual departure from relatively similar Lutheran state churches, however, this negotiated way of governing religion has resulted in somewhat different religious, political, and philanthropic models in the Nordic countries. Nonetheless, elites of revivalist representatives have paved the way for the compromise-oriented incorporation of organized groups in public governance that still characterize much of present-day Scandinavia.

*Benjamin Ask Popp Madsen* analyzes the shifting arrays of Nordic labor market governance by exploring historical developments in relations between superordinate (master, capitalist, employer) and subordinate (journeyman, worker, employee). He studies how these relations were formed and mediated through associative forms (guilds, journeymen associations, trade unions, employer organizations), and the role played by the state in the historical development of those associative forms. Here, associative governance is unfolded as shifting relations between associations in dual processes of bottom-up associating and top-down incorporating – through historical moments that form around common interests, and through the state’s quest to control those associations through incorporation. More specifically, three phases are reconstructed historically in terms of associative labor market governance: a slow decline of a traditional corporatist system, a negotiated rise of neo-corporatism, and transformations toward anti-corporatism in contemporary times of neo-liberalism.

*Esben Bøgh Sørensen* and *Mads Mordhorst* discuss the role of the cooperative farmer movement in Denmark. They demonstrate how this kind of “being strong together” can influence social and economic development way beyond the original organizations of dairies and slaughterhouses. The chapter documents how cooperatives were crucial for the economic development and modernization of Denmark in particular and the Nordic countries in general. This localized way of organizing commercial institutions of agriculture contributed to a negotiated order as local and regional cooperatives were consolidated in federalized umbrella organizations at the national level. Cooperative businesses survived dramatic transformations sparked by international economic pressures and shifts in national political

interests. In these adaption processes, however, former associational aspects of cooperative governance were lost as agro-businesses became disembedded from their traditional organizational and cultural networks. While cooperatives such as Arla and COOP continue to play an important role in business today, they differ substantially from the earlier cooperative movement. Accordingly, it is concluded that the cooperative farmer movement has demonstrated a high degree of resilience and adaptability, but associative governance is in no way guaranteed by a particular organizational form.

The next three chapters – Chapters 6–8 – deal with organizational infrastructures of everyday life usually regarded as less associatively influenced by popular movements than religion, labor relations, and farmers' cooperatives. It is our claim, however, that societal sectors such as housing, savings banks, and commercial businesses organized as shareholder corporations engage in associative governance for social transformations too. Instead of popular movements in the traditional sense, we find associatively organized lobbyists recognized by government as official representatives of big business and other special interest groups. Historically, they have to a large extent acted in tandem with state agencies and municipalities within neo-corporatist frameworks. As of late, however, their legitimacy as privileged agenda setters has been challenged top-down, as well as bottom-up, by anti-corporatist processes of neo-liberalism.

*Anker Brink Lund* and Søren Christensen present a chapter on the associative aspects of housing governance in Denmark, Norway, and (to a lesser extent) Sweden. They unpack how housing became positioned politically as a pillar under the Nordic welfare state model, alongside de-commodified healthcare, social security, and education. Based on a critical reading of official policy documents, as well as empirical case studies in the field, the chapter argues that umbrella organizations played formative but underrated and underexplored roles in the associative governance of domestic migration and the balancing of different types of housing tenure. Illustrated with examples from Denmark, Sweden, and (to a lesser degree) Norway, the chapter demonstrates how self-organized housing associations interacted with other interest groups to compete and align themselves in order to gain government recognition and political legitimacy. After World War II, representative umbrella organizations mediated a neo-corporatist order of integrative and participatory community planning. From the mid-1980s onward, however, deregulation of building and housing allocation left more room for market-driven forces, resulting in more mandatory stakeholder involvement, but less associative governance of the representative, collective, and incorporated kind.

*Louise Skyggebjerg* finds similar tendencies when analyzing the purpose and practice of savings banks, with a particular emphasis on the financial sector in Denmark compared to Norway and Sweden. She identifies competing organizational repertoires and narratives in savings banks as community-oriented associations working for the common good, versus savings banks as market-focused, profit-oriented businesses. Ultimately, the chapter argues that it is misleading to talk of a clear dichotomy between these two repertoires. Rather, their relations with the state in its various roles should be analyzed historically as continuums. In so doing,

Skyggebjerg demonstrates that savings banks did not develop into textbook exemplars of associative democracy. Instead, collaboration with government agencies and municipalities involved other associative aspects of governance, that is, mutual interests, common goals, stakeholder involvement, and dialogue between diverse social actors. Consequently, “the associative” need not necessarily be more salient in the governing of savings banks originally organized as community-oriented associations than is the case in today’s shareholder corporations.

*Mathias Hein Jessen* presents a chapter on associative governance in and of *economic life*, particularly focused on the organization of large businesses in Denmark, currently predominantly incorporated as publicly listed shareholder companies with limited liability. He traces this development back to colonial trading companies of the 18th century. The chapter draws on Streeck and Schmitter’s principle of “organizational concertation” as a negotiation between mutually recognized parts, using this approach to explore the implications of the joint stock corporate form, which focuses on profit maximization. This corporate form requires formal negotiation and organizational concertation based on reciprocity, recognition, and mutuality between (formal) equals. This kind of associative governance, however, does not exclude inequalities or the exertion of power. Contrary to common beliefs, capital in Denmark is concentrated among large corporations, most of them organized as foundation-owned enterprises with a fiduciary duty not only toward the corporation itself, but also toward more charitable causes. It is concluded that while associative governance in big business does not necessarily entail democracy, it does require organizational concertation based on reciprocity, recognition, and mutuality between (formal) equals.

Taken together, the eight chapters highlight not only participation and influence by the governed, but also recognition and authority of the governing, made possible by more or less institutionalized infrastructures of governance. We do not claim that Denmark and the other Nordic countries stand alone in so doing, but we call attention to the particular ways and means employed for such purposes in the Scandinavian context over time. Moreover, we do not postulate that Scandinavians are inherently better equipped to hold a democratically defined balance of power by way of associative governance. Rather, we demonstrate by way of exemplary analyses how this kind of interaction has emerged and taken place to varying degrees and extents over time.

Associative governance in the Nordic countries, in other words, should not be regarded as an exclusively laudable way of conducting business and politics, although empirical research does document that organizational repertoires developed in Nordic countries seem to allow for more collective representation and voluntary participation than is often the case in other parts of the world. The mastery of the past does not necessarily ensure that the civilizing influence of associative governance shall and must continue unchanged forever. On the contrary, our empirical contributions clearly demonstrate that associative governance is constantly in the making – ongoing processes of development and transformation, rather than a once-and-for-all given set of decision-making procedures, or the result of any grand design. Consequently, these dynamic repertoires of negotiated order and

conflict resolution cannot be exported wholesale to political environments developed under historical conditions markedly different from the ones presented in the chapters below.

In terms of generalization, it should also be noted that our contributors do not subscribe to one, singular conceptualization of *associative governance*. The exemplary analyses have been researched and narrated within a flexible sketched framework presented in this introduction. It allows for a variety of inductive amendments from the individual authors to be addressed by the editors in the concluding chapter on *Scandinavian lessons on associative governance*. This versatile approach, we argue, not only allows for more multifaceted and fine-grained insights into governance in Scandinavia, but also provides a tentative framework and fertile ground that we hope will be valuable and useful for analyses well beyond Denmark, Sweden, and Norway.

## Notes

- 1 Indeed, in his reflection on the remarkable historical trajectory of Denmark and the development of democracy, Fukuyama highlights how it “was far less conflictual and violent in Denmark than it was in England, not to mention France, Spain, and Germany” (Fukuyama, 2011, p. 434). In the section “Getting to Denmark” (“or any other country in Scandinavia”) while acknowledging that the Danish case is “full of historical accidents and contingent circumstances” and that these “cannot be duplicated elsewhere” (2011, p. 434), Fukuyama points out that there are seemingly many different ways to “get to Denmark” premised on some combination of a strong state, rule of law, and accountable government.
- 2 In recent years, several books have been published that address “the Nordic model” from a variety of perspectives (Byrkjeflot et al., 2021; Koivunen et al., 2021; Marjanen et al., 2021; Strang et al., 2021). While it is true that external stereotypes of the Nordic countries have been predominantly positive, there is also a plethora of negative and even dystopian stereotypes, for example, concerning extremely high rates of taxation, social control, and sexual liberation (Strang et al., 2021).
- 3 Egholm and Kaspersen endeavor to disentangle civil society from the sector perspective. They argue that while a sector understanding of civil society arguably has contributed to establishing civil society as a space for the common good, social mobilization, democratization, and political critique suffers severe limitations, particularly in terms of embedding strong normative assumptions into empirical analysis, relies on an a priori definition of civil society, and maintains a rigid binary differentiation between society and the state (Egholm & Kaspersen, 2020, p. 4). The associative governance approach advanced here and, in the book, inspired by a Hegelian idea of *bürgerliche Gesellschaft* somewhat resembles Egholm and Kaspersen’s *processual-relational approach to civil society*.
- 4 Accordingly, rather than providing a *representative* view of associative governance in Scandinavia, including differences and similarities, we seek to provide a more *comprehensive* picture of historical and contemporary developments than we find in other anthologies adhering to more systematic (and arguably rigid) methodologies of comparative scholarship.
- 5 The importance of civil society associations for Nordic state building has also been categorized in an international comparison by Jepperson (2002) as exceptional combining “strong society” with “strong state”.
- 6 We are acutely aware of Sartori’s (1970) concern about “conceptual stretching”, that is, the distortion that follows when a concept does not fit a new case – a problem nurtured by “conceptual traveling”, meaning the application of a concept to new and different

cases. See, for example, also Berger's critique of how the concept of *civic engagement* in political science and political theory exemplifies Sartori's concern about "conceptual stretching" in becoming a "catch-all term for almost anything that citizens might happen to do together or alone" (Berger, 2009, p. 335). However, we employ "associative governance" as a theoretically informed concept and analytical lens that elucidates a variety of *aspects and dimensions*, which the empirical chapters will unearth and thereby aim to uncover the usefulness of the concept and approach.

- 7 Indeed, analyses of isolated contemporary instances in liberal political economies of experimentation with "associative governance" as collaborations between firms, governance agencies, labor, and supporting institutions have demonstrated the immense difficulties that arise in contexts that are not endowed with relatively high preexisting levels of social capital or traditions of associative governance (Bradford, 1998; Leibowitz, 2003).
- 8 As Schmitter already observed in 1974, there is hardly consensus concerning the definition of corporatism, referring to Louis Baudt and his assertion from 1942 that "The army of corporatists is so disparate that one is led to think that the word, corporation, itself is like a label placed on a whole batch of bottles which are then distributed among diverse producers each of whom fills them with the drink of his choice. The consumer has to look carefully" (Schmitter, 1974, p. 88). Schmitter's immensely influential definition of corporatism is "as a system of interest ... representation, a particular modal or ideal-typical institutional arrangement for linking the associationally organized interests of civil society with the decisional structures of the state" (Schmitter, 1974, p. 88). This definition is remarkably close to recent definitions, such as Christiansen's definition of corporatism as "the institutionalized and privileged integration of organized interests in the preparation and/or implementation of public policies" (Christiansen, 2017, p. 36), which our approach to associative governance, and corporatism as one particular *modus* thereof, largely follows. For an overview of different models of corporatism, see Streeck and Kenworthy (2005, p. 442).
- 9 Cf. Clemmensen (1987), who draws epochal distinctions between corporations (which he considers feudal and premodern), associations (a transitional form around 1770–1870), and (people's) movements, which he locates in the modern period from the 1850s onward. To reserve the word "association" to a patriotic-paternalistic form of association is not at all fruitful in English, where the word can encompass both popular mass organizations and the more elitist ballot companies. Clemmensen (1987, p. 123) provides a broader definition of the Nordic association (*forening*) as a group organized for the pursuit of common interests, formally independent of government (and family, we would add), and possessing discretionary powers to dissolve itself, albeit not formally regulated by law. In line with this, Clemmensen distinguishes between corporations (obligatory communities, where there is mandatory incorporation), associations (voluntary associations, societies, federations, and clubs, where there is voluntary participation), and mass organizations (popular movements). See also Alapuro and Stenius (2010).
- 10 Obviously, not all corporations – that is, state-recognized legal entities – begin as associations, that is, voluntary organizations that exist independently of the state. Some corporations are *created* by the state and hence do not have their origins in civil society.
- 11 In a sense, the chapters also analyze processes of isomorphism in a plethora of ways. In their classic article on institutional isomorphism, DiMaggio and Powell (DiMaggio & Powell, 1983, pp. 150–154) distinguish three forms of isomorphism: *coercive*, stressing the coerced nature of institutional homogeneity; *normative*, stressing the intended nature of institutional homogeneity; and *mimetic*, stressing the unconscious imitation of other organizational forms as the source of institutional homogeneity. It is this last form to which we refer.

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## **Part 1**

# **Associative roots**



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## 2 A Nordic model of associative governance?

*Haldor Byrkjeflot*

### Introduction

For people in developing countries, “Denmark” is a mythical place that is known to have good political and economic institutions: it is stable, democratic, peaceful, prosperous, inclusive, and has extremely low levels of political corruption. Everyone would like to figure out how to transform Somalia, Haiti, Nigeria, Iraq or Afghanistan into “Denmark”.

(Fukuyama, 2011, p. 14)

... the most important message from the Scandinavian case is that of the importance of the organizational society itself.

(Henriksen et al., 2019, p. 202)

Since the early 2000s, there has been an upsurge of interest in the so-called Nordic model.<sup>1</sup> The Nordic region has been referred to as a “supermodel” (*The Economist*, 2013), and scholars such as Francis Fukuyama (2011, 2014) have suggested that many nation-states are now trying to figure out “how to get to Denmark”. Thanks to this increased interest, there has also been a flood of articles and books that deal with constructs of the Nordic model in one way or another (Byrkjeflot et al., 2022).

This more recent scholarship on the Nordic model presents a different portrait of Nordic societies than the previous literature, broadly referred to as Nordic work and welfare studies, which was more empirically oriented and historical. In particular, it offers a different depiction of the role of associations in the Nordic model’s development. In this chapter, I contrast some of the current assumptions about how the Nordic model emerged with assumptions found in other historical sources and texts, starting from “the Age of associations” in the mid-1800s. I argue that the organizational dimension of social mobilization played a crucial role in the development of the Nordic model. By “organizational dimension”, I mean the capacity for self-organization and state-association combinations. Here, I show how the very close cooperation between the state (at both local and central levels) and popular movements in the Nordic region gave impetus to the development of the governance style we call associative governance (see Chapter 1).

The idea of a Nordic model did not appear in the scholarship until the 1980s, although it had been used in travel reports and political discourse outside the Nordic region since the 1930s (Byrkjeflot et al., 2022; Childs, 1936; Koivunen et al., 2021). The history and self-identity of each Nordic nation-state goes further back, of course. Historically, the region's five nation-states have been impacted by different geo-political and sociopolitical contexts.

Altogether, there are many similarities among the Nordic countries related to trust relations and governance practices (Andreasson, 2017; Holmberg and Rothstein 2020; Svedin 2017). Although all these societies have been and are increasingly intertwined with global economic and international cooperative systems, the nation-states still seem to provide the most important arenas for public discourse and decision-making around governance and welfare (Kocka, 2004).

The questions that motivate this chapter are similar to those Fukuyama was preoccupied with when he was working on his two volumes on "The Origins of Political Order" (2011) and "Political Order and Political Decay" (2014). He was searching for the answer to the question of "how to get to Denmark", but discovered that not even the Danes knew the answer to that question. I will review the two predominant answers to that question (resource mobilization and culture), but join Henriksen et al. (2019) in their conclusion quoted above that the most important message from the Nordic case is that of "the importance of the organizational society itself".

I will begin by outlining the most important positions currently available in the social sciences and humanities in relation to the Nordic region. I will then use historical and scholarly sources in order to outline an associative governance perspective.

I will argue that scholarship has shifted from emphasizing sociopolitical aspects, power resources, elite compromises, and social democracy (Esping-Andersen, 1985, 1990; Korpi, 1983) toward arguing for the role of religion, free farmers, and the welfare-individualistic culture in the making of the Nordic model (Berggren & Trägårdh, 2015, 2022; Sørensen & Stråth, 1997). In parallel with the latter trend, a literature has also emerged that emphasizes high-quality government, high trust, "consensual governance" (Kuhnle, 2009; Rothstein, 2011), and the Nordic civil sphere (Engelstad & Larsen, 2020; Enroth & Henriksson, 2020). It is in this literature, as well as scholarship depicting a "negotiated economy" (Amin & Thomas, 1996; Pedersen, 2006), that I find support for an associative governance perspective, although it also needs to be supplemented by sources and perspectives that emphasize the role of associations and people's movements. A focus on governance and organizing will provide insights that are only partially available in the predominant current perspectives. People's movements and the related tradition of associative governance have had a large impact on political, economic, social, and cultural developments in the Nordic countries. Furthermore, civil society studies and corporatism studies have developed as parallel attempts to explain Nordic developments: corporatism studies emphasize interest groups, while civil society studies have focused on a broader spectrum of associations and their relations with the state. Indeed, the concept of associative governance

may offer the distinct advantage that it is able to combine insights from both these traditions – neocorporatism and civil society studies.

In the following, I will explore the roles that have been attributed to associations in historical narratives in Norway, Sweden, and Denmark, whether in literature on the so-called Age of Associations or in longer term narratives of nation-building and “getting to Denmark” (Fukuyama, 2011; Rokkan, 1981).

To establish a perspective regarding the particular role of associations in governance, I refer to the introductory chapter’s definition of associative governance as processes of bottom-up associating and top-down incorporating. What is special about the Nordic countries is the close relationship between civil society and the state at both local and central levels, as well as the overlap between the concepts of society and the state (Kettunen, 2019). This relationship emphasizes the negotiation, collaboration, compromise, and institutionalized conflict between nonstate organized interests and the state that characterizes the associative governance style.

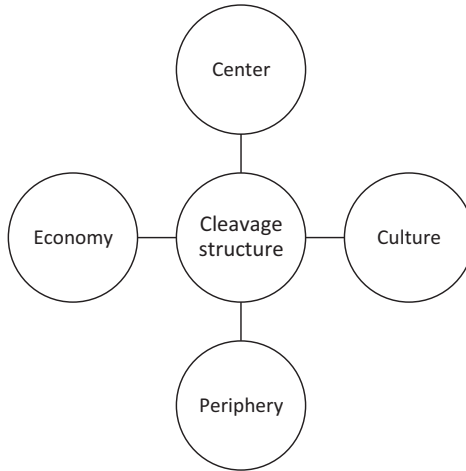
My concern here is with a particular governance style referred to as associative governance, which in some ways may also be denoted as *civic action*, where “participants are coordinating action to improve some aspect of common life in society, as they imagine society” (Lichterman & Eliasoph, 2014, p. 809). It may be the historically close relationship between civil society and the state in the Nordic countries that has made this particular governance style possible.

In another context, I have referred to this governance practice as constitutional management, indicating a system with an underlying negotiated formal and informal agreement among the parties (e.g. states, unions, employers) about many of the ground rules of how to relate to each other. This is an ideal infrastructure that places a strong demand on managers to seek compromise among conflicting interests. Such a model of management developed most distinctly in the Nordic countries (Byrkjeflot, 2006, p. 58, 2001; Kerr et al., 1960).

As this book’s introductory chapter argues, the strength of intermediate groups and organizations – such as people’s movements, voluntary organizations, and political parties – has contributed to the emergence of associative governance as a means of balancing power between state and society in the Nordic countries.

An important inspiration for the historical discussion of the rise and expansion of people’s movements, associations, and political parties in the Nordic countries is Rokkan’s (1970) conceptual map of Europe, his cleavage theory, and in particular his discussion of the Nordic development pattern (Rokkan, 1981). Rokkan sketched a narrative of historical development that combined an emphasis on values and culture with an economic perspective on Nordic development, as well as the center-periphery dimension (Figure 2.1).<sup>2</sup>

When Rokkan (1966) introduced the slogan “votes count, resources decide”, he was referring to the electoral as opposed to associational influence in politics. In order to understand what European and Nordic societies had in common and how they differed, one needed to study the cleavage structure related to associations (of both cultural-religious and economic kinds) and their relations with states and political parties (Figure 2.1). The Nordic cleavage structure, it has been argued, gave rise to a five-party system, with the conservative parties as defending



*Figure 2.1* Illustration of Stein Rokkan's cleavage theory

the old regime being opposed by four parties with each their roots in a segment of the people's movements. Østberg (2021, p. 85) has referred to four of the predominant parties in Swedish politics until 1985 as people's movement parties. Furthermore, as argued by Ertman (1998) political parties and associations in the Nordics interacted in such a way as to strengthen the prospects for democratization (see also note 16).

In his work on the Nordic countries, in addition to discussing the role of unions, farmers' and fishers' organizations, and employer organizations, Rokkan mentioned language movements, religious protests against the Lutheran church, the folk high school movement, and teetotal organizations, which formed part of the "common platform" that comprised the early Liberal Party in Norway and later the five-party structure typical of the Nordic countries until the 1980s (Rokkan, 1981).

While civil society studies and corporatism studies have been perceived as very different approaches, Rokkan and his followers arguably brought the two perspectives together in a way that emphasized the role of associations in societal governance infrastructures (see also Gøtz, 2003). Rokkan's theories have for the most part been used as motivation for studies either of elections and political parties or of interest groups and corporatism, but, as we shall see, many of his followers have also ventured into the study of the relationship between civil society and welfare states.

To explore how the perceived role of associations has changed, one needs to delve into both older and more recent economic and political history. There is therefore a need to update Rokkan's cleavage theory and his perspectives on corporatism. However, I will first introduce three ways of seeing the Nordic model, based on a reading of recent scholarship.

**Scholarly perspectives on the origins of the Nordic model**

There are three major perspectives that are currently available, presenting partly overlapping and partly conflicting views of the role of associations in the development of the Nordic model: (1) the resource mobilization approach, (2) the cultural construction approach, and (3) the associative governance approach (Table 2.1).

First, the *resource mobilization* approach is primarily associated with Walter Korpi (1983), Gøsta Esping-Andersen (1990), and a group of scholars identifying themselves as political economists or welfare state researchers (e.g. Barth et al., 2014; Dølvik et al., 2014). Esping-Andersen’s introduction of the distinction between liberal, conservative, and (Nordic) social democratic welfare regimes is a key event in the history of the Nordic model, since it was one of the first systematic comparisons across nation-states to identify a Nordic cluster.

Esping-Andersen used a power resource model as an explanatory tool. According to this model, business actors and employer associations have power based on the control of companies, but workers or farmers gain power through mobilization in associations or political parties, as well as in elections. Power in numbers grants parliamentary power, which means labor can introduce social legislation, pensions,

*Table 2.1* Three ways of “seeing” the Nordic governance model

	<i>Resource mobilization approach</i>	<i>Cultural construction approach</i>	<i>Associative governance approach</i>
Important sources	Korpi (1983) Esping-Andersen (1990) Dølvik et al. (2014) Barth et al. (2014)	Stråth and Sørensen (1997) Thorkildsen (1997) Trägårdh (1997) Witoszek (1997, 2011) Petersen (2018)	Rokkan (1981) Kuhnle and Selle (1992) Knudsen and Rothstein (1994) Knudsen (2000) Kuhnle (2009)
Concepts	Resource mobilization, industrial relations, social democracy, crisis compromise, farmers’ and workers’ movement coalition	Statist individualism, “passion for equality” culture, trust, the free farmer myth, doctrines of Lutheranism	Neocorporatism, structural cleavages, compromise culture, quality of government, trust, Lutheranism as administrative structure
Central actors	Unions, employers, farmers’ movements, political parties, social democracy, parliaments	The “free farmer”, “statist individualists”, priests, public intellectuals, poets	States and municipalities, politicians and civil servants, associations, professions, people’s movements



health insurance, etc. Once this has been achieved, the unions can concentrate on building and maintaining power by contributing to labor market policy and productivity growth (see Popp Madsen in this volume).

Furthermore, the development of the Nordic universal welfare states<sup>3</sup> was driven by strong left parties in alliance with the trade union movement. The distribution of power between classes and parties is crucial to the variations found among welfare states; what was characteristic of the Nordic model was the extent to which workers' movements and social democrats gained power in society.

The *cultural construction* approach develops an alternative narrative of the Nordic model. This approach is mainly associated with history and the humanities (Sørensen & Stråth, 1997). Proponents of this model thus go further back into history to identify events, myths, and discourses that may help explain the current shape of Nordic cultures and public spheres. In this view, Lutheranism has been an important influence, not only because it empowered the state by integrating state and church, as political scientists commonly argue, but also because it permeates the values, rituals, and practices of society (Thorkildsen, 1997, 2010).<sup>4</sup>

The focus of this cultural approach is more on stereotypes and myths, and the main actors are frequently public intellectuals, poets, and artists, rather than workers' movements, political parties, and interest groups. Particularly important figures in cultural narratives related to the Nordic model are the free farmer and the statist individualist. Some go even further back in history to discover the sources for a particular Nordic early democratic tradition (Lindahl, 1981).

The absence of feudal relationships and the rapid expansion of self-ownership made the free peasant a central figure in Nordic history. The long history of political representation of farmers in Sweden meant they played a larger role in politics than in other European societies, including Denmark and Norway during the period of absolutism. In the latter countries, the early modern and 19th-century farmers' movements paved the way for 20th-century social democracy. The myth of the *free farmer* – which is reflected in fairy tales and in Nordic literature and history-writing – therefore refers to a special combination of equality and freedom, which is also described as a “passion for equality” in the Nordic region (Graubard, 1986; Kettunen, 1999; Witoszek, 1997).

A more recent contribution to the cultural construction narrative is the argument about *statist individualism*. According to Lars Trägårdh, the main scholar behind this strand of analysis, the expanding Nordic welfare states have set individuals free from their families and other traditional collectivities to pursue their own identity projects. The alliance between the state and the individual is the central principle. To an extent unheard of elsewhere, benefits are provided by the state and received by individuals, in effect bypassing mediating institutions within civil society – whether private insurance companies at the giving end or the family at the receiving end (Berggren & Trägårdh, 2011, 2015, 2022; Trägårdh, 1997).

The Swedish welfare state, Trägårdh argues, has created an individualist culture because it is based on the idea that all authentic human relationships are preconditioned on the fundamental independence of the individual. Married couples pay

taxes as if they were independent individuals. Children have very extensive rights. Elderly people are no longer dependent on the goodwill of their adult children.<sup>5</sup>

The third and final influential scholarly depiction of the Nordic model is the more state-centered *associative governance* approach. Following in the tradition of Rokkan, Stein Kuhnle (2009) depicts the welfare regime identified by Esping-Andersen as Nordic rather than social democratic. Like Rokkan, Kuhnle argues that it is necessary to focus on a broader set of political processes than those found in the sphere of industrial relations, social democracy, and parliament. In many cases, it was not the unions, social democrats, or “statist individuals” represented in elections that were behind the introduction of the Nordic universalist welfare model; rather, it was the peasant movements, conservative and social liberal parties, and the middle classes. Shifting governments have taken responsibility for similar reforms whose outcomes may have been “social democratic”. There is no reason to assume that social democrats would always promote universalism, as this might contradict another deep value associated with social democracy, namely the value of redistribution and equality (Green-Pedersen, 2003). The initiative to introduce universal welfare schemes also came from Danish farmers, for example, who wanted the state to share the social costs associated with keeping laborers employed on their farms (Baldwin, 1989). According to this perspective, what also matters is the diversity of interests involved, the institutional framework, and the mutualist and consensual style of politics, rather than a more narrow focus on the balance of power between employers and employees.

Other political scientists have also challenged analyses that ground welfare regimes in power structures or in the historical religious doctrines and myths reproduced in popular culture and schools, moving instead toward distinctions based on institutional design and the development paths of popular movements. Tim Knudsen and Bo Rothstein have argued that the high degree of trust between citizens, bureaucrats, and politicians in the Nordic region can be explained by historically established practices of participation and negotiation, and the quality of government (Knudsen, 2006; Knudsen & Rothstein, 1994; Rothstein, 2011). The strength of intermediate groups, such as people’s movements and political parties, helps to balance power between the state and society (Kim, 2004; Rueschemeyer, 1998). The Nordic countries display some of the highest organization densities in the world, and this has fostered a particular governance system, referred to as the social corporatist or democratic corporatist system, which combines a strong society with a strong state (Jepperson, 2002; Katzenstein, 1985; Rokkan, 1981).

Similar to the cultural construction version of the Nordic model, Knudsen (2000) emphasizes the Reformation and its promotion of

Close cooperation among secular and clerical power under the leadership of the king. More than anything else, that is why we can talk about a Nordic model, for it had long-term effects for the state building, for the nation building, for literacy and for the decentralization of public administration.

He particularly accentuates the function of local priests, who both provided a communicative and socioeconomic link between the state and farmers and laid the foundations for the expectation that the state should be responsible for welfare in the broad sense of literacy, legislation for the poor at the local level, and later local self-government (Nielsen, 2009, p. 559). Similarly, in order to explain how a Nordic model of comprehensive education emerged, Korsgaard and Wiborg (2006) point to “consensus-seeking agreements across political borders and convictions” (p. 365), which had their roots in the political mobilization of farmers and workers and the alliance developing between them.

Next, I will discuss how associative governance emerged in different ways in the Nordic countries in 1850–1950, how external observers reported on Nordic organizational societies in the early postwar era, and finally how the established tradition of associative governance has been challenged by New Social Movements since the 1960s.

### **Historical variations in associative governance**

“The notion of civil society cannot be grasped inside any particular type of organization – only in the interaction between a multitude of organizational forms”, argues the Swedish sociologist Gøran Ahrne (1996, p. 120). In what follows I take heed of this advice, but in my case, the task is to identify the multitude of interacting organizational forms in order to explore examples of the Nordic idea and practice of associative governance.

The development of Nordic societies from the mid-1800s was closely linked to the growth of people’s movements and the numerous associations organized within and around them. Therefore, this period has been called the “Age of Associations” in Nordic and European and North American history (Kocka, 2004; Seip, 2002; Steen, 1948; Korsgaard, 2004). The exact timing of the development of associations differed somewhat among the Nordic countries, but the associations – and later, people’s movements – that were established were similar. First, there was a wave of rather loose organizing around issues related to culture and identity, such as alcohol (temperance) and religion (revivalist associations). In Norway, the Hauge movement was very influential; in Denmark, Grundtvigianism and the Inner Mission; and in Sweden, the free church movement (*frikyrkorørelsen*). A constellation of Protestant state officials and people’s movements was typical of the region. It was “pastoral enlightenment” from above and below (Skirbekk, 2018, p. 143; Thue, 2020). State officials were a particularly central elite in the formation of the Norwegian and Finnish states, but later, they were challenged by the mobilization of farmers and cultural movements, such as the Fennoman movement in Finland and the new Norwegian language movement (Alapuro, 2010; Rokkan, 1981). The revivalist movements were critical of the established priests and their inability to speak and act in accordance with the strict moral demands associated with a Pietist interpretation of the Bible. However, they remained loyal to the state church and became more integrated into its governance following the removal of the conventicle decree prohibiting gatherings without priests (Stenius, 2010, p. 33). Instead of

disassociating themselves from the state church, they developed rituals and institutions that were acceptable to the established clergy, while simultaneously maintaining a critical underlying attitude toward established offices (see Sevelsted in this volume).

The temperance movement attracted a very large membership, particularly in Sweden and Norway. There was less influence or overlap between the labor and temperance movements in Denmark than in Sweden and Norway. It was common in Sweden for many participants to become associated with political parties, particularly the Social Democratic Party (Wählin, 2006, p. 20). In the case of Norway, it has been argued that the same people who organized the temperance movements also formed the basis of the labor movement, and the Social Democratic Party was not particularly critical of religion until after the Russian Revolution of 1917 (Aarebrot & Evjen, 2017). The missionary and evangelical societies became important training grounds for organizational democracy: “It is impossible to overestimate the importance of the Christian lay movement for political communication; the clergy’s monopoly on speech was broken, ordinary people could preach, hundreds of prayer houses became practice rooms” (Johansen, 2019, p. 598).

### *The role of farmers*

Farmers were central both to the politics of associations and to the democratization of Nordic societies. Swedish farmers had historically been organized as an estate in parliament and had been present in local government; the role they took up in the associational movements was therefore different from that of their counterparts in Norway and Denmark. The Eidsvoll constitution of 1814 provided opportunities for Norwegian farmers to be included in politics as individuals, but the breakthrough for farmers in Norway’s local and national politics came later, beginning to have an impact from the 1830s (Nielsen, 2009, p. 213). Specifically, farmers in both Denmark and Norway associated in “friends of the farmers” movements. In a comparison of these movements, Clemmensen (1994) found that the “friends of the farmers” association in Denmark was more centralized, more integrated into established national politics, and less “communalistic” (*kommunalistisk*) than in the Norwegian case (p. 155).<sup>6</sup>

However, Danish farmers were active as entrepreneurs on a broad front, including in dairies, slaughterhouses, bacon factories, egg centers, savings banks, free schools, free congregations, and folk high schools (Howe, 1921/1936; Kaspersen & Ottesen, 2001). The Danish term *andelsbevægelsen* (the cooperative movement) connected a broader set of initiatives than the Norwegian *samvirket* or the Swedish *kooperativet*.<sup>7</sup> According to Mordhorst (2014), “the narrative of co-op thinking and the co-operatives have been made synonymous with Danish culture, [and] any kind of criticism of farming or the companies would be identical to criticizing the very Danish national soul” (p. 45). Other kinds of association for local self-help and collective security, active throughout the Nordic region, such as fire insurance and life insurance mutuals (Espeli, 2018) or hydroelectric power producers (Thue, 1996), could be added.<sup>8</sup> The principle of one member one vote was central to cooperatives

and other voluntary organizations, meaning that these organizations differed from early local government in Sweden, and also from businesses, where votes were distributed in proportion to income or share ownership.

At a later stage, workers' movements were also involved in several such ventures. The Norwegian, Danish, and Swedish farmers' and workers' movements were all instrumental in developing unions and cooperatives, as well as political parties, opening a way for representative democracy (Mulvad & Hansen, 2020).

Women were central to both local Pietist organizational life and early philanthropy (Koefoed & Holm, 2021), which offered them a chance to get out of the household; some women participated in several organizations at once. In those days, men were supposed to provide for the family, and this may be the reason why they participated less than women, although they dominated in leadership positions and at higher levels. Women were indispensable, not least because they took on social and practical roles. Many religious organizations did not allow women to vote until the early 1900s (Raaum, 1988). By that point, women were organizing in independent associations, such as the Norwegian Association for Women's Rights, in order to improve their position and achieve voting rights. Furthermore, women were central in shaping the welfare states due to their involvement in organizations such as the Norwegian Women's Public Health Association and a whole range of other associations (Sass & Kuhnle, 2023).

### **Associating from center and periphery**

Cooperatives', farmers', and women's associations were not unique to the Nordic countries, but they were clearly an important contribution to the development of an associational and democratizing Nordic region during the late 19th and early 20th centuries. The development of political parties and a representative political system was slower in Sweden than in Norway and Denmark: universal voting rights in parliamentary elections were not introduced in Sweden until 1921. Prior to that point, Sweden was still a *privilegiestat* with representation but limited voting rights for people other than landowning farmers and burghers in local politics (Bengtsson, 2019). It has been argued that people's movements substituted somewhat for political parties during this period, and that this accounts for the stronger impact of the ideas and politics related to the term *folkrorelser* (people's movements) in Sweden (Jansson, 1988).<sup>9</sup> The Swedish movements were more politicized, and more aligned with the social democrats than were similar movements in the other Nordic countries. Sweden did not have the strong opposition movement to the civil-servant state seen in Norway, and it developed a more state-centered welfare system than either Denmark or Norway. The Norwegian civil-servant state was associated with Danish heritage, and there was a radical democratic movement for democracy and national independence without parallel in Denmark (Nielsen, 2009, p. 569). So-called countercultural movements, combining opposition to the center based on movements related to issues of religion, alcohol, farmers' interests, and language (in Norway), had a stronger hold in rural Norway and Sweden than in Denmark. In Denmark, the social democrats were weaker, at least after the late

1930s, and movements were to a larger extent associated with the liberal parties Venstre and Radikale Venstre. The cooperative movement has also been stronger and more oriented toward export in Denmark.

Just like in the case of Norway after 1814, there was a critical juncture opening in Denmark following the country's defeat by Prussia in 1864, when a landowner government took over. A strong wave of local voluntary associations was developing, but with an emphasis on economic entrepreneurship and Grundtvigian ideas: "The principles of associationalism were found not only in the co-operatives, but also in the Church, the education system and in social and cultural areas" (Kaspersen & Ottesen, 2001, p. 111).

Norway, which shared the historical tradition of absolutism but was handed over from Denmark to Sweden because of a peace treaty, gained a more radical constitution in 1814. In the wake of the transition of power from the Danish king to the new national parliament and the more distant Swedish king, the state disassociated itself from a range of functions, and therefore there was an opening for Norwegian society to "associate" itself (Seip, 2002; Steen, 1948, p. 585 f.).

In order to further understand the development of associative governance through the interactions between the emerging local and national state and the organizations related to it, I will now discuss how these associations were organized and what impact they had across institutional spheres. The early associations, which were often referred to as societies or *selskap*, were run by self-selected boards (*bestyrelse*). However, most associations gradually developed democratic and formalized infrastructures. It was common for founding members to establish a set of clauses and principles, which would be voted on at a constitutive meeting. Then, there would be an annual general meeting, during which the executive committee would report on activities and accounts, and a new executive committee would be elected.

There was also a geographical dimension, as local associations joined together in regional and national associations (Seip, 2002). Various compromises related to democratic principles were necessary for voluntary organizations to continue to expand. The principle of one member one vote had to be adjusted to facilitate representation for local chapters at regional and national levels. The close integration between local and central levels within associations and the strength of the local level are regarded as central characteristics of Nordic associative governance (Johansson, 1954; Kaspersen & Ottesen, 2001; Steen, 1948; Tranvik & Selle, 2007; Try, 1985; Wijkström, 2011).

All the Nordic nation-states went through a period of associational expansion during the late 1800s. These associations have been referred to as "schools of democracy", and some organizations even developed educational projects with explicit reference to the idea of "the people's enlightenment" (Korsgaard, 2004; Johansson, 1954; Steen, 1948). Many of the early associations were strongly motivated by a kind of "state Pietism" within what was perceived as an "educational state" (Thue, 2020). This referred to a wide spectrum of institutions and agencies that later became central parts of the public welfare state, such as the school system, health services, social security offices, and child welfare agencies. "While



such agencies were largely public”, Thue (2020, p. 540) argues, “their staff was often imbued with an occupational ethos ultimately rooted in Lutheran or Pietist notions of a sacred calling”.

Others have pointed to the role of municipalities in the development of associative governance practices. Since the Nordic municipalities were of a generalist kind, with a broad scope of activity, the boundaries between them and voluntary associations were blurred (Stenius, 2010, p. 39, as cited in Vike, 2018). Furthermore, some of the early associations that had become almost integral parts of the state “tended to maintain and reproduce their organizational form, founded in the idea of membership across social class divisions and regional boundaries” (Vike, 2018, p. 124).

From a more practical viewpoint, the associations were perhaps schools of bureaucracy no less than they were schools of democracy, as their participants developed the skills to run an association or organization. Both of these dimensions – bureaucratic skill and the call of vocation – are incorporated into Max Weber’s idea of the ideal-typical bureaucracy (Kim, 2004; Weber and Kalberg, 2013).

It has been argued that Nordic farmers’ strong involvement in associative and cooperative practices may have prevented them from being attracted to fascism in the 20th century (Hilson, 2019). The perception of associations as beacons of democracy was sustained by the experience of World War II, particularly in Norway, where professional associations of teachers and lawyers were central to the resistance movement (Raaum, 1988).

This rosy picture of associations’ contribution to Nordic history may need to be balanced somewhat, since there have also been many examples of paternalistic and exclusive associative governance practices. Some of these relate to eugenic laws and sterilization, particularly in relation to women, Sami people, and the Indigenous people of Greenland (Broberg & Roll-Hansen, 2005). Many of the religious revivalist churches and associated sects can be described as neither inclusive nor democratic.<sup>10</sup> Clearly, it is not necessarily the quantitative dimension of civil society that matters most, as recent research has documented how the dense associational landscapes in Germany before 1933 promoted a rapid spread of support for the Nazis (Ertman, 1998, p. 27). Also, there are reasons to fear that when people’s movements become institutionalized, they are coopted by public administration and may achieve a monopoly status, which reduces the incentive and opportunities to establish new interest groups. This was a frequent critique against the Swedish *folkrørelse* tradition from the New Social Movements of the sixties and seventies and also a problem brought up in the Scandinavian power investigations from the 1970s to the 1990s (Østberg, 2021).

Although the revivalist movements in the Nordic countries might initially appear to have been exemplars of what Weber (1947) labeled communal action – that is, they were not open to negotiation, conflict, or compromise – for the most part they developed into hybrid exemplars of what he called associative and communal action, as they moved into the mode of compromise with the state church. Compared with life in traditional households or communities, the Nordic revivalist associations enabled the development of overlapping memberships and participation

in political affairs within the frame of the nation-state (Kananen, 2016, p. 71; Seip, 2002, p. 62). They were thus instrumental in the creation of the universal welfare state principles and trust relationships that became such important characteristics of Nordic societies. The associations were also alternatives to the old state-authorized corporate forms and status hierarchies. The idea of freedom from state control seems to have been less of a motivating factor in early associational life in the Nordic countries, at least in comparison with Anglo-Saxon and other nation-states where the Calvinist influence was more prevalent. In comparison with Norway and Sweden, however, the Danish associations were more eager to emphasize their independence from the central state, even though they were simultaneously strongly connected to politics at the local level (Korsgaard & Wiborg, 2006).

The Norwegian historians Tore Grønlie (2004) and Anne Hilde Nagel (1991) have revealed municipalities' historically innovative role in developing welfare through concerted action with voluntary organizations. These were thus "welfare municipalities". In Denmark, there has been a similar argument regarding municipal socialism and communalism (Kolstrup, 1998), and in Sweden and Norway, this has also been associated with the impact of "local corporatism" (Hernes & Selvik, 1983; Knudsen & Rothstein, 1994). The expansion of local welfare politics developed in the wake of restrictions placed on state spending as a consequence of the expanding farmers' movements (Clemmensen, 1994). Halvard Vike (2018) shows that the relationship between local welfare entrepreneur-employees and politicians is still key to the operation of the Norwegian welfare state. It was "local empowerment of this kind that helped make the construction of the Social Democratic welfare state possible" (Sellers & Lidström, 2007, p. 624).

Both the Danish cooperative movement and the western Norwegian counter-cultural movements seem to have appeared from the periphery. It was the formalization of these movements and their integration into the early welfare states that made it possible for them to develop or take part in associative governance. However, the situation in Sweden seems to have been characterized more by the parallel development of national and local political parties and movements (Rothstein & Trägårdh, 2007; Svedberg, 1999). Indeed, Esping-Andersen's resource mobilization approach may provide a better fit for Sweden than for its neighbors, although it is still only a partial explanation of Swedish developments. Furthermore, as noted by Musial (1998), Sweden has "epitomised the notion of Scandinavian progressiveness", while other Scandinavian countries have either not been referred to as models at all, or they have been seen as a variant of the Swedish model (Musial, 1998, pp. 23–24). Although Denmark has pioneered many elements of the so-called Nordic welfare state, this model has been Swedish in the international mindset. It was not until the crisis of the Swedish welfare state in the early 1990s that Denmark became an alternative reference point for the Nordic model (Musial, 1998, pp. 72–73). Since then, the idea of the Nordic model has been more inclusive and it has varied more as regards which countries have been referred to as at the center of the model construct, which means that the other Nordic countries have also seized to view Sweden as a template for Nordicness.



*People's movements: churches and sects*

Historical narratives refer to more enduring combinations of guiding ideas, movements, and associations as *folkrorelser* (people's movements) or *folkelige bevegelser* (Clemmensen, 1987, p. 57). Clemmensen (1987) argues that the term *folkelige bevegelser* is used most often to refer to farmers' movements and religious revivalist movements (pp. 57–60). When this term is used, it indicates that the associative form is just one among several organizational and social elements in the movement, albeit an important one for the development of the bureaucratic structures that make a movement durable. Such movements are different from more short-lived phenomena such as tax protests or riots. They also involve a degree of voluntarism and independence from public authorities, broad-based recruitment, and some spiritual or emancipatory goals, sometimes related to the "associational spirit", indicating a shared identification with deeper values or organizing principles, and sometimes also with an "us" against "them".<sup>11</sup>

In organization theory, these dynamics are described as a movement back and forth between the organization and the institution, or between the organizational form and the guiding ideas (Selznick, 1957). Weber distinguished between church and sect: churches were institutionalized *Anstalts*, formalized as offices but open to all, whereas a sect was "a voluntary community [*freie Gemeinschaft*] of individuals purely on the basis of their religious qualification" (Kim, 2004, p. 56). The secret behind the success of the Nordic people's movements, then, may be found in their ability to bring sects and churches into the same movement by maintaining the "spirit" of association while also formalizing and building up the durable bureaucratic structures needed in order to gain influence in the emerging politics of democratization.

This conceptualization may be useful for an analysis of the changing Nordic organizational landscape, which combined a rather standardized infrastructure for formal organizing with a multitude of movements related to strong values of universalism and equality, in addition to nationalism. Organizational forms across spheres and at different levels were infused with values related to nationalism and oftentimes also demands for the democratization of society.

A certain degree of cumulative development and path dependency has been noted, as there were similarities in how the movements developed at different stages – first the farmers in parallel with public servants, and thereafter workers, professions, health services, development aid, humanitarian aid, and leisure activities (Raaum, 1988). For instance, the workers' movements would not have progressed as they did without the early development of revivalist and temperance associations. Furseth (2002) suggests that the organizational models, movement symbolism, and language developed by these older associations "were taken and reshaped to fit the labor movement" (p. 432). There was also an impact from earlier guild organizations, most notably in Denmark, whereas the model of industrial unionism was stronger in Sweden and Norway (Galenson, 1952; see also Popp Madsen in this volume).

In conclusion, the people's movements had a large impact on political, economic, social, and cultural developments in the Nordic countries between 1850 and 1950. There was a mutual but also rather conflictual relationship between Protestant state officials – mainly priests, but also teachers and other civil servants – and people's movements. Thue (2020) argues that it was characteristic of Norway, and partly also of Denmark, that lay movements became incorporated into the national church: “This incorporation was in a sense emblematic of a more general interpenetration between state and civil society from the late 19th century, as seen for instance in poor relief, social services, health, and education, mediated by the caring occupations” (p. 543).

Many social scientists have identified the fluidity and informality of social movements as their great strength, but the formal aspects of the associational movements in the Nordic countries were arguably no less of an achievement. Johansson (1954) has argued that durability is a key definitional characteristic of people's movements. Moreover, as the authors of the Norwegian *Study on Power and Democracy* note, there is an added conflictual dimension: they define people's movements as “organizations that want to greatly change society instead of just serving the interests of their own members, and which often represent an ideology that creates conflict” (Østerud et al., 2003, p. 141).

As in the industrial relations sphere, these conflicts may have influenced the state to become involved in a broad range of issues, thereby establishing the relatively equal and trusting relations in these societies compared with eastern and southern Europe, for instance. Again, a precondition for this arrangement was the existence of a broad spectrum of rather formalized and homogenous associational infrastructures that were linked to the state bureaucracy but provided openings for the development of new trust networks (Tilly, 2004).

### **Associative governance in contemporary Scandinavia**

Although the people's movements were still an important part of Nordic societies' self-understanding after World War II, this seems to have changed from the 1980s onward. The field of voluntary organizations developed toward a more managerial structure. Theda Skocpol (2003) has observed a shift “from membership to management” in the associational sphere in the United States. A similar development can be seen in the Nordic countries, where welfare states have introduced various formal market mechanisms into the welfare sector, while at the same time, there have been a relative decline in lifetime membership organizations and a growing emphasis instead on time-limited voluntarism (Sivesind et al., 2018).

For instance, in the voluntary environmental field, it is sometimes difficult to distinguish between voluntarism and consulting – as in the case of the early environmental activist organization Bellona, who changed from “rebels” to providers of expert advice to government (Søgaard, 1997). Organizations have introduced more formal and bureaucratic administrative structures to adjust to new and more project-oriented public funding schemes that expose them to demands for

responsiveness, documentation, and quality control. While this arguably increases transparency and holds the organizations accountable, it is also a professionalization of the management of voluntarism, which may open up a divide between members and leaders, and between local and central levels. Such developments may also discourage people from becoming members or taking active part in organized activities and public events. As organizational elites strive to serve similar administrative purposes, it might become difficult to distinguish between purposes and organizational forms across public and private spheres (Bromley & Meyer, 2017).

As mentioned above, predominant current understandings of the Nordic model follow either the resource mobilization interpretation, positing labor movements and social democratic parties as the main drivers of history, or the cultural construction narrative, which revolves around free farmers and the individualizing impact of the welfare state. Clearly, there is also a more state-centered narrative that seeks explanations in the quality of government, arguing that the high trust levels and relative success of Nordic societies derive from these countries' relatively uncorrupt and efficient governments and civil services (Frisk-Jensen, 2017; Rothstein, 2011). The development of these open and trusting states could not have happened without the people's movements and the associated political parties.

### ***Democracy as legitimation for expanding corporatism***

Despite narratives that emphasize the role of civil servants, during the early postwar period (1950–1970), at least in Norway and Denmark, Nordic societies still predominantly saw themselves as organized “from below”, with an expanding public sector and welfare state. Historically, the emotional mobilization of nationalism had been central to identification in these societies, and according to Nielsen (2008), this had produced “a pragmatically rooted, morally justified community orientation” and a “close connection between solidarity, community, democracy and nationalism” (p. 28).

Democracy was a particularly central concept in the Nordic countries' self-descriptions during the late 1930s and early postwar period, and it was argued and expected that democracy would expand over time.<sup>12</sup> The period's bestselling or semiofficial representations of the Nordic countries bore titles such as *This is Democracy* (Childs, 1938), *Freedom and Welfare* (Nelson, 1953), *Scandinavian Democracy* (Lauwerys, 1958), and *Nordic Democracy*, (Allardt et al., 1981). This last publication presented an image of the Nordic countries as a maximal democracy, combining advanced representative democracy with the growing participatory democratization of a range of institutional spheres such as industry, schools, culture, political parties, and cooperatives. Collective and deliberative expertise in the form of collegiality and committees, as well as tripartite cooperation among unions, employers, and states, was highly valued aspects of Nordic societies. With the broadening of patriotism and nationalism, words associated with peasantry and workers were replaced by welfare and the concept of “the people”. During this period, there was still a favorable attitude toward the formalization of organizational

and associational affairs, which was understood to be a necessary part of democratization. Such self-descriptions were reflected not only in the media and among public intellectuals in the Nordic countries, but also by consultants and scholars visiting the region from elsewhere.

One example of an outsider observing and thereby influencing Nordic governance is the American consultant George Kenning, who was assigned to Norway and Sweden as part of the Marshall Aid Program in the late 1950s. He referred to Norway as a country where associations, not firms, were predominant. “You guys do not understand what an organization is”, he said, pointing to the need to introduce the word “organization” as a synonym for a private firm as opposed to an association (*forening*). Norway and Sweden were in need of American management and organization practices. It was a major problem for Norwegian industry, he argued, that workers were too loyal to experts, and owners and states put too much emphasis on expertise and collegiality in management (Byrkjeflot, 2002; Utnes, 1955).

To give another example of an outside observer, when the American political scientist Harry Eckstein visited Norway in the 1960s, he discovered “the extreme organizationability” of the country. This refers to the existence of “an unrivaled network of voluntary associations that, on the whole, have great density of membership, are highly centralized and cohesive, and play a most important role in all aspects of social life” (Eckstein, 1966, p. 102). Furthermore, he pointed to “a remarkable congruence of structure among governmental and nongovernmental organizations, perhaps due to the conscious emulation of local government bodies in other contexts” (p. 136). “In these senses, Norwegian organizations are typically hierarchical and constitutionally detailed democracies”, he wrote (p. 143). Unlike Kenning, Eckstein seems to have appreciated the strength of collegial relations and expertise in the management of various functional fields, and he attributed the success of Norwegian democracy to these governance ideas and structures.

A few years earlier, the English anthropologist J. A. Barnes (1954) had examined what it meant for people in the island municipality of Bremnes in western Norway to be members of what he called a whole range of “committees”. These committees – by which he meant multiple kinds of voluntary association, as well as municipal bodies – constituted the backbone of institutionalized municipal politics. They were part of a wider system of overlapping memberships in a variety of formally organized institutions that served collective interests. Like Eckstein, he found “a common pattern of organization which occurs in every instance of formal social life” (p. 50) – a pattern “followed with only minor variations by sports clubs, missionary societies, producers’ cooperatives, and by the local government itself” (p. 50). While Eckstein emphasized hierarchy, Barnes found that local villagers identified egalitarianism with Norwegian society, contrasting it with the hierarchically organized bureaucratic system they associated with the former Danish colonial regime. Of course, the stories told about Norway’s high degree of organizationability may not be equally valid for the other Nordic countries, but I do think there are lessons to be learned from these external observers regarding associative governance in the Nordic region.

*Associative governance and neocorporatism*

The early postwar era was characterized by continued growth and the transformation of the associational landscape and the welfare state, both through the expansion of central welfare services and in the municipalities and regions. The Nordic corporatist structure became established as interest groups were integrated into political and administrative decision-making and public policy, including at the local level. Professional associations, public unions, and employers still enjoyed privileged access, but there were some variations over time and across countries. The consensual political style remained strong, but there were also many examples where governments preferred to keep associations at arm's length – witnessed, for example, in the trend to decentralize decision-making and bargaining processes toward the local level.

Despite the associations' diverse backgrounds with regard to the establishment and maintenance of democratic structures and later the establishment of the welfare states, it has been argued that the existence and development of these associations is central for an understanding of not only Nordic history, but also Nordic societies today (Skirbekk, 2018; Wåhlin, 2006, p. 36). There is ongoing scholarly disagreement about the roles of associations and corporatism. Some point to the continued relevance of corporatism, while others point to the decline in structures related to that governance system.

One of corporatism's many institutional manifestations is the existence of committees for the development and implementation of policy, with representation from associations. While interest groups' participation in negotiations and committees has declined, those who continue to view the concept of corporatism as relevant point to the multitude of organizations that still exist and "are able to speak on the behalf of their members or their cause" (Christiansen, 2018, p. 40). This committee system is sometimes referred to as "negotiated expertise", which may be seen as a central precondition for the way the Nordic tradition of associative governance is maintained (Krick & Holst, 2021).

The role of voluntarism in both cultural politics and the restructuring of the welfare state became an important part of social science scholarship, public administration, and party politics in all three countries from the 1980s onward. Among others, the Norwegian political scientist Per Selle has long argued for the democratically important tradition of associationalism, which he sees as characterized by the following: (1) vertical integration among voluntary organizations, from the local via the regional to the national level; (2) horizontal integration at all levels, with civic organizations interacting with local, regional, and national authorities at each level; and (3) the membership model of organization as the predominant form, albeit with a sizable share of members not taking active part in regular organization activities (Enjolras & Strømsnes, 2018; Tranvik & Selle, 2007). A similar pattern has been observed in Danish society (Gundelach & Torpe, 1999; Klausen, 1995). The New Social Movements, making their inroads in Nordic societies from the late 1960s, may have challenged this structure, however.

### ***New Social Movements versus the establishment***

The social movements of the late 1960s and early 1970s paved the way for new organizational frames and a more anti-authoritarian spirit. As one contemporary observer put it: “The political parties, the ecclesiastical movements, the cooperatives, the labour and the homestead movements are today part of the established society, while they (the New Social Movements) developed as a reaction to that society” (Bjørn, 1976, p. 357, as cited in Klausen, 1995, p. 40). The organizing frames and practices of these new movements were more impatiently, or perhaps spontaneously, “designed for action”, in contrast to the more slow-moving, standardized, and settled democratic organizational practices outlined by external observers such as Barnes and Eckstein in the 1950s and 1960s. The established democratic practices were considered outdated or even authoritarian, and there was a demand for more open, inclusive, and spontaneous organizing formats (Östberg, 2008, 2021).<sup>13</sup> These movements not only brought new organizing practices with them, but were also oriented toward other values and substantive demands than the people’s movements of the previous era.

Previous opponents of the existing order had become institutionalized, both in encompassing bodies (for instance, umbrella organizations) and in more narrowly issue- or interest-based organizations. This situation is analyzed in scholarly literature on Nordic corporatism from the 1970s onward (e.g. Rokkan, 1970, 1981). As establishments in the cooperative sector grew larger, absentee membership became normal, and management models were increasingly adopted from business firms. Stolpe (1981) has demonstrated that cooperatives’ organizational structures changed as new strata of administrators inserted a new layer between ordinary members, boards, and management (pp. 372–373).

Both the Anglo-Saxon civil society perspective and the “New Social Movements” perspective had consequences, both for narratives of the history of the people’s movements and democracy and for the legitimization of associations. In Norway, where the Rokkan approach was influential, the development of political parties and associations was explained by the center-periphery and cultural-economic cleavages in Norwegian society. This perspective provided a broader view of relevant organizations, interests, and identities than the Esping-Andersen tradition, which mainly focused on unions, political parties, and employer associations.

Some of the associational movements of the 1960s and 1970s became increasingly formalized and pushed for the expansion of democracy into new spheres, as well as the politicization of new problem fields such as the environment, peace, gender, culture, and inclusion of and respect for minorities (Eyerman, 1991; Offe, 1985). In Sweden, social democrats were pressured by the left – for instance, with calls for democratization in the workplace (exemplified by the Kiruna strike of 1970) or the demand that an ambitious plan for wage earner funds (*löntagarfonder*) should be added to the political agenda. In Norway, there was a movement of the Sami people aligned with the defense of nature, and in Denmark, there was a strong antinuclear and peace movement. These were a sign of what was soon to



come: temporary movements and associations or nongovernmental organizations oriented toward global issues such as climate change and resistance to globalization. While the people's movements had members and were oriented toward problems and issues at the national level, the new associations were often memberless and addressed problems at an international or global level (Mjøset, 2018). The dilemma of how to combine the business aspects with the democratic and legal aspects became especially acute as organizations combined operations on a global and national level. Furthermore, organizational concepts associated with new public management and business management increasingly made their impact from the late 1980s.

### *New public management: the enterprise model as the new standard*

The Danish political scientist Tim Knudsen (2006) sums up his history of the Danish wave of reforms from 1973 to 2007 with the phrase “from social democratic participatory democracy to liberal market democracy”. Like many other Nordic scholars of political science and public administration, he puts a strong emphasis on the way the enterprise model became the new standard for thinking around both the nation-state (Denmark as an enterprise in an open economy) and the state in relation to municipalities and citizens (centralized decentralization).<sup>14</sup> This may be seen as another example of the standardization of organizational forms across sectors, as Barnes and Eckstein had observed in the case of Norway. The movement was now toward a business firm model; the voluntary sphere and state and municipal firms and agencies now had to bid for contracts and compete with commercial actors. In Sweden since the 1980s, there has been a shift of language in government relations at all levels, from a language of expression and participation to a language of “charity speak and business talk” (Wijkström, 2011, p. 27).

Furthermore, although there have been historically important differences in local government structures, there are also common problems associated with the restructuring of state-municipality relations, particularly in Norway and Denmark. New kinds of cooperation under the heading of “co-creation” (*samskabelse*) seem to be associated with a move away from the Nordic tradition of associative governance and its relations of mutual respect rather than dependency between the public and voluntary sectors. One of the reasons for this move toward dependency is the trend for contracting out, whereby associations have to participate in competitive procurement processes in order to continue to exist (Eikås & Selle, 2002; Wijkström, 2011). It has been argued that while the welfare state previously built on the principle of “democratic self-organization” and an acceptance of pluralism, it has now moved toward the ideals of “consensus” and “co-implementation” (Ibsen, 2021). There have also been other developments in the welfare sector that leave it more closed to participative democratic influences, such as the introduction of digital governance in combination with the enterprise form in public administration and welfare. In parallel, new movements and organizations have developed or become more important – for instance, shareholder associations, patient organizations or

movements to tackle global inequality, migration, the climate crisis, etc. Some of these movements see opportunities in legal activism and appeals to human rights (Langford et al., 2019), and they have developed hybrid organization structures in order to mobilize in several arenas at the same time.

Rather than focusing on sector affiliation and identification, we can look more deeply into the dynamic relations between different organizations and logics. There has been a change in the status of the cooperative movement, which is becoming more like ordinary businesses; some even suggest that cooperatives have lost their value as cultural heritage (see Sørensen & Mordhorst in this volume). On the contrary, many of these organizations – whether hydroelectric power mutuals, housing associations, or unions – have formal status as membership-driven or user-based. In that case, there may be openings for members and movements to develop a stronger affiliation with the idea of a civil sphere (Dragsted, 2021).

In recent years, there has been an expectation that the enterprise sphere will continue to expand, just as the public sphere was expected to expand during the early postwar period. It is interesting that there are no similar expectations of the civil society sphere, which seems not to have been introduced as a category until the 1980s (Kuhnle & Selle, 1992). Such historical memories, absences, and shifts should keep us aware of possible alternatives to the currently predominant frames for organizing and cooperating.<sup>15</sup>

At some periods and in some areas, associations have been considered a source of *disorder* rather than order. Indeed, we may have been through a fairly stable period recently: there has been a thin consensus around the value of the welfare state, backed up by a strong belief in a narrow definition of democracy, the enterprise form, welfare rights, and free consumer choice. However, high levels of trust in combination with a high degree of participation in civic life mean that the Nordic countries can still be characterized as organizational societies, where one central principle is “concertation” and another is involvement across social spheres and political parties (Streeck & Schmitter, 1985; Streeck & Kenworthy, 2005). Furthermore, overlapping memberships both within identity groups and among interest organizations still seem to be common, as pointed out both in Rokkan’s (1970, 1981) cleavage theory and in recent attempts to update that theory for the contemporary world (Sass & Kuhnle, 2023; Selle et al., 2019).

From the democratic corporatism literature (e.g. Streeck & Kenworthy, 2005) and from recent contributions related to the concept of civic action (Lichterman & Eliasoph, 2014), we learn that it may not matter much what “sector” various organizations belong to as long as they organize in a way that is open to the inclusion of new social groups and problem formulations. A particular kind of organizational elites may develop that seek to develop compromises and mutual state-societal adjustments. The organizational entanglements that were characterized as corporatist or segmented by Nordic power investigations in the 1980s and 1990s may have had beneficial effects when the Nordic states had to face the challenges of globalization (Midttun & Witoszek, 2020). In the Nordic countries, a “networked” form of governance coexists with a bureaucratic state infrastructure.



## Conclusions

This chapter has summarized some lessons from the history of associative governance in the Nordic region and explored some differences among the Nordic nation-states. Its aim has been to outline how these lessons and historically identified patterns can inform the current discourse around the Nordic model and the development paths of Nordic societies.

It appears from the research that associational life in the Nordic countries has been and to some extent remains exceptional. It is or has been characterized by highly organized people's movements taking a variety of organizational forms, mostly with democratic internal structures, but with a wide spectrum of overlapping purposes. Building on arguments by Rokkan (1981) and other Nordic political scientists (e.g. Knudsen & Rothstein, 1994; Kuhnle & Selle, 1992), I have outlined how these associations and people's movements emerged in concertation with different state traditions, but nonetheless all developed a similar mode of governance. The first organizations were developed in defense of cultural and religious aims: free churches, temperance organizations, and mission societies. These organizations provided overlapping memberships and competence development, which in turn helped farmers' movements, unions, professional bodies, trade unions, and employer associations to develop at a later stage. Without political parties to carry the issues raised by movements and trust networks into the political and administrative sphere, we probably could not explain the emergence of the particular kind of governance and later welfare states associated with the Nordic model (Ertman, 1998).<sup>16</sup>

These associations and movements, and political parties, are not much noted in recent literature on the Nordic model, or even in current politics and discourses related to the welfare state or other central institutionalized spheres of Nordic societies. However, as Wählin (2006) and Skirbekk (2018) have indicated, the people's movements and related examples of voluntary and professional mobilization have been and remain essential for understanding the current organizational landscape and institutionalized patterns of cooperation and politics in the Nordic countries. Similarly, Henriksen et al. (2019) have argued that "the most important message from the Scandinavian case is that of the importance of the organizational society itself" (p. 202). They point in particular to the institution of mass movements as a foundation of the current welfare society, as "this institution laid out the structure and the organizational model that provided the voluntary sector with the starting point for its subsequent strength" (p. 202). What could be added to their analysis is the historical role of membership-based political parties and the slow deterioration of this party model, also in the Nordic region, as party elites have withdrawn from their grassroots movements into the state and the elite network associated with the modern game of politics (Ertman, 1998; Mair, 2013).

However, these lessons from research on the role of the associative governance tradition and institutions related to the people's movements are surprisingly absent from the current discourse regarding the need to reform public administration and the welfare state. Currently popular and perhaps overused terms such as "co-creation", "innovation", and "public-private partnership" all point to the

reintroduction of associations, but it seems like associations must leave their organizational rationale behind if they wish to be accepted as partners in this new reform environment. Instead of being understood as part of an inherently progressive infrastructure of associative governance, associations are sometimes framed more narrowly as third-sector participants in various reform projects initiated from above.

Given this climate, it is perhaps not very surprising that the literature on the Nordic model has either focused on the field of industrial relations and the early social democratic movement or turned to culture and heritage as explanations for the Nordic model's presumed exceptionality (see Table 2.1). In this chapter, I have argued that there are good reasons to move beyond both resource mobilization and cultural construction approaches to explain the kind of governance and welfare states associated with the term Nordic model.

In the resource mobilization approach, the role of workers' movements and the emergence and expansion of the unions are the focus of attention. The cultural construction approach is more attuned to the earlier role of revivalist and farmers' movements, while the home territory of the associative governance approach lies more in the sphere of state bureaucracy and the historical relationship between associations and the state.

Whereas the first two perspectives mentioned above refer to the economy and culture respectively, Rokkan's framing explicitly brings in both dimensions and the geographical center-periphery dimension. The rise first of tax protests in the 1970s and then of anti-immigrant right-wing populist parties in the Nordic countries from the 1990s, as well as the more recent ups and downs of populist parties mobilizing voters on the periphery, show that the geographical and social cleavages pointed out by Rokkan (1970, 1981) continue to play a role.

Rokkan's work is often seen as an early analysis of corporatism, a tradition that later developed to focus more on resource mobilization around industrial relations, welfare, and labor markets. As I explained above, however, if we broaden our perspective and include not only interest groups but also identity groups and the multitude of organizations involved in the welfare state infrastructure, then corporatism and associative governance offer a relevant perspective to understand the current politics of the welfare state. Civil society studies and corporatism studies have developed in parallel, corporatism studies emphasizing interest groups, and civil society studies focusing on a broader spectrum of associations. Indeed, by zooming in on associative governance, we are able to combine insights from both research traditions and their ways of "seeing" Nordic societies.

As Christiansen (2018) argues, "despite increased societal complexity and cross-cutting interest structures, the dominant norm remains that affected interests should be heard when they are believed to be affected by proposed policies" (p. 45). Similarly, Sivesind et al. (2018) argue that although there has been a decline in the number of interest organizations represented on committees, boards, and councils, "the corporate channel still plays an important role in the Norwegian system of government" (p. 96). There may be different development patterns in different sectors and countries, of course, but the various literatures all make similar observations

regarding the ongoing presence of neocorporatist concertation. Some even argue that there has been a development toward a more generalized system of “negotiated economy” (Amin & Thomas, 1996; Pedersen, 2006), which again builds on a system of “negotiated knowledge” (Krick & Holst, 2021). Against this backdrop, there have arguably been a certain intellectual faddishness in the many proclamations of the transition from government to governance and new decentered forms of governance. In many such studies, the term “governance” serves as an “empty signifier” (Offe, 2009). The term “associative governance” may be an improvement, since it enables us to retrieve old insights about the relationship between the state and associations while also taking account of new empirical realities and combine it with historical insights related to how Denmark became “Denmark” (Fukuyama, 2011).

In the perspective presented here, predominant organizational styles and governance practices across sectors are important. So are shifts in power relations in the field of industrial relations, although our focus on governance practices also provides a broader perspective on power relations. Institutional fields other than those dealt with in this book may also be relevant – for instance, adult education, culture, sports and recreation, the women’s and youth movements, and various institutions, professions, and agencies built around epistemic authority (Kjaer, 2014; Sass & Kuhnle, 2023).

One must also consider the inter-Nordic dimension and the way regulatory responsibilities and organized civil society have expanded into the international and global sphere. The people’s movements provided an interconnected multitude of purposes and organizational forms (Ahrne, 1996). As with the perspective presented in the people’s movement narratives, for Rokkan (1981), it was “mass mobilization” within nation-states that mattered, and this suggested a need to study overlaps, conflicts, and coalition-building among different identity groups and interest groups over the longer term. This classic way of understanding social mobilization as part of nation-building processes was challenged by the New Social Movements and the social movement theory associated with them from the 1960s to 1970s onward. These movements were framed as identity networks, and frequently also as part of a general antistate and anti-establishment mobilization. However, the lack of fit with the Nordic people’s movement tradition was noted, as international observers took the close cooperation between the state and organizations as a sign of state cooptation and a nonexistent environmental movement, for instance (Dryzek et al., 2002). The response from Nordic researchers was that the movement was there, but that the “new” movements were not opposed to the state but cooperated with it – just as the previous people’s and women’s movements had done (Hernes, 1987). State interference in organizational matters was virtually nonexistent, but because of their historically close relationship, the state was strongly influenced by the new organizations (Bortne et al., 2002; Strømsnes et al., 2009).<sup>17</sup>

At the outset of this chapter, I referred to the question raised by Fukuyama: how to get to Denmark. In his comparative analysis, he referred to the importance of having a strong and rather uncorrupt state and a legal framework in place

before moving into a phase of democratic mobilization, which was characteristic of the Nordic development. This is an important insight, but it is hardly of much use for those who seek to draw lessons from the Nordic experience. In this chapter, I have focused on a particular institutional outcome of the historical processes in the Nordic societies; the existence of a mode of governance referred to as associative governance. The argument is, of course, not that this mode of governance is found only in the Nordic countries, but rather that we may use the Nordic experience to identify some of the preconditions for such a mode of governance. I have argued that it is not sufficient to focus on resource mobilization or long-term cultural development patterns as preconditions for associative or civic governance, although some of the arguments from such perspectives may be relevant. Rather, we need to identify the structural and cultural preconditions for coordinated action in service of safety and the common good in any society or social sphere. In order to understand how a pattern of associative governance may be sustained, further developed, or even introduced in new settings, there are important insights to be found in the study of the historical development of Nordic societies.

Of course, it may be argued that the heyday of the Nordic governance tradition, as outlined in this chapter, is way past, that the infrastructures serving as preconditions for associative governance, such as the people's movements, the membership-based political parties, or the corporatist institutions, are withering away. There are indeed many big changes in the Nordic area, such as a movement toward privatization in welfare and increasing inequality, particularly in Sweden (Andersson, 2016), and also a development toward less generosity in service provision (Pedersen & Kuhnle, 2017). In relative terms, however, the Nordic countries are still among the least polarized and most trusting and cooperative societies in the world. Recent cross-national surveys and scholarly reports show that the Nordic nation-states have a vibrant civil society and that many of the institutions related to neocorporatism still continue to exist (Christiansen, 2018; Henriksen et al., 2019). It seems like there is more a transformation of institutions and organizational practices accompanying associative governance than a process of decline or withering away. There is no guarantee that such a state of affairs will persist, but it nonetheless seems like some of the preconditions for associative governance are still present in the Nordic region.

In this chapter, I have focused on the emergence and development of associative governance practices in the Nordic region, and argued that at least from a historical perspective, the question of whether there is a Nordic model of associative governance may be answered in the affirmative. Another question more difficult to answer is how exceptionally Nordic these governance ideas and practices are. The study of associative governance in the Nordic countries will therefore benefit from comparison with other national and regional cases. There is a need to make more systematic comparisons across sectors, nation-states, and regions, also with a focus on current transformation processes.

## Notes

- 1 I will use the word model both in the singular and in the plural. When used in the plural, it often refers to different kinds of policy models or cultural and national models, such as when referring to the education model, the New Nordic Cuisine or the various national models (Danish, Swedish, etc.). In scholarly literature, however, it is often referred to in the singular as the Nordic welfare model or developmental model, and when addressing this literature, I also use the Nordic model in singular.
- 2 Indeed, Rokkan's conceptual map of Europe and his chapter on the Nordic development pattern demonstrate how useful it is to combine the identification of variations with extensive comparisons (Tilly, 1984).
- 3 If a universalist welfare system is defined as a system that grants the same access and rights to social security benefits to all citizens or inhabitants, then the Nordic system was only partially universal. However, the universal elements of the Nordic welfare state were more important and closer to the ideal type than any other welfare system (Hilson, 2008, Kindle loc. 1593; see also Kildal & Kuhnle, 2005).
- 4 The method used by Thorkildsen (1997) and similar treatments of the Lutheran influence on social democracy is to show how current "outcomes" (e.g. the work ethic) are consistent with old Lutheran doctrines (Nelson, 2017; Petersen, 2018). However, see Knudsen (2000) and below for an argument more related to the administrative consequences of the Reformation and Protestantism, and Koefoed and Holm (2021) for a more societally embedded analysis of the impact of Lutheranism.
- 5 This argument has been criticized by (among others) the political scientist Olof Petersson (2012), chair of the Swedish *Study on Power and Democracy*, who argues that Swedes' ties to family and civil society were just as strong as those of the rest of humanity. The Finnish historian Henrik Stenius (2010) also argues that if Trägårdh had taken greater account of the relationship between states and associations, he would have found that "the citizen has not been as solitary and individually autonomous after all" (p. 42).
- 6 "The invitation to the Farmers 'Friends' Society was issued by a handful of Copenhagen liberals, none of whom were farmers, and the organization plan was centralist. The local bases were not intended as independent units, but were integrated into a single organization under the leadership of the central board, which was self-complementary (selv-supplerende), at least until 1848" (Clemmensen, 1994, p. 142).
- 7 Workers' producer cooperatives did not enjoy much success, except in Denmark (Stolpe, 1981, p. 360).
- 8 See Popp-Madsen in this volume, who argues that the Nordic cooperative movements often developed as practical solutions to concrete problems, and that many producer cooperatives – especially in Denmark – developed in response to opportunities in international markets.
- 9 For further discussion of the role of "people's movements" and the use of the term in the Nordic countries, see Jansson (1988), Johansson (1954), Skirbekk (2010), Tranvik and Selle (2007), and Wåhlin (2006).
- 10 While the period saw new forms of cooperation and integration, it was also "haunted by splintering social, political, and cultural forces. Manichaeism, fanaticism, and intransigence were in the air" (Seip, 1994, as cited in Thue, 2020, p. 538).
- 11 See, for instance, Kaspersen's (2020) account of the Danish "us" against the German "them" after the defeat of 1864. There is some overlap between people's movements and current definitions of populism, but the former seem to have placed a stronger emphasis on formalizing mechanisms for democracy and inclusion, and to have had less of a focus on a single leader.
- 12 It may be argued that the concepts of trust and cohesion (*sammenhengskraft*) have substituted for democracy in more recent discourses related to the Nordic model. See, for instance, Støvring (2012), who argues that "cohesion does not depend on political, legal or economic constructs, but rather on cultural tradition" (p. 35), and in whose view

- culture relies on informal norms. Similarly, Rothstein (2011) argues that what matters most for trust is not democracy, but quality of government.
- 13 “The traditional, popular movements’ representative democracy was hardly suited for quick decisions about demonstrations and pamphlet writing”, comments Östberg (2008, pp. 342–343).
  - 14 “Centralized decentralization” refers to the introduction of reforms to create stronger local municipalities in order for the state to decentralize responsibility for public governance tasks.
  - 15 Indeed, the associational character of the Nordic societies has been rediscovered not only on the left (Dragsted, 2021), but also among conservatives in Nordic politics (Skov, 2022). In some arenas, such as the Norwegian housing cooperative OBOS, there has been a movement for more progressive housing policy and the increased inclusion of members in decision-making processes (see also Skyggebjerg in this volume).
  - 16 Ertman underlines “the relationship between political parties and associational life” and “the significance of voluntary associations structured along many different lines (class, religion, gender, region, leisure-time interests) in bringing together citizens during periods of rapid social and economic change”... “in such a way as to strengthen or undermine the prospects for democratization and democratic survival” (Ertman, 1998, pp. 504–505). This theory is similar to Rokkan’s argument, but puts more emphasis on the interactive role of associational life and political parties in the making of stable democracy.
  - 17 However, this observation is related to Norway, where the development of the environmental movement seemed to be different than developments in the other Nordic countries, where environmental movements outside of the state were stronger. As I have noted above, there are indeed variations among the Nordic countries in many respects, and this is another example of it.

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### 3 Governing morality

#### The role of intermediary elites in associative governance of religious revivals in Scandinavia

*Anders Sevelsted*

##### **Introduction**

In this chapter, I focus on the associative governance of religious revivals in three Nordic countries – Denmark, Norway, and Sweden – since the 18th century. Specifically, I analyze how the revivals first emerged as challenges to local pastors by admitting lay preachers and associating beyond the boundaries of the parish, and particularly how intermediary elites – lay preachers and pastors – sought to integrate the revivals with established institutions. The religious revivals are interesting from the perspective of associative governance, since they were the first social movements to emerge in the three countries. It was thus in this area that movement leaders first struggled to reach institutional compromises over the role of associations within the broader governance structure.

The first aim of the chapter is to understand how and why the Nordic revivals ended in peaceful coexistence with the established churches, rather than in a state of conflict. In “pillarist” countries such as the Netherlands, where the population was divided into segregated religious-political milieus or pillars, the relationship with state authorities was historically characterized by mistrust. This was not the outcome of the revivals in the Nordic countries. Why? Second, the chapter seeks to develop and apply the building blocks of a new theoretical approach in social movement studies, combining the concepts of organizational repertoire, institutional opportunity structure, and intermediary elites. Third, the chapter has the comparative aim of showing how differences in the adoption of organizational models, the ability to shape and exploit institutional opportunities, and the influence of intermediary elites in navigating these led to different outcomes in terms of associative governance structures.

The object of governance under study in this chapter is the Nordic religious revivals and their understanding of religion and morality. Central societal struggles revolve around proper sexual relations, family life, the moral boundaries of freedom of expression, and consumption in relation to, e.g., alcohol, drugs, climate impact, and animal welfare. Both morality and religion thus present potential political cleavages that can be activated at certain historical junctures (Kersbergen & Manow, 2009; Lipset & Rokkan, 1967). At the moment, they are being activated worldwide in relation to sexual reproductive rights (e.g. the right to abortion)



and gender norms (especially the rights of homosexual and transgender people) (see Alexander, 2019).

In the 18th century, the Nordic Lutheran state churches were the primary means of policing the moral conduct of kings' subjects. Even in the 19th century, the Danish Prime Minister Poul Christian Stemmann (1764–1855) could say that “Christianity is a remarkable policeman” (Pontoppidan Thyssen, 1969a, p. 21, my translation). When religious revivals emerged in the 19th century, they were organized in large part around questions of moral conduct or “lifestyle” – alcohol consumption, sexual conduct, gambling, etc. More than these single issues, however, religion *was* morality. What today may seem like esoteric disputes about the proper understanding of Lutheran teachings were in fact highly moral questions: the experience of conversion, whether and how believers could be free of sin, who could legitimately interpret the Bible, how the congregation should organize – these were questions concerning the very nature and proper organization of the Christian moral community.

Assessments of the impact of Lutheranism and religious revivals on Nordic societies have often focused on ideas – perhaps owing to the influence of Max Weber's (2001) *The Protestant ethic and the spirit of capitalism*. Recently, Petersen (2016) has described how historical and present-day social policy reforms measure up to Lutheran social teachings, in order to examine whether they follow the dual Lutheran vision of Man (made in God's image but “crooked”, to use Petersen's term) or are “un-Lutheran” (Petersen, 2016). Nelson (2017) has described the Nordic welfare states as Lutheranism in new clothing, and Østergaard (1992, 2003) has shown that the farmer class in Denmark won cultural hegemony through Grundtvigianism, even as the Social Democrats ostensibly won the immediate political struggle. Martin Luther's positive attitude toward state involvement had implications for the development of social policy in the Nordic countries in comparison with Great Britain and the Netherlands, which were more heavily impacted by Calvinists and other prominent teachers in the Reformed tradition (Kersbergen & Manow, 2009; Manow, 2002, 2008). Similarly, Lutheranism has influenced the perception and practice of social responsibility in different ways (Holm & Koefoed, 2018; Koefoed & Newby, 2021). Not least, the Lutheran conception of the household as a central governable entity has been key to the authority structure and distribution of responsibilities in Nordic countries (Koefoed, 2017a, 2017b, 2018).

However, how religious groups organize, and how those organizations are institutionalized, is arguably more important societally than the specific teachings of each group. For instance, the organization of the Nordic Lutheran state church – strong central control and a fine-grained administrative structure, with the parish pastor as the local representative of the state – allowed for expansive state-building processes (Knudsen, 1991; Knudsen & Rothstein, 1994). Similarly, the revivalist movements in Sweden and Denmark took different stances on the question of temperance based on their adoption of Reformed (Methodist, Baptist) or Lutheran organizational models (Eriksen, 1988).

In order to understand the impact of organizational models, it is important to study them as they develop historically. Lutheranism is not a monolith but a

historically changing phenomenon (Markkola, 2010), and the Lutheran tradition is very diverse (Tønnessen, 2000). Moreover, non-Lutheran forms of Christian organizing have impacted the religious landscape in the Nordic countries since at least the 18th century (Sevelsted, 2021). It is important not simply to study “Lutheranism and X”, but rather to see how actors engaged in struggle in a specific area of society negotiate institutional opportunity structures.

The theoretical framework of this chapter revolves around the concepts of organizational repertoire, institutional opportunity structures, and intermediary elites. Associative governance is understood as an emergent order brought forward by intermediary elites who seek to manage a repertoire of organizational models in order to navigate institutional opportunity structures. In this way, three traditions of research are integrated to provide the building blocks of a novel theoretical framework to understand the significance of elites in the integration of social movements into associative governance structures.

The chapter takes as its starting point the conceptualization outlined in the introductory chapter of associative governance as a dual process of bottom-up associating and top-down incorporating (Streeck & Schmitter, 1985). It describes how, over the past 200 years or more, an organizational concertation has taken place in which associations concerned with governing moral life – religious revivalist organizations – have struggled with authorities and constituents to reach organized forms of mutual recognition. Mutual recognition is contingent upon the adoption of specific models of organizing from an available repertoire, the institutional opportunity structures (i.e. the authorities’ ability and willingness to compromise), and not least the role of intermediary elites in managing to forge compromises between established institutions and emerging groups.

Streeck and Schmitter (1985) emphasize that an elaborate intermediary associational structure may enlarge a country’s repertoire of policy alternatives (p. 128). However, it is not only the repertoire of policy alternatives that is important. Underlying these, the organizational repertoire also matters. Organizational form matters for the kinds of compromise that can be achieved within an associative governance structure. The concept of repertoire is widely used within the social movement literature, where Tilly first introduced the notion of contentious repertoires in collective action. He defines repertoire as follows:

A limited set of routines that are learned, shared, and acted out through a relatively deliberate process of choice. Repertoires are learned cultural creations, but they do not descend from abstract philosophy or take shape as a result of political propaganda; they emerge from struggle.

(Tilly, 1995, p. 42)

However, “at any point in time, the repertoire of collective actions available to a population is surprisingly limited” (Tilly, 1978, p. 5). The term “organizational repertoire” refers to the set of organizational models that are culturally or experientially available to a group at any given point in time. Groups do not organize *ex nihilo* but adopt and adapt available models of organizing to meet their needs

and aspirations. Which model of organizing is adopted from the available repertoire may be a question of efficacy, but often specific models are adopted because they are viewed as just or appropriate in a social context. The model adopted by a group has implications for how the group is viewed in its environment, and thus for the group's chances of social and institutional integration and incorporation. Some models are viewed as appropriate by adherents or adversaries, while others may challenge pervading beliefs and thus be met with animosity and rejection (Clemens, 1996).

In this chapter, the revivalist organizational repertoire is divided into two ideal types that I call serene and secessionist. The serene part of the repertoire consists of organizational models that were peaceful vis-à-vis the Lutheran state church and its institutions. Most early revivals did not intend to break away from the established church but were critical of parts of its teachings. Mostly, they wanted to stay within the church but required more freedom in their own religious practice and/or to influence the church's practices. This part of the repertoire was dominant in Denmark and Norway. The secessionist part of the repertoire consists of organizational models that broke with the established church in order to create churches of their own. These were more dominant in Sweden. These two ideal types are used to analyze the specific models that I lay out in the chapter: the 18th-century Pietist and Moravian models, which were communities rather than formally organized revivals; the 19th-century formal revivalist organizations; and the 19th- and 20th-century models of religious philanthropy and Christian political parties.

“Institutional opportunity structure” is a term inspired by social movement theory. Here, scholars have argued that the success of a social movement is contingent upon the political opportunities available to that movement. Opportunities may present themselves in the form of a divided elite, increased political pluralism, a decline in repression, or the increased enfranchisement of the population. Movements can exploit such openings in order to gain a foothold in the political system (McAdam, 1996). The success of the African-American Civil Rights movement in the United States is an example of a movement that was able to navigate a changing political landscape to achieve its goals (McAdam, 1982). However, opportunity structures need not relate to the political system only. In this chapter, I will show how the adoption of serene or secessionist models of organizing intersected with opportunity structures within institutions of higher education (theological faculties), church authorities, and poor relief, as well as the political system. The specificities of these intersections had implications for the outcomes – the associative governance structures – in the three countries.

Finally, elites constitute another central part of my analysis of the emergence and development of the associative governance of moral life during this period. The role of elites in the development of democratic societies has been the subject of much academic debate, not least with regard to how popular movements and elites interact (Collier, 1999; Gill, 2005; Rustow, 1970). In relation to the development of associative governance structures and the mutual recognition of interests that it entails, I use the concept of intermediary elites.

Intermediary elites are elite groups that hold a central role in processes of incorporation and mutual recognition, but who are usually not part of the power elite, the key decision-making stratum of society. Intermediary elites derive their legitimacy from – and must strike a balance between – different societal institutions or fields (Bourdieu, 2020; cf. Burt, 2004). They inhabit a position where they are dependent upon and need to balance resources and interests in different societal fields. In the case at hand, intermediary elites were placed between the elites of the institutions mentioned above on the one hand and the emerging and consolidating religious revivals on the other. In other words, they stood between two sources of legitimacy: the authority of the Lutheran state church, with its history dating back to the 16th century, and social movements that claimed to be the direct expression of the most devout Christians. The intermediary elites might derive their legitimacy from one more than the other (i.e. from the establishment or the revivals).

In this chapter, we will encounter two primary types of intermediary elites. First, there were the lay leaders of the revivals: they had no formal theological training, but through their role as spokespersons for the revivals, they entered into struggle and negotiation with church and state authorities. Second, there were pastors of the established church who either led the revivals or sympathized with them. These pastors had to balance the new religious repertoire for organizing, as it emerged from everyday practices in local communities, with the established states' and national churches' hierarchies, teachings, and geographical divisions. While laypeople occupied a more autonomous position from which to negotiate their relationship with the church, pastors who were sympathetic toward or even joined the revivals were in a more complex position. In Bourdieusian vocabulary, they developed a cleft habitus (Friedman, 2016) with a divided allegiance to both the established church and the revivals. A third type of intermediary elite was the officials in the administration, who had to choose between compromise and conflict with the emerging revivals – for instance, over the question of whether to persecute Baptists who performed adult baptisms outside of the official church. This type of intermediary elite plays a minor role in this chapter.

The intermediary elites had a key role to play in the efforts to integrate the new organizational models into existing institutional orders as they sought to exploit or shape institutional opportunity structures. As my analysis will show, theologian and pastor N. F. S. Grundtvig (1783–1872) was instrumental in influencing opportunities for institutionalization in Denmark, as he formulated the ideal of a broad church with room for conservatives and liberals. In Norway, Gisle Johnson (1822–1894) was key in opening the established church to Pietist revivalists while keeping liberals at bay. In Sweden, Carl Olof Rosenius (1816–1868) had few establishment allies and thus little opportunity to integrate the revivalist movement.

The chapter first introduces the 18th-century revivalist repertoire of serene and secessionist organizational models and the state church's efforts to deal with them through bans and seclusion. It then shows how these models were adapted through informal associating during the first half of the 19th century, before we turn to the formal organizing of serene and secessionist models, and the success or

failure of intermediaries in negotiating compromises with the established church. The subsequent sections focus on the models of party politics and religious philanthropy. Revivalists first sought representation “serenely” through existing political – especially liberal – parties, before opting for the secessionist solution of a Christian party, first in Norway, and then in Denmark and Sweden. The religious philanthropic model is explored through the case of the Danish temperance organization Blue Cross (Blå Kors), and the divergent paths of integration in the three countries are discussed. Before the chapter’s conclusion, a section on the 21st century discusses the current opportunity structure for the revivalist organizational repertoire. The conclusion summarizes how the intermediary elites’ efforts to navigate repertoires and opportunities resulted in three similar but different governance structures: a broad church in Denmark, a fusalional structure in Norway, and a secessionist political structure in Sweden.

### **The Lutheran state church and early revivals**

The three Nordic countries are all characterized by a shared state church Lutheranism. From the time of the Protestant Reformations in Denmark-Norway (1536 and 1537 respectively) and Sweden (concluded in 1593), and up until the democratic revolutions of the 19th century, the lands of present-day Denmark, Norway, and Sweden were monoconfessionally Lutheran, based on the *Confessio Augustana* (the Augsburg Confession, 1530). It was article 14 of the Augsburg Confession in particular that would cause dispute between revivalists and the state church. This article declares that only pastors nominated by the church have the right to teach the gospel (i.e. deliver sermons) and administer the sacraments (baptism and the Eucharist). The religious revivals would challenge the authority of the church in both regards. Importantly, while challenging the church, some revivalists would still strive to play from the serene part of the organizational repertoire. Others would play directly from the secessionist part.

The Lutheran Reformations meant a radical fusion of religious and worldly powers. Luther’s ally Johannes Bugenhagen (1485–1558) designed key aspects of the Danish-Norwegian state as a Lutheran ideal state through a new “constitution” for the church – the church order (*kirkeordinans*) of 1537 – the ordination of the first seven Lutheran superintendents (bishops), and the reorganization of the University of Copenhagen as a Lutheran university (Chung-Kim, 2021). Bugenhagen personally crowned Christian III of Denmark. Up until the 20th and 21st centuries (1922 in Denmark, 2000 in Sweden, 2012 in Norway), bishops were appointed by the monarch (or head of government) or their church minister, albeit in close coordination with the priestly estate.

From the Reformation onward, the religious and state orders were almost indistinguishable. The state church provided a fine-grained part of the central state apparatus, with the local pastor acting as the representative of the ruler’s religious ideology. The pastor was in many respects a bureaucrat who was deeply involved in poor relief, farming, marital relations, and the upholding of local order (Koefoed,

2018; Knudsen, 2000). Little wonder, then, that 18th-century authorities clamped down on the religiously devout who started to congregate outside the church.

The 19th-century Nordic revivals would revive organizational models from previous centuries. Two models would become influential, one mostly serene, the other mostly secessionist. The serene model was based on Pietism. Pietism was developed in Halle, Prussia, and spearheaded by Philipp Spener (1635–1705), who became an especially strong influence in Denmark-Norway. Pietism stressed a personal relationship with God, a virtuous Christian life, and the possibility of spiritual rebirth. Pietists advocated the doctrine of *ecclesiolae in ecclesia*, i.e. smaller churches of devout Christians within the larger national church, and in this way, they posed a challenge in principle to the state monopoly on religious teachings. However, during the 18th century, Pietism became the faith of the establishment in Denmark-Norway, embraced by Christian VI (1699–1746), as well as the state church, making it the unofficial state religion (H. Johansson, 1980, p. 22). Pietist teachings were disseminated among the population through the commoners' schools (*almueskolen*), confirmation, Bible translations, and psalms. As we will see, the religious revivals would in fact organize in order to defend the traditional Pietist teachings against new theological currents. The Pietist organizational model would then provide inspiration for how to associate.

The more secessionist model came from the Moravian Brethren, a revivalist group that had first emerged in Bohemia during the 15th century. They are also known as the Herrnhuter because of the community they established in 1722 in the town of Herrnhut in Saxony (present-day Germany) under the protection of Count Zinzendorf (1700–1760). The Moravians practiced a joyful and emotional Christianity that emphasized experience as the foundation of belief, the possibility of leading a life free from sin, and a nonhierarchical style of organizing. Moravian communities tended to seclude themselves geographically from the rest of society in small ideal societies (Christiansfeld in Denmark, and *societeter* in several places in Sweden and Norway) (H. Johansson, 1980, p. 22). Quakers, Methodists, and Baptists also belonged to the secessionist part of the repertoire that gained influence in the Nordic countries during the 18th and early 19th centuries.

The authorities sought to manage the revivalist tendencies in the 18th century. On the one hand, they issued decrees that banned private religious gatherings (*konventikelpakater*). These were sometimes harshly enforced to incarcerate revivalists, and at other times were used to guide revivalist impulses into acceptable forms under the supervision of a pastor (Supphellen, 2012). On the other hand, the authorities allowed certain “free cities” where freedom of religion was granted to a larger extent, such as Fredericia in Denmark, where Jews, Huguenots, and Mennonites settled. Absolutist monarchs also sought to exploit the “work ethics” of religiously devout groupings for their own purposes: as early as 1682, Fredericia was granted privileges in the form of freedom of religion for all sects in the hope that this would attract groups that could rebuild the town. Moravians were enlisted as missionaries to Greenland, and the Moravian town of Christiansfeld was initiated by Christian VI as a way to use the Herrnhuter's farming skills to develop the



southern part of Denmark. Pietists were sought after for the Danish central administration due to their reputation for moral zeal (cf. Gorski, 2003).

The 18th-century revivalist repertoire was thus managed by the elite rather than by any intermediaries. The central administration was still in control of religious teachings, rituals, and organizing. Lay revivals were banned or controlled, and religious minorities were isolated through special status in certain areas. The authorities achieved a balancing act: on the one hand, they prevented the masses from slipping out of the control of the national church; on the other, they reaped the benefits of the intensified beliefs and organizing abilities of religious minorities.

In Denmark-Norway, Pietism was largely an elite phenomenon disseminated through the state institutions of school and church. It was the ideological foundation of the Lutheran state and thus the central organizing principle across all strata of society, encouraging moral introspection and a trust in authority. The 19th-century revivals would organize largely on the basis of this traditional Christianity that people had been taught in school and at church. In Sweden, however, the ruling estates largely rejected Pietist thought. This meant that Sweden's revivals would find other, more secessionist sources of inspiration to organize their beliefs: Moravianism, Baptism, and Methodism.

### **Informally organized serene and secessionist models, 1800–1850**

The first signs of the emergence of a religious intermediary elite appeared in the late 18th and early 19th centuries, when an alternative repertoire for organizing religious-moral life proliferated and constituted a break from existing structures of authority – a break on moral-religious grounds, but decidedly local in nature. The first revivalists most often acted to defend traditional Lutheran and Pietist teachings in cases where the clergy was seeking to change them. Religiously awoken laypeople first emerged as “organic intellectuals” of the new revivals, but soon, the representatives of the state religion – local pastors and influential theologians – joined in.

Emerging primarily among peasants and farmers in the countryside, revivalists mostly aimed not to secede, but to associate freely and exert an influence on their local church. Most revivalists still attended the local church in their parish, but they wanted something “more”, and they found that something within the local associational repertoire, whether in “godly gatherings”, conventicles, or Luther's idea of “universal priesthood” – the idea that the right and ability to interpret the Bible did not lie exclusively with the class of scholars but was held by lay members of the congregation as well. The period was characterized by informal associating between the revivalists, who sought out like-minded peers but did not establish formal organizations. In this way, the revivals remained mostly serene, especially in Denmark-Norway.

The serenity of the movements is evidenced by the fact that they were usually conservative: they opposed changes to the church, in defense of the church's own established teachings. While clergy elites turned to a more “optimistic”, Enlightenment-inspired theology, focusing on the active individual, the rural



population wanted to revive the “old” Pietist-Lutheran faith that they and their 18th-century forebears had been taught in church and at school. This was especially the case in Denmark and Norway.

The revivals put the authorities in an awkward position. On the one hand, the state church had both an interest and a duty to enforce the conventicle acts that had been in place since the mid-18th century (in Sweden since 1726, in Denmark-Norway since 1741). On the other hand, the revivals were in a sense merely more zealous enforcers of the moral standards that it had been the church’s responsibility to uphold since the time of the Reformation.

*In Denmark*, the revivals’ first organic intellectuals appeared in Jutland and on Funen. The “strong Jutlandians” – laypeople with little education – actively opposed the introduction of a new, rationalist religious catechism (*Biskop Balles lærebog*, 1791) in favor of the older Pietistic catechism (Pontoppidan’s catechism, 1738) inspired by Spener, the father of German Pietism. Similarly, the introduction of a new official hymnal (*Evangelisk-Kristelig salmebog*) to replace Kingo’s Pietist hymnal caused protests and civil disobedience.

The early revivalists challenged the Augsburg Confession through Bible study and by associating beyond parish borders as they visited each other – using occasions such as weddings as cover for meetings. They viewed the Enlightenment theology as placing Man at the center of religion and God in an assisting role. Instead, the laypeople turned to Luther and especially Pietism: people were unable to rid themselves of sin, and it was only through a personal belief in Jesus Christ that one could hope to achieve redemption. When bishops enforced the ban on conventicles from 1741 onward, imprisoned revivalists appealed directly to the king to let them use the old Pietist texts. The new intermediaries thus challenged the authority of the clergy, but not the political order.

The second category of intermediaries – i.e. theologians and pastors – soon embraced the revivalist project and at times even co-opted it. In 1810, Grundtvig launched his battle against the rationalist pastors in favor of an “old Lutheran” faith in line with the revivalists’ vision. Several young pastors followed Grundtvig’s ideas to the point of breaking with the church; J. C. Lindberg (1797–1857) became especially influential here. However, in the early 1830s, Grundtvig arrived at a compromise: a liberal position that viewed the state church as a merely secular arrangement (*borgerlig indretning*), while the true church was to be found in the living congregation. Grundtvig and his followers now worked for the right to change parishes and for the right of pastors to exclude certain people from their churches (Overgaard, 1969). While revivalists in Denmark continued to be persecuted, they thus found early support among university-educated clergy who sought to position themselves as intermediaries between the establishment and the popular movements.

*In Norway*, the key lay leader of the revivals was the farmers’ son Hans Nielsen Hauge (1771–1824), who gave his name to the Haugian movement that emerged and grew in rural southeastern Norway during the late 18th and early 19th centuries. Like the Danish revivalists, the Haugians started to organize in small “gatherings” of “friends” outside the church. Controversially at the time, Hauge also let

women preach and hold key leadership positions. Again like his Danish revivalist colleagues, Hauge was skeptical of the rationalist teachings of the church, and his revival eventually outmaneuvered that strand of theology in Norway (Aarflot, 1969). Due to Norway's extensive geographical spread, the revivals here remained more isolated than in Denmark, but Hauge gained a large following across the country (Gundersen, 2022).

While Hauge took inspiration from Pietism, questions concerning alcohol consumption, card games, and the like were not central to his teachings. Nonetheless, his moral teachings were significant. He encouraged his followers to pursue active social engagement and adopt a strong work ethic (Aarflot, 1969, p. 117). While the Danish revivals initially embraced Hauge, welcoming him on his visit to Jutland in 1804, the Pietist Danes eventually rejected his teachings, as they believed them to emphasize deeds over introspection and inner vigilance (Lundbye, 1903, pp. 175–178; Thomsen, 1960).

Hauge never managed to become an intermediary between the state church and the revivals. The Danish authorities opted to deal with him as they would any other challenger to the existing religious-moral order. In 1804, he was arrested for breaching the 1741 conventicle ban (and on three other charges, including efforts to build a state within the state), and he was imprisoned for most of the period between 1804 and 1814 (Furseth, 2002). The movement was in fact well represented in the Norwegian establishment: three adherents were part of the group that formulated the Norwegian Eidsvoll constitution when the country broke with Denmark in 1814, and several members of parliament and key figures in the business world were also Haugians. However, the movement was organized on a Lutheran foundation, as an informal network in parallel with the existing state church, and an established compromise with the official church only became possible after the ban on conventicles was lifted in 1842 and the revivals were free to organize formally. Soon thereafter, the revivals were fully embraced by pastors laying claim to the Haugean legacy.

*The Swedish revivals* too emerged in part in opposition to Enlightenment ideas and the new rationalist teachings of the state church (Hallingberg, 2010). The break with traditional forms of religious organizing in Sweden was apparent in the terms used to refer to local revivalists: “readers” and “runners” (*läsare* and *löpare*), respectively, designating the lay interpretation of the Bible and the crossing of parish boundaries to seek out one's preferred pastor.

Since Pietism had never been a state ideology in Sweden, and had not been disseminated through society to the same extent as in Denmark and Norway, the revivals turned to other sources of inspiration. In the northeast, farmers' sons Anders Larsson (1794–1876) and Gerhard Gerhardsson (1792–1878) emerged as lay religious leaders, leading Bible-reading circles even though they had little or no formal education. These lay revivalists were loyal to the original devotional literature by Luther. Both Larsson and Gerhardsson were connected to local Moravian (Herrnhut) circles. Moravian communities had been present in Sweden since the 18th century, and they taught a gospel that emphasized the personal relationship with Christ, as well as personal atonement and brother- and sisterhood between

believers. In other words, formal religious institutions were less important than individual belief and the local community. These lay leaders were adamant that they would not break from the official church, and they even managed to have the conventicle ban lifted in this area of Sweden. This was largely due to the goodwill of the third type of intermediary elite mentioned above: government officials. The supreme court judge who was tasked to decide the case between pastors and lay revivalists was himself inspired by Moravianism (Månsson & Wichman, 1948; Wichman, 1948).

At an early stage, the revivals gained momentum among local elites. In the north, pastor Lars Levi Læstadius (1800–1861) led a revivalist movement that organized separate meetings in the evening and made use of lay preachers, although it otherwise accepted the state church as its organizational foundation. In the southwest, pastor Henric Schartau (1757–1825) gained influence in High Church circles. He was a firm believer in the state church and the traditional teachings, but he also emphasized personal conversion and awakening, in line with the Low Church revivals.

The Moravian influence in Sweden was reinforced by the early influence of Methodism and Baptism from the Anglophone world. Moravianism, Methodism, and Baptism were related traditions that emphasized the self-organization of Christian communities, unlike the serene revivalist models that Danes and Norwegians applied, which largely viewed religious meetings as an addition to regular church attendance. The Swedish revivals thus came to stand more in opposition to the state church. Methodism was introduced to Sweden in 1807 by John Paterson and Ebenezer Henderson, two Scottish missionaries from the Religious Tract Society and the British and Foreign Bible Society (Eriksen, 1988). George Scott (1804–1874), a Methodist pastor active in Stockholm from 1830 to 1843, continued to exercise this type of influence on the Swedish revivals, helping to start temperance and missionary societies. Rosenius picked up the baton from Scott and established the “new evangelical” organization *Evangeliska fosterlands-stiftelsen* (EFS) in 1856 (Jarlert, 2012a).

Thus, in Sweden, there were examples of an emerging compromise between the intermediary elites on the side of the state and the revivals (i.e. Larsson and Gerhardsson). But overall, the foundations were laid for a different trajectory than in Denmark and Norway, thanks to the lack of a common Pietist heritage and the introduction of a more secessionist model of organizing.

In all three countries, the 19th-century revivals intensified and broadened the 18th-century Pietist and Moravian model (with its stress on a personal relationship with God and seclusion from society), while also importing new models from the Reformed tradition. The revivals were closely linked to changing economic relations, especially in the countryside, where old communal forms of production were increasingly being dissolved by law in favor of privately owned farms, but where there were also increased literacy levels and improved means of transportation. It was no longer taken for granted that the pastor – the state church’s local representative – wielded authority as the interpreter of the Bible, or that the parish was the natural demarcation of the congregation.

Until now, the revivals had mainly been local, and they had organized informally as a supplement or corrective to the state church. Intermediary elites – lay preachers and pastors – had largely aimed to organize believers locally, rather than to challenge the established order. During the second half of the century, however, these elites – often pressured by their devout followers – opted for formal organizing and sought to change their relationship with the national church. This development of course presented a challenge, not only to the state authorities, but also to intermediary elites that sought to keep the revivals within the bounds of the national church.

### **Intermediaries navigating a formally organized repertoire, 1850–1900**

During the second half of the 19th century, tensions increased between the central religious authorities and the revivals. Not only were new “free church” models of organizing strengthened, but forces within the revivals also pushed the serene part of the organizational repertoire in a more oppositional direction. Intermediaries, increasingly pastors, struggled to find compromises between the established order and its challengers. The struggles were less about single moral issues (temperance, sexual conduct, etc.) and more about the overall freedom to organize religiously.

With increased freedom of religion during this period, revivalist models from Great Britain and the US Reformed tradition became more widely available. Baptists and Methodists were now free to operate. At the same time, new secessionist organizations such as the Salvation Army, the Young Men’s Christian Association, the Evangelical Alliance, and later Pentecostalism made their way to the Nordic countries. They did not respect parish boundaries, and most of them applied the “new measures” of the US revivals, which were more populist and enthusiastic and stood in contrast to the inward-looking Pietism. This meant that existing revivals now had competitors from “the left”, and there was a push from within to move the revivals further away from constraints of the national church. Conversely, organizational leaders were often ideologically aligned with the foundation of the national church (the Augsburg Confession), and keeping their bonds to the national church intact also provided benefits in terms of salaried leaders (pastors), physical infrastructure (churches), and public recognition. This was the tightrope that intermediary elites – the leaders of the revivals – had to walk.

In the established national revivals, several issues threatened the established order. In particular, questions about the rights of laypeople – their right to choose their own pastor or their own parish, thereby establishing new parishes within the church, and their right to conduct services – continued to be matters of controversy. The revivals also increasingly organized in a pillarist fashion, establishing competing organizations side by side – youth organizations, sports and gymnastics organizations, secondary schools and adult education classes, dairies, fishing companies, etc. – and thus mirroring other (more or less well-defined) pillars such as labor, liberals, and conservatives. Intermediary elites in Denmark (Grundtvig, & Vilhelm Beck, 1829–1901) and Norway (Johnson) managed to control the revivals

and broker a peace with the national church and local pastors through various strategies whenever crises occurred. Beck, a Pietist leader in Denmark, often put his own leadership on the line to keep his adherents in check. Grundtvig formulated the ideal of a broad church that could encompass both Pietists and liberals, while Johnson formulated a strict orthodox Pietist foundation for the national church and the revivals alike. In Sweden, where the church and the revivals were far apart, such brokerage proved difficult for intermediaries such as Rosenius.

*In Denmark*, the revivals were largely co-opted and formalized by pastors within the national church. Even so, tensions between the revivals and the national church frequently erupted, and intermediary elites had to broker peace time and time again. During this period, the revivals settled into specific branches: the national Romantic Grundtvigian branch was the largest, followed by the evangelical Home or Inner Mission (Indre Mission). The Home Mission was particularly fraught with tension from the beginning. Originally established in 1856 as a lay organization, it was co-opted in 1861 by conservative pastors who explicitly defined it as part of the national church (its full name being Church Association for the Home Mission in Denmark). Its position regarding the national church was ambivalent: on the one hand, the Home Mission considered itself part of the national church, which provided fertile ground for missionary activities; on the other hand, the national church was seen as dominated by unbelievers – the “merely baptized” – and the threat to leave was always there.

The role of colporteurs was especially contested. Officially, they were traveling booksellers who dealt in religious literature, but in reality, they were often lay preachers. A central battle was “the War of Thy” (*den Thyske krig*), which took place in northern Denmark around 1880. Backed by their bishop, and feeling harassed by the missionaries, 11 pastors in Thy urged the authorities to bring the Home Mission under the control of the national church. As a strong leader of the Home Mission, Beck managed to broker a peace by making it clear to the authorities that any action on their part would lead to a mass exodus from the church. At the same time, however, he also subjected the Home Mission’s colporteurs to increased control and supervision by local pastors (Holt, 1979). He often used the tactic of threatening to step down if his followers did not fall into line – a well-known move in political leadership strategies (Michels, 1968).

The Grundtvigian movement was less controversial locally and more influential on the national stage. As already mentioned, in 1825 Grundtvig had managed to find a compromise formula for the revivals that allowed them to stay within the church. He had defined the state church as a merely secular institution (*borgerlig indretning*). The real church was constituted by the congregation and expressed in the sacramental confession of faith, the baptismal covenant, and the Eucharist. Grundtvig’s ally Lindberg pushed this agenda, among other things organizing appeals to the king on behalf of individuals who wished to change parish and free themselves of the “parish shackles”, as he put it (Pontoppidan Thyssen, 1969b, p. 8).

The revivals had their first major victory with the 1849 constitution, of which Grundtvig was one of the fathers. The constitution granted freedom (if not equality)

of religion and left wide room for interpretation and practice within the Lutheran national church. It effectively ended the persecution of Baptists that had taken place during the 1840s.

During the following decades, several concessions were made to the revivals, further increasing liberties within the national church: Grundtvig and Lindberg's old dream of parishioners being able to choose another parish became a reality in 1855, and local parishes were granted the option to choose their own pastors in 1868. From 1867, pastors were no longer guaranteed a place on municipal poor commissions, meaning that their role as administrators of the state's poor relief programs decreased (Villadsen, 2004, p. 121). A law passed in 1903 required every parish to have an elected parish council. A settlement of the relationship between the church and state authorities was also promised in the constitution, although it has not been achieved to date. This has created a paradoxical "unnegotiated" order whereby government officials have the last say in cases of dispute within the church, but it is in the interests of neither church officials nor politicians themselves for politicians to become involved in church affairs.

Thus, in Denmark, it was not least the pastors leading the Grundtvigian movement – Grundtvig as an ideologist, and Lindberg as an organizer – who forged a compromise between the revivals and the church that provided sufficient room within the national church for the revivals to organize within its broad tent. At the same time, the Home Mission provided a conservative alternative to the traditionally oriented Pietists that could fend off Baptist and Methodist challengers – challengers that were at first perceived as foreign because of the Pietist tone of the Danish revivals.

*Norway* saw a fusion of church and revivals through co-optation or adaptation (depending on one's viewpoint) by pastors and theologians. However, the fusion followed a different trajectory than in Denmark. Grundtvigianism never gained the same traction, and the revivals were more dispersed and more locally anchored.

Johnson was a central intermediary in Norway. From his established position as a university professor, he embraced the revivals and sought to steer them – as well as the established church – in a Pietist direction. Johnson in a sense combined the positions of Grundtvig and Beck in Denmark. On the one hand, he influenced generations of theologians and pastors through his teachings in the theological faculty at the University of Oslo, and he was central in seeking to develop a new constitution for the relationship between church and state (which failed). On the other hand, he was a key figure within the Pietist revivals, especially through his role in founding and leading *Den Norske Lutherstiftelse* (the Norwegian Luther Foundation, established in 1868), which professed to continue the Haugian Pietist legacy. Johnson was a great force in the fight against Grundtvigianism, liberal theology, and free church revivalists.

During the second part of the century, several religious freedoms were introduced in Norway. The ban on local religious gatherings was lifted in 1842 (after two vetoes from the king), and in 1845, the Norwegian *dissenterlov* (law on religious dissidents) was passed, allowing Christian groups outside the state church to practice freely. Finally, in 1851, the ban on the Jewish faith was lifted. As a



consequence of this new religious freedom, a plethora of local “prayer houses” emerged around the country from the 1850s onward, as supplements to and/or in competition with local churches. This was similar to developments in Denmark. In Norway, several Home Mission associations were established too.

A struggle also emerged between the revivals and the Norwegian national church over the role of the colporteurs. Johnson’s Norwegian Luther Foundation was unwilling to break with the national church’s monopoly on preaching, and it held that colporteurs must secure the agreement of the local pastor if they wished to conduct a sermon. Johnson formulated the emergency principle (*nødsprinsippet*) that colporteurs were only allowed to preach because of the state of emergency that the national church was perceived to be in. The emergency was a spiritual emergency, a perceived lack of faith, rather than a material emergency. This was a way for the leadership to tolerate but not sanction local zealots. In the end, this did not satisfy the Pietist revivalists, and the organization abandoned the principle in 1891, when it also changed its name to Det norske lutherske Indremisjonsselskap (the Lutheran Home Missionary Association). Johnson now stepped down and left the organization.

The solution to the revivalist challenge was thus not discursive (Johnson’s emergency principle) but infrastructural. The democratization of the national church proceeded much more slowly in Norway than in Denmark. Johnson was central to several attempts to reform the Norwegian church. In 1873–1895, he was a key figure in organizing church meetings that included both clergy and laypeople. From these meetings emerged a proposal for a new constitution of the Norwegian church – a proposal that was disregarded by parliament.

Nonetheless, Johnson dominated both theological teaching at the university (along with his colleague C. P. Caspari, 1814–1892) and the revivalist movement for most of this period. In large part due to his fierce opposition to liberal theology, a reform of the church along the lines of the Danish broad church never materialized. From the time he was accepted as an associate professor at the University of Oslo in 1849, he fought Grundtvigian currents. His intention was to keep the church rooted in a Lutheran-Pietist tradition that could integrate the revivals and the established church. Inadvertently, however, this led to a split within the national religious community after Johnson’s death.

When liberal theology – which emphasized the historicity of the biblical texts rather than only their eternally authoritative content – finally became dominant in Norway, the national church’s tent was not large enough to accommodate both camps. In 1907, a battle between liberal and conservative theologians over professorial positions at the university ended in victory for the liberals. As a consequence, conservatives within the university joined forces with Pietist revivalists and established a competing private theological university, Menighedsfakultetet (the Congregations’ University). In 1913, the Congregations’ University was granted the right to educate and ordain pastors for service in the national church (G. V. Johansson, 1985).

While the revivals in Norway thus emerged on similar Pietist foundations to those in Denmark, the intermediary elites forged a different compromise. Johnson



and his allies rejected all liberal currents within the church. In this way, an orthodox Pietist church was created that could not accommodate liberal currents. Consequently, the Norwegian governance structure became a fusion of revivals and clergy whereby the formal education of clergy for the national church was largely carried out by a private educational facility that educated pastors that would be acceptable to Pietist milieus.

The case of *Sweden* deviated somewhat from the pattern in Denmark and Norway, as the Swedish clergy did not embrace the revivals to the same extent and thus could not act as intermediaries. No Grundtvig or Johnson emerged in Sweden who could embrace both the established church and the revivals. The suppression of the revivals was harsher here, and the organizational models were more opposed to the state church than in the other two countries. The Swedish ban on private religious gatherings was lifted in 1858, and (quasi-)freedom of religion was achieved in 1860 (*dissenterlagen*), but few concessions were made to the revivals within the national church.

Whereas the intermediary elites in Denmark and Norway managed to find compromises between the authorities and the revivals, they failed to do so in Sweden: the revivals were too radical and the authorities too conservative. This can at least partly be explained by two things. On the one hand, Sweden came late to democratic reform. Its *Ständestaat* representational political system was established relatively early, dating back to the 16th-century Riksdag, where the nobility, clergy, bourgeoisie, and freeholder farmers were represented. In contrast to the Danish absolutist monarchy, this arguably led to a more oligarchical form of elite rule where the clergy had formal political representation and thus possibly a more ingrained opposition to popular movements compared with the clergy in Denmark and Norway (Rustow, 1971). On the other hand, the Reformed free church model had an earlier and larger influence in Sweden than in the other Scandinavian countries. Baptism and Methodism stood in direct contrast to the national state church, both in teachings and in organizational form. The intermediary elites were thus faced with the much tougher job of managing “upward” and “downward” (Bergsten, 1995).

Rosenius, the founder of the EFS, was an important intermediary in the Swedish revivals. The son of a revivalist pastor, he never finished his theological studies due to illness. Rosenius was influential in introducing not only lay preaching but also a formal organization outside the church, complete with its own membership and written publications (Jarlert, 2012b). He and his followers established the EFS in response to the threat from the growing influence of Baptism in particular. The EFS was a way for the intermediary elites to satisfy both revivalist followers and the state church. It declared in its bylaws that it was working on the same basis as the state church, while in reality, it encompassed elements with separatist tendencies.

Tensions within the organization grew during the 1860s and 1870s, especially over the question of lay sermons, and this led to numerous clashes between followers and leaders within the organization, as well as clashes between the organization and the state church. At first, the EFS leaders sought a discursive solution similar to the Norwegian emergency principle, in that they distinguished between the role of laypeople with regard to distributing Bibles and giving sermons: the former was

allowed, but not the latter. This solution did not hold for long, and soon, the EFS was actively promoting lay sermons by referring to the Lutheran “universal priesthood”. In 1878, testifying to the radical nature of the Swedish revivalist repertoire, strong forces within the EFS suggested that its missionaries should no longer be bound by the Augsburg Confession – *the* confessional basis of all of the Nordic Lutheran churches. The proposal was rejected, and in 1878, Svenska Missionsförbundet was established by defectors from the EFS, eventually combining forces with Baptists and Methodists outside the national church (Martling, 1969). This earlier and more radical break with the national church in Sweden testifies to the distance between the secessionist revivalist model and the established church.

Another part of the explanation for the more radical free church revivals in Sweden is probably to be found in the revivals’ lack of channels for influence. In contrast to Denmark and Sweden, intermediary elites such as Johnson were largely denied formal channels to influence formal theological education or the central administration.

Up until 1863, the Swedish clergy was part of the political establishment thanks to its representation as one of the four estates in the estate assembly, and this brought the church closer to the ruling elite. The Swedish church was generally influenced by High Church tendencies, i.e. an emphasis on the unity of the church, the reintroduction of traditionally Catholic elements in the rites, and an emphasis on continuation with the Catholic Church. This is illustrated by the fact that in 1922, the Church of Sweden entered into “intercommunion” with the Church of England. The link between pastoral education and the theological education provided by the two university faculties in Lund and Uppsala was also weak in comparison with Norway and Denmark. Until 1831, the training required to become a pastor was a matter for regional dioceses. This made it harder for figures such as Johnson to emerge that could influence both the church and the revivals.

The Swedish church gained more administrative independence from the state at an earlier point in time. In 1863, the clergy lost its political status but enhanced its institutional freedoms, as the Kyrkomöte was established the same year. A general assembly that met every five years, the Kyrkomöte could veto new church laws, although it could not enact any legislation of its own. The Kyrkomöte was designed to counter the free churches, and from the outset, half of its appointed members were laypeople. However, there was a strict division of labor within the assembly. Laypeople had no say over theological matters, and the institution was led by the archbishop. While laypeople thus gained more influence over church matters in principle, the division of labor meant they had no say in the teachings of the church. It was only in 1932 – almost 30 years later than in Denmark – that the church in Sweden established democratically elected local governing bodies (Kyrkofullmäktige).

Revivalist intermediaries were also largely barred from playing from the political repertoire. Political rights came late to Sweden (restricted suffrage in 1866, universal male suffrage in 1917, and universal suffrage in 1921). This meant that the religious revivals sought alliances with the labor movement and the temperance movement on the basis of a common stance on expanding the right to vote – further

moving the free churches away from the establishment. While Sweden succeeded in developing neocorporatist solutions to the labor question – a state administration dominated by professional civil servants created corporate bodies that included representation for both workers and employers (Rothstein & Trägårdh, 2007) – a similar compromise was not found with regard to the national church.

In all three countries, by the end of the 19th century and during the first decades of the 20th century, different associative governance structures had thus emerged as the result of intermediary elites' success or failure in playing certain parts of the organizational repertoire and navigating institutional opportunity structures. While Grundtvig and Beck in Denmark successfully influenced a compromise that made room for both Pietists and liberals within a broad church with extensive local freedoms, this proved harder in Norway and Sweden. Johnson's orthodox Pietist program, which held the church and the revivals together for a long time, ultimately failed as liberal theology gained traction in the university, while revivalist would not (all) accept the pastors' monopoly on teaching. Instead, a parallel educational and congregational system emerged as a supplement to the state institutions. In Sweden, the High Church tradition, the lack of democratic channels of influence, and the radically self-organizing free churches meant that the latter established themselves beyond the church.

The new state of affairs was reflected in changes to the names of the national churches: Svenska Kyrkan (Church of Sweden, 1860), Den danske Folkekirke (Danish People's Church, 1849), and Den norske Kirke (Church of Norway, a name gradually adopted from 1859). The renaming of what had previously simply been the shared religious institutions of the respective countries reflected the need to distinguish these religious communities from other religious communities in the national territory. Their recognition and incorporation into a new governance structure followed different but similar paths, depending on the strategies of the intermediaries and the institutional opportunity structures in place.

## **Political and philanthropic models, 1900–2000**

### *The political party*

Politics became increasingly nationalized during the 19th century as a result of the enfranchisement of large parts of the population, especially as the electoral systems changed in favor of proportional representation (Denmark in 1918, Sweden in 1910, and Norway in 1919), and the political arena became increasingly important for deciding on religious-moral issues. The political party thus became a new part of the organizational repertoire for the revivals. For intermediary elites, the question was which part of the repertoire to play from: the serene part through the established parties, or the secessionist part via a decidedly Christian party. In all three countries, the revivalists initially played serenely and formed alliances with liberal parties. They shared a common interest with the liberals in diminishing the control of the state. Secessionist party models were only brought into play when the revivalists began to see the established parties as too liberal on moral issues.

*In Denmark*, the rural Grundtvigian revivals became integrated with the farmers' and peasants' Venstre party. As early as 1861, Grundtvigian politicians had formed a churchly "party" (in the terminology of the time) that represented the interests of farmers and demanded more local self-governance within the national church (Overgaard, 1969). In 1870, Grundtvigian politicians joined the united Venstre, leading to a split within the Grundtvigian movement between "left" and "right", i.e. between the democratically minded (peasants and teachers) and those paying allegiance to the existing system (pastors and urbanites) (Overgaard, 1969, p. 39). This split grew during the last decades of the 19th century: the left-wing Grundtvigians became more liberal, increasingly cooperating with social progressives, while the right-wing Grundtvigians sought collaboration with the conservative urban Home Mission. The temperance cause was not taken up by any one party, and temperance associations were established in both progressive and conservative ideological hues. The Home Mission had traditionally declared itself apolitical, but its conservative and rural origins meant that its voters tended to lean toward the rural-liberal Venstre and the Conservative Party.

A distinctive Christian party, Kristeligt Folkeparti, was founded in 1970 over the issue of abortion. While the specific proposal for the right to abortion was presented by the left-wing side of the parliament – the socialists and Social Democrats – the entire political spectrum was in fact becoming more liberal on "life politics" issues. Thus, the conservative revivalists in and around the Home Mission did not see their moral-religious interests as represented by the established parties, and they opted to form their own. In 2011, a newspaper questionnaire was distributed to Home Mission supporters. Of its 1,020 respondents, 35 percent supported the Christian party, while the Liberal and Conservative parties had eight percent and 13.5 percent respectively.

*In Sweden*, the representatives of the free churches and the temperance movement found a home in the established political parties, not least the Agrarian Party. The revivalist movement, along with the two other large movements – labor and temperance – here took on a more progressive political hue. The fight for the right to vote united the three movements, as they all represented not-yet-enfranchised groups. Since participation in political life following the 1866 constitution was dependent on (among other things) gender, economic independence, and wealth, the liberal and labor movements, as well as the religious movement – which disproportionately represented women, as did the temperance movement, which had overwhelming public support for its cause – saw enfranchisement as a means to further their reform agendas (Lundkvist, 1974).

Temperance advocates and representatives of the free churches were well represented in the Swedish parliament (achieving a peak in 1911 with 50 free church representatives out of 230 second chamber members). They were especially to be found among liberals, although they also numbered among conservatives, and to a smaller degree among socialists. However, the 1910 reform of the election system entailed a nationalization of politics: the switch to proportional representation made it more difficult for temperance and free church candidates to win elections

than had been the case under the old first-past-the-post system, which had been more local in nature. Unlike their Norwegian counterparts, the Swedish revivals were radically split between those that played from the reformist repertoire, pushing for influence within the church, and those that played from the more radical free church repertoire. The latter remained sympathetic to political liberals and were a central force in the establishment in 1934 of the Liberal People's Party, which was opposed to the dominance of the state and the national church (G. V. Johansson, 1985, p. 42).

Characteristically, when a Christian political party (Kristen Demokratisk Samling) was finally established in Sweden in 1964, the initiative came from the secessionist part of the organizational repertoire, namely from the Pentecostalist Lewi Pethrus (1884–1974). The party emerged from protests against the social democratic government's decision in 1963 to remove religious education from the elementary school syllabus. The party had its parliamentary breakthrough in 1985, and it continues to recruit voters in areas of Sweden where the free churches – Baptists, Methodists, and Pentecostalists – are strong.

The serene part of the revivalist spectrum was represented by the established parties. Broderskapsrörelsen was founded in 1929 in order to organize religious Lutherans – from both the national church and the free churches – within the Social Democratic Party. In 2011, the organization opened itself to members of any faith, recruiting particularly well among the large Muslim minority (Lundberg, 1988).

The early 20th-century political opportunity structures in Sweden thus channeled the revivals into the existing parties, and it was only when the existing parties became less responsive to the revivalists' demands after World War II that the revivalists successfully established a Christian party on the basis of a secessionist core.

*In Norway*, the Kristelig Folkeparti was founded, achieving representation in parliament as early as 1933. The opportunity structures were different in Norway, as the liberal-revivalist alliance broke down at an earlier point in time. As with Sweden in the 1960s, in Norway the Christian party was established against the backdrop of moral uproar. In a play called *God's Green Meadows*, an actor cast in the role of God had used profanities, and the poet Arnulf Øverland had harshly criticized Christianity in a public lecture. Revivalists were not pleased with the lack of condemnation or action on the part of the Venstre party. Moreover, the questions of temperance and organizational church reform were divisive issues (Lomeland, 1971). The more secular city dwellers were thought to have gained influence at the cost of rural constituents when Christian candidates failed to win nominations within the Venstre party. The Norwegian Christian political party became successful as it was able to mobilize on the basis of both the religious-secular cleavage and the center-periphery cleavage – in opposition to the secular forces in the city and the governing elites (Lipset & Rokkan, 1967). The revivals' closer integration with the established church probably also meant that the Christian party was perceived as more centrist.

In Norway too, the life politics issues of the 1970s were important, giving the Christian party a boost in the 1977 election. As a center party attracting swing voters, Norway's Kristelig Folkeparti has been the most successful of the three

countries' respective Christian parties, and it has continuously raised issues concerning prohibition (of producing and selling alcohol), temperance, prostitution, and recently again the question of abortion. However, it has never won more than 13.7 percent of the vote.

In the three countries, the Christian political parties have not become the political force they are in comparable countries such as Germany and the Netherlands. This is partly to do with the nationalizing effects of the proportional election system, which means that a Christian party will not be able to achieve representation if it has strong backing in only some regions. But it is partly also to do with the incorporation of the revivalist organizational repertoire. The religious-moral impetus of the revivals has been channeled through liberal parties on the basis of a shared interest in individual freedom, through increased religious freedoms within or outside the national church, or (in Norway) through the recognition of conservative theological schools with a license to teach the gospel in the national church.

This means that the religious-moral cleavage was not politicized to any significant extent in Denmark and Sweden until the 1970s, when new social movements brought issues of life politics – sexuality, gender roles, abortion, pornography – to the fore, and the established political parties generally became more liberal on these issues and passed legislation in this area, including the liberalization of abortion (Denmark in 1973, Sweden in 1974, Norway in 1978) and the deregulation of the production and circulation of pornographic material (Denmark in 1969, Sweden in 1971, but Norway not until 2005). Only in Norway, where the center-periphery cleavage and the religious-secular cleavage intersected, did a stronger Christian party emerge.

### *Christian social work: success and divergence*

While the political party model of organizing was only somewhat successful in Norway, one part of the revivals' organizational repertoire had a lasting influence on Nordic governance models: philanthropic associations. In the Nordic countries, the rise of social democratic parties during the first three decades of the 20th century meant a steady rise of welfare states with universal coverage, large budgets, and the public provision of social benefits and services. These welfare states reached their zenith in the 1970s. In all three countries, however, voluntary social work rooted in 19th-century revivals also survived as a provider of social work to the state in relation to the most marginal groups – homeless people, sex workers, alcoholics, people with learning disabilities, the elderly, immigrants, and other vulnerable groups (Lundström & Svedberg, 2003; Sivesind, 2002).

The by now well-known elites of the serene revivals were also the driving forces behind the establishment of voluntary Christian social organizations. In Norway, the omnipresent Johnson spearheaded social initiatives such as Diakoniseanstalten (1868), a nursing school and hospital that cared for the poor and sick. In Sweden, Rosenius was the first warden of the Stockholm Stadsmission, which was established in 1853 to perform a "labor of love" among the poor (Stockholms Stadsmission, 1928). In Denmark, the Grundtvigians were especially influential in



the creation of independent primary schools and “people’s high schools” (*folkehøjskoler*) to educate rural youth. However, the Grundtvigians did not engage in formal social work to a large extent. Instead, pastors and highly educated laypeople in the Copenhagen branch of the Home Mission spearheaded social initiatives alongside more mainstream pastors such as N. C. Dalhoff (1843–1927). In Denmark and Norway, the serene model dominated the area of social work, whereas in Sweden, the secessionist free church model gained a more significant role. Organizations such as the Salvation Army (established in Sweden in 1882, in Denmark in 1887, and in Norway in 1888), which blurred the distinction between philanthropy and religion, became influential in Sweden.

As witnessed in Rosenius’s phrase “labor of love”, the intermediaries were central in reinventing traditional Christian forms of benevolence such as the institution of the deaconry, just as the older concept of the “mission” acquired the additional meaning of a philanthropic endeavor (Sevelsted, 2020). It was characteristic of these Christian initiatives that they interpreted the social question in moral-Christian terms: the city and its many temptations were regarded with particular moral outrage, just as socialism was generally regarded as a tool of the Devil. While the groups thus did not call for radical changes to society, they did start what we can call “rational” care for groups such as sex workers and alcoholics, who were considered to be “fallen”: they were not to blame for their own situation, but rather were victims of the unholy situation in the cities (Sevelsted, 2018). For parts of the revivalist movement, this work provided a pathway to survival as the welfare state “crowded out” the need for philanthropic associations.

The ways in which opportunity structures in social policy changed in the three countries during the 20th century were similar but also different, leading to different types of integration of the organizational models. The liberal Grundtvigian spirit in Denmark provided more tolerance for the nonprofit provision of services, even as the welfare state grew. Similarly, but to a lesser extent, the strong position of the Norwegian revivals within the church establishment won strong support among the elites for this type of work. Conversely, in Sweden, the all-out victory of the Social Democrats meant that such initiatives constituted a much smaller part of the overall welfare mix between private and public providers (Sivesind, 2017). In the following paragraphs, I focus on the Danish case of treatment for alcoholism to provide a closer look at this particular integration process.

Established in 1895, Blue Cross emerged from the circles of well-educated revivalist elites around the Copenhagen branch of Beck’s Home Mission. The national Home Mission at this point was concerned with strictly religious issues, but revivalist in Copenhagen felt the need to act on the city’s social problems – partly to fight off a perceived socialist threat. Pastors and highly educated laypeople initiated a large social program, and Blue Cross was one of its initiatives, along with help for poor people, homeless people, people with disabilities, children, sex workers, and many others.

Blue Cross’s mission was to cure alcoholics through its religious message, and to lead people to Jesus by rehabilitating alcoholics. The organization engaged in a range of activities centered on the work of local associations, where members



signed the temperance declaration and supported each other through talk, prayer, song, and the reading and distribution of literature about the harmful consequences of alcoholism for the body, family, and society. The organization also lobbied for a general ban on the distribution of alcohol. The key to the organization's survival, however, was its engagement in caring for chronic alcoholics in treatment facilities.

Danish specialists' view of alcoholism differed markedly from that of the Swedish counterparts. At an early point in time, Sweden developed a restrictive approach to the distribution and consumption of alcohol through the Bratt system, which monopolized the distribution of alcohol and rationed its purchase by individuals. While the temperance movement was strong in Sweden, treatment facilities were largely run by the state. Although the etiology of alcoholism in general was not clear at this time, the Swedish medical establishment viewed it not as a disease but as a moral flaw. As a consequence, alcoholics were thought to need a firm hand to rehabilitate them, and physical violence was accepted as part of the process (Edman, 2009). Forcible commitment to rehabilitation institutions was introduced in 1913 (Edman, 2004).

In Denmark, treatment was spearheaded by statisticians (Harald Westergaard, 1853–1936), medical doctors (Christian Geill, 1860–1938), and pastors (Dalhoff). Some were directly involved with the revivalist movement, while others were sympathetic to the work it carried out among alcoholics. These entrepreneurs largely promoted the disease explanation of alcoholism, even if the etiology also included social-moral factors, such as the impact of the sinful city on the young (Sevelsted, 2019). Everyday life in the Swedish and Danish institutions was most likely quite similar, since treatment in both countries was based on isolation from society, hard physical work, and moral influence (Edman, 2004; A. L. Sevelsted, 2017). The Danish temperance movement called on the authorities to follow the Swedish example and use forcible treatment in certain cases (Sevelsted, 2019). Nonetheless, Denmark's combination of institutions run by religious civil society organizations on the premise that alcoholism was a disease may have led to a comparatively more lenient approach to individual alcoholics, who mostly were not blamed for their own condition.

In comparison with Sweden, Denmark's specialized treatment and lack of state involvement in the area created a more open opportunity structure for the integration of the social work model with the emerging welfare state. The increasingly dominant Social Democratic Party promoted a rights-based approach to social policy but still acknowledged the value of the voluntary work carried out by religious and other organizations.

K. K. Steincke, Minister of Social Affairs in 1929–1935, was the architect of a large-scale reform of social policy in 1933. While some new societal groups became acknowledged as entitled to public support, certain groups that were considered morally underserving were excluded: the “work-shy”, neglectful providers, tramps, professional beggars, sex workers, and alcoholics. These groups suffered a loss of civil and political rights and the deterrence and discipline of forced labor (Steincke, 1933, p. 14, 60). The reform also introduced the option to forcibly commit alcoholics – 20 years later than in Sweden. However, Blue Cross was not

able to accommodate this group, and in 1943, the state finally established its own institutions to deal with criminal alcoholics (Sevelsted, 2019). These state institutions were short-lived, and Blue Cross remained the main provider of treatment for alcoholism.

Steincke was a proponent of eugenics – and thus of a natural-scientific view of social problems – but this did not hinder him from taking a decidedly moral view of alcoholics and similar groups (Steincke, 1934). Nevertheless, he saw a role of philanthropy in social policy. As early as 1920, Steincke envisioned a division of labor in which the care of children, vagrants, people with mental illnesses, sex workers, and alcoholics would be carried out by the “warm interest of the individual” with the support and recognition of the state (Steincke, 1920, pp. 391–402). Most likely, this was also a more cost-effective solution than establishing state institutions. The state supported the Blue Cross treatment facilities almost from the beginning, but most of the organization’s income before World War II came from voluntary contributions, patient fees, and revenue from the sale of farm goods produced by patients (Sevelsted, 2019). It was not until 1960 that the state took on the costs of treating alcoholics. As its membership dwindled through the 20th century, and state involvement in social policy increased, Blue Cross became a service provider to the welfare state.

Blue Cross constitutes an exemplary case of the Danish path to the integration of religious voluntary social work within the associative governance structure in social policy. Even today, Denmark makes the greatest use of nonprofits in social policy, whereas Sweden has the least involvement of nonprofits (Sivesind, 2017). All three countries have been on a path to convergence in social policy since the 1980s, as they have increasingly established quasi-markets where organizations can tender bids on certain types of service provision (Henriksen et al., 2012). However, this convergence conceals divergences as to the specific type of market created and the relative strength of public, nonprofit, and for-profit provision. In 2013, the nonprofit sector’s share of paid employment was eight percent in Norway, three percent in Sweden, and 14 percent in Denmark.

In Sweden, for-profit organizations are on the rise because they are able to take up the surplus from the organizations. This can be explained in part by the early involvement of the Swedish state, which was enforced and deepened by the dominance of the Social Democratic Party after World War II. The turn to for-profit involvement in social policy in Sweden can be understood both as a reaction against the dominance of the state and as a consequence of the relative lack of tradition of nonprofit involvement in the sector. Denmark, on the contrary, continues to have a comparatively high level of nonprofit involvement in service provision, and it allows for-profit organizations to operate to only a limited extent. Norway takes a middle position, with a little for-profit involvement and some nonprofit involvement (Sivesind, 2017).

Even as the three countries diverge in regard to the role of nonprofits in service provision, the philanthropic part of the revivalist repertoire seems to be thriving. Rosenius’s Stadsmission in Stockholm has several siblings in other Swedish cities.

Johnson's Diakonisseanstalten continues to exist as a hospital, owned and driven by the nonprofit Diakonissehuset foundation and another hospital foundation with religious roots. The Copenhagen Home Mission's Blue Cross in Denmark still provides treatments for the state, and it is expanding its repertoire with initiatives directed at the children of parents with substance abuse disorders.

The philanthropic part of the revivals' organizational repertoire has arguably proven to be the most successful. Although the Nordic countries have increasingly moved away from the revivals' Christian and moral roots, becoming increasingly secularized and liberal, the kind of social engagement that these organizations provide is still in demand. The contrast in opportunity structures for the recognition and integration of religious social work within the welfare state structure was historically the starkest between statist Sweden and the more liberal Denmark. Today, as market-like instruments are introduced into public administration, and as benefits and financial assistance for the unemployed and low-income groups continue to be reduced, opportunity structures may once again be open to voluntarily based social initiatives – although it is currently mostly for-profits that are taking advantage of this in Sweden.

### **Organizational repertoire and changing opportunities after 2000**

Institutional opportunity structures for revivalists in the Nordic countries are changing in the 21st century. Disestablishment (the loosening or cutting of ties between the national church and the state), increasing economic liberalism and moral tolerance, increased nationalism and skepticism toward immigrants, and steadily falling membership numbers in national churches present both opening and closing opportunities.

Political opportunities seem to be closing as the tolerance of sexual diversity and behaviors, the relaxation of gender role expectations, strong support for abortion rights, and opposition to religious-moral censorship of culture and speech continue to be prevalent moral attitudes in the Nordic countries. According to the World Values Survey, the three countries are the world's most committed to the values of secularism and self-expression (Inglehart & Welzel, 2015). The adoption of the political organizational model has secured political representation for revivalists and free churches, but it may also have turned moral issues into special issues rather than making them part of the platform of the liberal parties, which have become increasingly liberal in relation to both economic and moral issues. The question is whether the adoption of either model would have impacted this in light of the comprehensive changes that are taking place. Christian parties have been struggling to find intermediaries that can present their interests as party leaders. In Denmark and Sweden, these parties have experimented with recruiting celebrities and well-known figures from other political parties instead of from within religious ranks, but this has largely proved to be an unsuccessful strategy.

Conversely, opportunities in the field of social provision seem to be opening. Since the 1980s, the social engagement of the revivals has been valued more positively by politicians and public alike, as criticisms of the welfare state for its cost,

bureaucracy, inflexibility, and alienating features have become more widespread (Sevelsted, 2020). This trend seems to have been reinforced by the retrenchment of the welfare state, especially regarding benefits for the unemployed. Social assistance and unemployment benefits have decreased, while private health and unemployment insurance are becoming more common (Sivesind, 2017). This presents an opportunity for religiously based voluntary organizations – if they are able to find models to compete on the quasi-market of public tenders for social service contracts. Here, the organizations' voluntary engagement and value-based approach may be a competitive advantage. Leaders in this field are faced with the challenge of displaying a faith-based commitment to the cause without coming across to too conservative on moral issues. In Sweden, critics have voiced concerns about the state's provision of funding to the Salvation Army – an organization that considers homosexual acts a sin and recruits members among the nation's marginalized groups (Lindenfors, 2011).

In the religious field too, opportunity structures are changing. National churches continue to lose members, and the Norwegian and Swedish churches have both gone through a process of disestablishment. In Sweden, the ties between church and state were officially cut in 2011, effectively making the Church of Sweden a free church that organizes a steadily declining part of the population (56 percent in 2019). In Norway, the national church gained independence in 2012. It organizes 70 percent of the population, but this number is also declining steadily. In Denmark, the constitution still demands that the monarch be a member of the Evangelical-Lutheran church, but the “promise clause” in the 1849 constitution – which promised to settle the internal ordering of the church by law – has never been fulfilled. The exact jurisdiction of government ministers versus bishops thus remains unclear. The church's membership has fallen to 74 percent of the population. Disestablishment means an opening of opportunities for secessionist free churches that are comfortable operating in a free religious market where charismatic leaders can attract new followers. Conversely, the serene revivalists that have not severed their ties to the church have been left in a disadvantageous position as minorities within a large but declining free church.

Interestingly, new opportunities have presented themselves with the arrival of immigrants and refugees from predominantly Islamic areas over the past 50 years. Politically, anti-immigrant parties – *Fremskrittspartiet* in Norway, *Dansk Folkeparti* in Denmark, and *Sverigedemokraterne* in Sweden – have emerged that lay claim to a Christian heritage. However, these parties' lack of tolerance of religious minorities has largely proven a stumbling block for revivalist support. Indeed, revivalists have engaged in refugee solidarity activism through their international and local networks (Toubøl, 2017). The new religious communities seem to be potential allies in the struggle for the recognition of religious freedom, rather than enemies. In a related case, the Jewish and Islamic communities made common cause against a political proposal to ban male circumcision in Denmark (Zuckerman & Feldt, 2023). The Nordic model of state-regulated and financially supported freedoms to organize may also contribute to the integration of non-Christian religious communities through regulated free schools, places of worship, care facilities, and philanthropic organizations.

## Conclusions

Why did religion never become a radically divisive force in the three Nordic countries? It was of course thanks to these countries' monoconfessionalism – the Lutheran adherence to the Augsburg Confession enforced by central governments for around 300 years. However, it was also the result of the intermediary elites – pastors and religious laypeople – who navigated the revivalist organizational repertoire and sought to broker compromises with the churches, universities, political systems, and emerging welfare states. In other words, the associative governance structure channeled religious-moral revivals into forms that could be condoned and recognized by the central authorities.

The 18th- and early 19th-century revivals emerged against the backdrop of large societal changes. The old patriarchal and absolutist “household” structure of society (Koefoed, 2018) was challenged as communal modes of production in the village were abolished, farmers grew wealthier, literacy levels rose, and infrastructures and postal services improved and connected local communities (Pontoppidan Thyssen, 1977, p. 395). The early revivalists mobilized on moral-religious issues that were no longer taken for granted, in a changing rural society where the pastor's word was not necessarily final. They mobilized against alcohol consumption, relaxed sexual morality and prostitution, gambling, and profanity in art and culture, but most of all they sought to conserve the traditional teachings of the church against the clergy's changing theology. The laypeople and pastors that represented the growing revivalist movement sought to navigate institutional opportunity structures by mining the existing organizational repertoire for associative models that could direct revivalists' grievances into established channels of recognition.

In Denmark, the incorporation of the revivals largely proceeded serenely through Grundtvig's broad church ideal and a democratization of the national church whereby revivalists in the late 19th and early 20th centuries were able to change their parish, elect their priest, or create their own free congregation. In Sweden, Rosenius failed to make inroads into the establishment church, which remained too tightly controlled by High Church clergy. Instead, the revivals, largely playing from the secessionist free church part of the associational repertoire, made common cause with the other reform-oriented movements – workers, suffragists, women's rights campaigners, and temperance advocates – and were thus channeled through the established political party system until the 1960s. In Norway, Johnson was able to channel revivalist currents through his position in the established university system, even as he failed to keep the revivals together on the national church's confessional foundations. Only after his death, when liberal theologians gained the upper hand in the theological faculty, did revivalists and orthodox Pietist theologians see the need for a separate educational facility. The moral-religious cause was in turn channeled through a Christian party that could mobilize on the basis of moral issues, as well as opposition to the central government and urban elites. While only the Norwegian Christian party seems to be thriving today, the philanthropic organizations continue to perform an important function in the liberalizing welfare states, suggesting that

they have provided a lasting organizational model within the associative governance structure, spearheaded by the intermediary elites.

Thus, three similar but distinct governance structures have emerged in the three countries. In Denmark, a broad church governance structure leaves it to local congregations to decide on their own relationship with the national church and its teachings. In Norway's fusional structure, revivalists and orthodox Pietist clergy dominate a disestablished national church through a parallel state-sanctioned educational facility (in 2012, all of Norway's bishops had been educated at *Meninghedsfakultetet*) and additional congregational structures. In Sweden, there is a secessionist political structure where revivals have obtained few concessions within the national church. Instead, they have seceded from the church and found representation through existing political parties on the common cause of political and religious freedoms. The increase in support for Christian political parties during the 1970s' battles over abortion and pornography proved short-lived, and today, the Nordic nations have the most secular and expressive values in the world.

Currently, religious social work is arguably the most influential part of the revivals' organizational repertoire, as it caters to parts of the population that are not covered by the extensive welfare state programs. Revivals have thus found their place within the Nordic countries' overall governance structures, filling niches within religion, politics, leisure, and social work.

If we zoom out from the differences between the three countries, the different institutional compromises can look like squabbles within a larger Lutheran family. Unlike in pillarist countries, the revivalist religious milieus did not develop into closed environments with their own political and social functions. Unlike in the Netherlands and Germany, there is no "principle of subsidiarity" whereby provision for certain groups must be made at the most local level possible, often meaning the cultural milieu to which individuals belong (Zimmer et al., 2007). Similarly, in the Nordic context, it is hard to imagine the kind of communitarian "big society", in which local communities care for their own, once envisioned by UK conservatives and center-left Americans. Each local community is too well incorporated into national governance structures for this to work. Those that have not been crowded out by government have been embraced through legal recognition, subsidies, regulations, and contractual engagements.

Did the revivals contribute to a "Nordic spirit of welfare capitalism"? Religious revivalist teachings provided much of the ideological input (or "ethic") into the self-understanding of the farmer class in the three countries, and through the elite representatives of that class, the revivalist ideology became part of a national identity. In Denmark, Grundtvigianism gained a position as a national ideology first promoted by rural elites. In Norway, Haugian ideas about religious industriousness were adopted by the aspiring middle classes vis-à-vis the public official state (*embedsmannsstaten*). In Sweden, it was not a specific revivalist ideology, but rather the integration of the independent revivals as part of a progressive popular representation, that contributed to a national identity of "progressivism".



Perhaps, however, the real “spirit” lay not in the teaching of necessary virtues amid changed forms of production and governance, but rather in lessons about how to associate and how to incorporate a broad organizational repertoire into a national polity. The religious revivals were the first “modern” social movement (Young, 2006) – including in the Nordic countries. It was here that people first learned how to organize independently of the state church and the local community. Unlike their US counterparts, the Nordic revivals faced a strong central state inherited from absolutism. It was representatives of the revivalist organizational repertoire who paved the way for the compromise-oriented incorporation of organized groups that characterize Nordic models of associative governance.

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## 4 Governing labor

### Transformations of collective bargaining in Denmark

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#### Introduction

This chapter explores how associations related to labor – guilds, journeymen’s associations, trade unions, employers’ organizations, and corporatist state-society relations – have contributed to what Norwegian historian Francis Sejersted (2011) calls “the Scandinavian solution” to the modernization project (p. 4). It has repeatedly been remarked that the Nordic model of “negotiated social order” can be understood as located at the meso level between liberal pluralism and state authoritarianism (Bruun, 1938; Christensen et al., 2007; Galenson, 1952). As early as 1936, American journalist Marquis Childs published the book *Sweden: The middle way*, in which he analyzed Swedish politics, and Nordic society in general, as a “middle way” between unregulated, laissez-faire capitalism and statist authoritarianism. While this Nordic middle way has characterized different organizational fields, the idea of a “Nordic model” centering on negotiation, compromise, and organized conflict emanates from the field of labor market governance. Although this chapter focuses predominantly on Denmark, all Nordic countries developed wide-ranging structures for collective bargaining during the 20th century, thereby making Nordic labor market associations partly responsible for policy formulation and implementation, industrial peace, and general labor market conditions. As Pauli Kettunen (1997) notes, in the Nordic countries, “collective agreements” reached through “functional-corporatist” channels have been “regarded as a higher, more desirable form of regulation than the direct state intervention through legislation” (p. 166), and they can thus be regarded as an integral part of the “consensual” nature of Nordic political systems, other key traits of which include negative parliamentarism, proportional voting, and multiparty systems.

There exists an enormous literature on Nordic labor market governance, neocorporatism, and the historical development of the Nordic labor movements. This chapter adds a *long-term, associative governance* perspective. Firstly, with regard to the *long-term* perspective, many interpreters of Danish labor governance, especially those associated with the social democratic movement (Bruun, 1938; Esping-Andersen, 1985; Mackeprang, 1911), depict the transition from the traditional, estate-based guild system to the modern trade unions as having been fundamental and abrupt. In contrast, I argue that the traditional, corporatist form

of labor market governance entailed by the guild system was pivotal for the historical development of Danish labor market governance and hence that it needs careful attention. Secondly, central to the *associative governance* approach is the interplay between associations and the state, i.e. the ways in which associations are integrated with, separated from, and reintegrated into the state over time. Associative governance is an *analytical perspective* that focuses on the *processes* through which relations between associations and the state change over time. Hence, this chapter nuances the understanding of Danish labor market governance as an autonomous, independent regulatory regime that rests primarily on labor market parties themselves, by accentuating how the Danish state has continually influenced and incorporated modes of governance in the labor market.

### *Delineating the field of study*

The historical development of labor market relations in Denmark, Norway, and Sweden over the last 200 years is too vast a project to cover in this chapter. Hence, it is necessary to demarcate the field of study. Firstly, the chapter primarily focuses on *Danish* labor market governance. While all Scandinavian countries developed labor market regimes with a strong degree of self-regulation, high union density, and broad-based collective bargaining – thereby constituting what industrial relations scholars label a *collective agreement* model, in contrast to *state* and *market* models (Bruun et al., 1992, pp. 231–234) – there are also vital differences between the three countries (Elvander, 2002). As we know from historical institutionalism, pivotal events and social conditions create distinct path dependencies (Pierson, 2000). Denmark’s comparatively early industrialization, which took place from the 1870s onward, was based on crafts and small industry. This had lasting consequences for Danish development insofar as organizational structures for collective bargaining emerged earlier in Denmark (where a basic agreement was negotiated in 1899) compared with Norway and Sweden (where basic agreements were negotiated in the 1930s), and the unusually high degree of the collective agreement in the labor market became the foundation for Danish legislation. Another important consequence of the early industrialization – as will be demonstrated below – was that the organizational structure of the trade unions emanated from the guild tradition, making Danish unions primarily craft-based (instead of industry-based, as was the tendency in Norway and Sweden) and fragmented, with many small craft unions and only a few big general unions for unskilled workers. The fragmented nature of the Danish union structure, in contrast to the more centralized industrial unionism of Sweden and Norway, increased the role of the Danish state in collective bargaining, and the state established its legitimate capacity to intervene directly in collective bargaining from the 1930s onward. Danish labor market governance thus became part of a neocorporatist arrangement, whereas Sweden upheld the autonomy of the collective bargaining system to a large degree (Elvander, 2002, pp. 120–121).<sup>1</sup> Consequently, although Denmark can be described as “the pioneer” in developing an industrial relations model of collective agreement (Bruun et al., 1992, p. 253), and although some argue that other Scandinavian countries were partly inspired by



Danish practices (Adlercreutz, 1958, p. 36; Schmidt, 1962, p. 30), it is difficult to see a shared Nordic *model* of labor market governance. There exist several good synoptic overviews of the differences between the Scandinavian countries (e.g. Elvander, 1988, 2002; Kjellberg, 2022). This chapter focuses instead on the *longue durée* development of Danish labor governance from circa 1800 to 2000, as the Danish case is illustrative of the shifting relations between associations and the state, between processes of association and incorporation, and between corporatist and liberal governance regimes in the labor market. The Danish case is thus exemplary of what we call “associative governance”.

Secondly, this chapter focuses almost exclusively on the *private* labor market. While collective bargaining certainly exists in the public labor market, the dynamic is markedly different, as the state is also the employer and hence has a direct part in any public labor market conflict. Moreover, as state coffers cannot be emptied during lockouts, the unions’ strike weapon is rendered somewhat ineffective.<sup>2</sup> As this chapter is primarily interested in the historical development of collective bargaining from an associative governance perspective – i.e. the ways in which different associations over time are integrated into, separated from, and reintegrated into the state – the public labor market will be only cursorily discussed. Thirdly and finally, the chapter does not focus extensively on a broad-based understanding of neocorporatism, insofar as the primary focus is not on the general integration of labor market parties and other interest groups into various public committees or into public policy formation and implementation.<sup>3</sup> Instead, the chapter focuses more narrowly on the historical development of the Danish collective bargaining system and its shifting relation to the state.

### ***Research questions and overview***

Within these delineations, the chapter explores the following research questions: how have relationships between *superiors* (masters, capitalists, employers) and *subordinates* (journeymen, workers, employees) developed historically in Denmark? How are these relationships *created* and *mediated* through associative forms (guilds, journeymen’s associations, trade unions, employers’ organizations)? What role has *the state* played in the historical development of these associative forms?

To answer these questions, the chapter employs two overarching concepts that describe the relationship between the state and associations in the labor market (Christiansen, 2003). Firstly, in a *corporatist* relationship, the state plays an active role in labor market governance by granting privileges to specific associative forms such as towns, guilds, unions, and employers’ organizations, which takes place through a process of *incorporation*.<sup>4</sup> In the Nordic countries, corporatist labor market governance characterized large parts of the 19th and 20th centuries. Secondly, in a *liberal* relationship, the state makes minimal interference in labor market governance, thereby leaving the governance of the labor market largely to others. The use of the term “liberal” might be confusing here, since the word can be used to refer not only to individual contracts between employers and employees, but also to collective agreements between labor market parties reached without the state’s



interference. The ambiguity arises because the concept of “liberal” hinges on “anti-corporatism”, i.e. the absence of state incorporation of established practices.

Given these research questions and the definitions of corporatist and liberal forms of governance, the analysis of Danish labor market governance is divided into four periods:

- 1 *From the 1800s to the 1860s.* During this period, the guild system is partly liberalized, and the masters and journeymen begin to confront each other as different social classes with distinct political interests, rather than as members of the same associative brotherhood. The Danish Craft Guild Regulation of 1800 is a vital piece of legislation insofar as it inaugurates a transition away from a *traditional corporatist* form of labor market governance – in which the guild system regulated the labor market through a combination of *privileges* granted by the crown or state, *tradition* as it had developed over centuries, and *oligarchical negotiation* between the guild masters – toward a more liberal form of labor market governance, culminating in the legal dissolution of the guilds with the Freedom of Trade Agreement of 1857.
- 2 *From the 1860s to the 1910s.* During this period, unions and employers’ organizations emerge, and class conflict intensifies. Employers’ associations and trade unions, now represented by national federal associations, enter a national agreement on the processual and substantial boundaries of future industrial struggle, thereby crucially recognizing the workers’ right to associate and the employers’ management prerogative. The September Agreement of 1899 is a critical event: the *liberal* labor market regime established by the 1857 Freedom of Trade Agreement, which made *individual contracts* and *competition* the primary modes of regulation, is replaced by an *associative liberal* regime, from which the state is still absent, but which is regulated by *negotiations*, *compromises*, and *organized conflict* between legitimate and recognized associations.
- 3 *From the 1910s to the 1970s.* During this period, the Social Democrats become the primary governing parties in the Nordic countries, and this fundamentally changes the relationship between the labor movement and the state. In Denmark, this period is marked by Prime Minister Thorvald Stauning’s legal intervention in the collective bargaining process, prohibiting strikes and lockouts and prolonging existing collective agreements. The Kanslergade Agreement of 1933 is of vital importance: the state transforms its role from a relatively neutral *third party* in the collective bargaining system, thanks to the establishment of industrial courts in 1900 and 1910 and a public conciliator in 1910, to a legitimate *intervener* in labor market conflicts in order to represent the interests of society as a whole. The Kanslergade Agreement subordinates the trade union movement to a political branch of the labor movement, i.e. the Social Democratic Party, and it inaugurates a dependency path, creating the conditions of possibility for a *neocorporatist* labor market regime in which labor market parties are formally integrated into the state and made co-responsible for the macroeconomic steering of society.

- 4 *From the 1970s to the present.* Two seemingly contradictory processes take place from the 1970s onward. On the one hand, the *neocorporatist* tripartite labor market governance is intensified, as labor market associations are de facto instrumentalized in shifting governments' macroeconomic policymaking within closed networks of top-level government officials, top-level bureaucrats, and top-level representatives of labor market parties.<sup>5</sup> On the other hand, a *neoliberalization* of the collective bargaining system takes place through decentralized and individual negotiations, as well as the Danish state's overarching program of neoliberal reform. As Slobodian (2018) and other scholars have made clear, neoliberalism does not signify the state's withdrawal; instead, it requires a strong, active state to "marketize" and "individualize" various policy areas. In this regard, neocorporatism and neoliberalism are not ideological opponents but (potentially) mutually amplifying processes.

### **The slow decline of the early traditional corporatist system, 1800s–1860s**

The Craft Guild Regulation of 1800 began a period of liberalization of Danish labor market governance that culminated in the legal dissolution of the guilds with the Freedom of Trade Agreement of 1857. The 1800 regulation marked an important turning point when the guild system – the traditional associative framework of the labor market<sup>6</sup> – began to undergo a transformation whereby masters and journeymen – previously united in the brotherhood of the guild – confronted each other as different social classes. Whereas the guild system, along with municipal authorities, had governed city-based economic activities to a large degree, the Craft Guild Regulation of 1800 was an early attempt to disincorporate the labor market and introduce free market elements, goals that were ultimately realized by the 1857 Freedom of Trade Agreement.

To understand the 1800 regulation and the development paths it provided, it is necessary to introduce the traditional, precapitalist, corporatist, guild-based mode of governing labor. The guild system had existed in the Nordic region since at least the 15th century. It had organized every major craft in the market towns. Each guild had a regulated number of guild masters, who were responsible for the development of their craft in terms of the supply, quality, and education of journeymen. Guilds were an essential part of early modern, estate-based society, which was structured around a set of *privileges* that regulated relations between the estates (Pedersen, 1999). A complex system of privileges demarcated city from countryside, estate from estate, and craftsmen from dabblers (Galenson, 1952, pp. 14–17). Furthermore, the guilds provided the associative framework for a non–market-based, socially embedded system of production and exchange, in which tradition, custom, and hierarchy guided economic activities.<sup>7</sup>

The guilds functioned as social associations for mutual aid, assisting their members economically during sickness, paying for funerals, taking care of widows and orphans, and providing lodging houses for wandering journeymen. Moreover, the guilds were *brotherhoods*, and members enjoyed a social life surrounded by a vast ceremonial

culture. The internal organization of the European guilds, including the Nordic and Danish guilds, originally rested on a *fundamental uniformity* of interests between guild masters and journeymen, insofar as every journeyman would eventually become a master himself (Galenson, 1952, p. 15). Journeymen usually lived in their masters' houses, ate with their masters' families, and were part of their masters' households; hence, they were *unfree labor*, bound to their masters no less than laboring young men and women in the countryside were bound (Christiansen, 1986, p. 13). The journeymen bore this subordination because it was *temporary*: guild rules prescribed the specific ways in which a journeyman would himself become a master. Thus, the original relationship between masters and journeymen did not resemble the relationship between wage laborers and capitalists. Instead, "the role of the journeyman was merely a stage in the traditional life-cycle of an artisan" (Bloch Ravn, 1982, p. 4).

The Craft Guild Regulation of 1800 represents an early liberalization of the guilds' traditional uniformity of interests. The regulation was a legal codification of the social, technological, and ideological transformations that had taken place during the preceding century. Between the mid-16th century and the first decades of the 18th century, innovations in construction technology had made it necessary for businesses operating in major guild-organized crafts to have more capital and utilize more journeymen. As a result, it became increasingly difficult for journeymen across the Nordic region to become masters, thus creating the *material conditions* for a class division within the guilds (Bloch Ravn, 1982, pp. 4–5). Gradually, two different but coexisting loyalties emerged: on the one hand, there was a material division in terms of economic and political interests between the different groups within the guild system; on the other hand, those groups were still united in their strong professional identities as craftsmen. In other words, it gradually became increasingly difficult for the associative structure of the old, hierarchical, somewhat communitarian guild system to provide legitimation for the journeymen's new material conditions. A process of *proletarianization* thus began, and the journeymen were pushed permanently into the fourth estate.

The 1800 regulation was a result of the period's major conflict, the great Copenhagen carpenters' strike of 1794, which was put to rest the same year with the Craft Guild Commission. The commission can be seen as the first germinal form of *modern* labor market governance: masters and journeymen confronted each other as distinct social groups with clashing interests, rather than as members of a homogenous brotherhood. The composition of the commission is notable. No representatives from the guilds – neither masters nor journeymen – were granted seats on the commission, and this became the norm in the "mediator institutions" of the last decades of the 19th century. Instead, members of the commission were appointed by the authorities. Importantly, a considerable number of members had also served on the influential Great Agricultural Commission of 1786, which had worked to liberalize rural life by abolishing adscription and village communities, clarifying the legal relationship between landed estates and tenant farmers, and restricting peasants' compulsory labor. According to Bruun (1938), the Craft Guild Commission "undoubtedly saw it as its task to become for the artisans what the Great Agricultural Commission had been for the peasants" (p. 25) – i.e. to liberalize the guild

system and legally regulate the relationship between masters and journeymen. Many of the members of the commission were inspired by the Enlightenment ideals of individualism and free market economics, and some – in line with France’s Le Chapelier Law and Britain’s Combination Acts in Britain – deemed the guild system harmful, irrational, and unnecessary (Bruun, 1938, p. 27). The commission also foreshadowed later negotiation practices between masters and journeymen, as it held meetings with representatives of the masters and journeymen in each guild in order to work out political solutions, thus including – in germinal form – key aspects of associative governance such as negotiation, compromise, and the legitimate representation of larger associative structures.

The result of the commission was the Craft Guild Regulation of 1800. Described as “the period’s constitution for craftsmanship” (Mackeprang, 1911, p. 21), it regulated the guild system until the Freedom of Trade Agreement of 1857. The new regulation made it easier *de jure* for a journeyman to become a “free master”, and it legally clarified the relationship between master and journeyman by confirming *freedom of contract* as the fundamental principle of labor market governance. This meant that pay, working hours, and employment terms had to be negotiated between *individual* masters and journeyman. If a journeyman was not provided with a contract, he could legally terminate his work with two weeks’ notice. The regulation also made strikes legally prohibited and punishable (Christensen et al., 2007, p. 21).

The Craft Guild Regulation stood at the crossroads between old and new forms of labor market governance. Gone were the days of the homogenous coexistence of apprentice, journeyman, and master where “each guild is a small state within itself” (Mackeprang, 1911, p. 23). But the regulation of 1800 did not resemble the mode of labor market governance established by the Main Agreement of 1899, in which well-organized, legitimate, and representative labor market parties came to a mutual compromise on the conditions of future industrial struggle. The regulation of 1800 regulated the labor market through *contract* and *law*, not through *agreement*. This can be seen in the pivotal position given to freedom of contract in the regulation (in the first sentence of the first paragraph), as well as in the legal prohibition of strikes and the state’s central role in negotiating conflict (in the police court). Nevertheless, most historians present the 1794 carpenters’ strike and the work of the Craft Guild Commission as victories for the journeymen, arguing that the experience of an effectual general strike based on semi-organized associative forms remained important for the workers’ movement all the way up to the Main Agreement, more than 100 years later (Bruun, 1938; Knudsen, 1999). In the apt phrasing of Henry Bruun (1938), in his classic work on the early labor movement in Denmark:

Danish journeymen, through these repeated struggles, became familiar with the idea that conflicts with masters were best resolved by collective means, insofar as these should not – as the economic liberalism of the end of the 18th century would precisely dictate – be limited to disputes between the individual master and his subordinates. It was also not without significance that the journeymen already gained experience of what a powerful weapon the organized general strike could be.

Bruun concludes that two forces were at play. On the one hand, economic liberalism helped by state power caused the disembedding of the individual from associative ties by rendering the conditions of work as an *individual* relationship between master and journeyman, unmediated by associative structures and collective forms of power. On the other hand, associative organizations – epitomized by the organized general strike – emerged as modes of countergovernance to the disembedded forms of individuality proposed by liberalism, thereby attempting to re-embed the individual in associative ties. Overall, this period can be summarized as a shift from the traditional corporatist relationship between state and guild – with the hierarchical, paternalistic internal guild organization resting on masters’ and journeymen’s shared interests – to the gradual liberalization and “disincorporatization” of the guilds, due to not only the state’s attempt to create a more productive, efficient economy but also an emerging class division within the guilds, created by capitalist modes of production.

### **Labor market associations in an age of liberalism, 1860s–1910s**

The period from the 1860s to the 1910s was an age of liberal labor market governance in the Nordic countries. Having dissolved the traditional guild system, the state did not greatly interfere with the labor market or with the formation of novel associative structures and modes of the collective agreement. The state’s limited role during this liberal period ended with the Nordic social democratic parties’ rise to power in the late 1920s and the global economic crisis from 1929 onward, although Sweden in particular retained formal freedom from state intervention. Central to this period in Denmark was the September Agreement of 1899, a national collective agreement between employers’ associations and trade unions. The September Agreement was both the *culmination* of 40 years’ increased association in the labor market and the *beginning* of a mode of labor market governance whereby collective bargaining and organized conflict replaced individual contracts.

To understand this duality of the September Agreement, it is necessary to review the most important political, legal, and social developments that led up to it. By the mid-1860s, the guild system had been dissolved in all three Nordic countries, and the liberal principles of freedom of trade and individual contracts had become dominant.<sup>8</sup> The dissolution of the guilds also meant the loss of their protective functions, and workers often faced employers without associative mediation. In the work of Danish historians associated with the social democratic movement, the break between the guild system and the trade unions is often depicted as absolute, as if no associative experiences from the guilds had survived (Bruun, 1938; Bryld, 1992, p. 41; Esping-Andersen, 1985, p. 31; Mackeprang, 1911). There is an element of self-legitimation involved here, as the labor movement is thereby portrayed as distinctively modern, devoid of traditional artisan identities. According to the self-understanding of the labor movement, the advent of the free market economy, industrialization, and factory production completely reconfigured the relationship between employers and employees, as well as dismantling older forms of labor market governance. It is therefore no surprise that the years between the Freedom of Trade Agreement of 1857 and the emergence of the first unions is described by

labor movement historians as “a period uncommonly devoid of events” (Bruun, 1938, p. 41) and “the strange time of transition from guild to union” (Mackeprang, 1911, p. 18). According to Esping-Andersen (1985), a central precondition for the growth of social democracy in Nordic countries was the formation of class consciousness, which in turn required “the displacing of alternative community bases” in the form of “early ‘corporative’ worker organizations, such as *guild* and *fraternal associations*” (p. 31, my italics). However, according to the American labor movement historian William Galenson (1952), while there might have been “little *organic* connection between the journeymen guilds and the trade unions ... of much greater significance was the organizational tradition left by the guilds” (p. 17, Galenson’s italics). According to Galenson (1952, p. 17), 80 percent of the 65 local trade unions established in Copenhagen between 1870 and 1880 were in crafts where guild organization had been a requirement, and the most disciplined of the early trade unions were in crafts where guild organization had been the strongest, “as the corporate spirit of the guilds has continued to permeate the labor market” (Galenson, 1952, p. 2). As Swedish labor law historian Axel Adlercreutz (1958) argues:

Denmark provides, perhaps, the most evident example of an almost organic transition from the old guild system to the modern collective bargaining system. The guilds were not abolished until 1862, under an act passed in 1857, and they therefore still existed when the first beginnings of a trade union movement appeared in Denmark. ... [T]here was in the early trade unions much of a cooperative spirit, originating in the guild atmosphere and mainly concerned with the question of how to uphold the standard of the craft in *the anarchy of free competition*.

(p. 36, my italics)

### *The rise of unionism*

Another condition for the September Agreement was the rise of unionism, which gathered speed throughout the Nordic region in the 1870 and 1880s. In Denmark, the workers’ central strategy was a “leapfrogging” method in which workers at one workshop would strike, while all the other workers in the same industry would continue to work, thereby subsidizing the strikers. After victory had been achieved in one workshop, the strike would then leapfrog to the next, and so on until increased pay and better working conditions had been attained throughout the industry (Knudsen, 2000, p. 78). The leapfrogging method was effective, and it increasingly required workers to *organize* within each industry (Ibsen & Jørgensen, 1979a, pp. 86–90). The strategy was particularly influential thanks to the central characteristics of nascent Danish industry: as the guild regulation had ensured that no workshop could grow disproportionately large, Danish industry during the 1870s and 1880s was dominated by small- and medium-sized firms, which were particularly vulnerable to leapfrogging (Due et al., 1994, pp. 73–74). Therefore, leapfrogging *also* caused employers to organize and create centralized associative structures to bargain with the trade unions, thereby developing a novel, potent weapon: the



national *lockout*. The difference between these two forms of industrial struggle – the unions’ local leapfrogging strategy and the employers’ lockouts of entire industries – testifies to the *associative asymmetry* between the parties throughout the 1880s and 1890s, which became central to the September Agreement. Thanks to the legacy of the guild system, which was still fresh in the memories of many journeymen-turned-proletarians, the specific craft had become the cornerstone of the union movement, and a national federation of unions across trades initially sounded peculiar, if not outright illegitimate. Instead, workers wanted to keep their struggles as local as possible, in order to retain their autonomy (Knudsen, 2000, p. 79). The employers, in contrast, had no interest in playing the game of local decentralized bargaining, and they fared much better with larger lockouts. Questions of internal democracy and craft-specific autonomy played no role for the employers, making their mode of struggle more efficient. This associative asymmetry is visible in the creation of national federal associations on both sides in 1898: while the Danish Employers Confederation was equipped with centralized bargaining competence from the outset, the Federation of Danish Trade Unions had less power over its member organizations, which initially retained most of their autonomy (Due et al., 1994, pp. 78–79).

#### *The September Agreement of 1899 and the constitution of the labor market*

With the dissolution of the guilds, the rise of unionism, and the establishment of national federal associations, the background conditions for the September Agreement of 1899 were in place. The word “constitution” in the subheading above has a double meaning. Firstly, the agreement between the Danish Employers Confederation and the Federation of Danish Trade Unions amounted to what has been called a “labor market constitution” (Due & Madsen, 2012, pp. 11–12). Secondly, the word “constitution” should also be understood *processually*, as it was the September Agreement that *constituted* the forms of management, organization, and conflict that became dominant in the Danish labor market in the 20th century (Pedersen, 2014, p. 279). That is, the September Agreement *created* the Danish labor market as a market for labor whose boundaries were determined *associatively* by the parties themselves. However, this does not mean that conflict, strikes, and lockouts were abandoned after the agreement, or that the agreement itself stipulated the final institutional setup of Danish labor market governance.

It is interesting to note that throughout the 1890s, the practice of collective bargaining spread across many industries in all the Nordic countries, but it did so in an entirely uncoordinated, localized manner. In Denmark, a couple of ineffective temporary associations for mediating industrial struggle were created during the century’s dying years, with representation from both sides (Kjølhede Christensen, 2020, pp. 46–51). These mediating bodies proved unsuccessful in preventing strife, as mutual recognition of the associative structures was lacking. In April 1899, an isolated strike broke out among carpenters in a couple of cities in Jutland. The employers responded with a national lockout of all carpenters. Due to the centralized structure of the Danish Employers Confederation, lockouts were soon also



initiated in the metal industry and across the construction industries, affecting approximately 40,000 workers and resulting in nearly 3,000,000 days of lost work, making it the period's largest industrial conflict on a global scale (Knudsen, 2000, p. 79). Although some parts of the Danish Employers Confederation wanted the "Great Lockout" to destroy the union movement, the dominant ambition on the employers' side was to force the unions into a centralized, multi-employer bargaining situation, which would mean relinquishing their successful decentralized strategy (Kjølhed Christensen, 2020, pp. 28–32). There is no need for me to outline the series of events from April to September 1899, as historians have done so in detail elsewhere (Due et al., 1994, pp. 80–85; Galenson, 1952, pp. 99–102; Ibsen & Jørgensen, 1979a, pp. 117–124; Kjølhed Christensen, 2020; Knudsen, 2000). Instead, it is worth noting the substantial procedural rules settled in the agreement, as these provided the organizational foundations for future industrial struggle:

- 1 The *mutual recognition* of the national federal associations as *legitimate actors* in a *legitimate industrial struggle*. The agreement recognized the Danish Employers' Confederation and the Federation of Danish Trade Unions as legitimate representatives with the ability to enter into valid agreements. This confirmed the workers' fundamental *right to association*, making the unions an *integral* part of industrial society (Ibsen & Jørgensen, 1979a, p. 117). From the workers' perspective, this was no small feat, as the most confrontational players on the employers' side wanted to eradicate the unions. Consequently, the agreement made union organization an *indispensable* part of Danish capitalism.
- 2 The national federal associations' *commitment* to ensure that their *member organizations complied* with the September Agreement. In short, the agreement inaugurated the centralized nature of bargaining, which became characteristic of Danish labor market governance (Ibsen & Jørgensen, 1979a, pp. 117–118). While this provision proved no problem on the employers' side, it was only in the 1930s that the Federation of Danish Trade Unions gained control over its member organizations (Ibsen & Jørgensen, 1979a, p. 121). As Due et al. (1994) argue, the agreement "was the *commencement of a process* and not its completion" (p. 84).
- 3 The *constitutionalization* of industrial struggle. The September Agreement codified the procedures for future industrial struggle, regulating the legitimate use of strikes and lockouts to specific periods, and providing the procedural norms of fair warning and the "duty of peace" (Ibsen & Jørgensen, 1979a, p. 118). In the following decade – and very much through the intervention of the state – this constitutionalization of industrial struggle was intensified by the crucial institutional additions of the industrial court and the conciliation board.
- 4 The employers' *management prerogative*. Most importantly for the employers' side, the agreement constitutionalized the employers' right to lead and allocate work. Throughout the Great Lockout of 1899, the employers had repeatedly argued that they wanted to be "masters in their own house" (Kjølhed Christensen, 2020, pp. 22–26) as they did not possess "the necessary authority to run their own enterprises" (Employers Confederation publication, as cited in

Due et al., 1994, p. 82). While the employers' newly acquired management prerogative theoretically restored hierarchy to the workplace, the prerogative was not unlimited, as each individual employer had to respect the workers' right to unionize and to uphold the general agreements negotiated by the branch and federal associations. Thus, the September Agreement was not only a constitutionalization of the means of industrial struggle, but also a constitutionalization of the individual workplace, as general written agreements replaced both the traditional hierarchy of the guild system and the individual contracts established in the wake of the 1857 Freedom of Trade Agreement.

Norway and Sweden saw no similar major agreements between national federal associations until the Basic Agreement of 1935 in Norway and the Saltsjöbaden Agreement of 1938 in Sweden. In Sweden, however, there were two important precursors to the 1938 agreement: the Workshop Agreement for the Swedish metal trades was reached in 1905, and in 1906, the Swedish national federal associations agreed the December Compromise, which entailed a standard clause in all future collective agreements affirming the employers' management prerogative and the workers' right to unionize (Adlercreutz, 1958, pp. 43–45).

While Denmark's September Agreement is best understood as the *commencement* of a process rather than its *completion*, as it provided a new and not fully fixed associative framework for future labor market governance, it is worth summarizing the associative transformations that had culminated in the agreement, which had unfolded over more than a century. In a nutshell, the associative transformations of the labor market during the 19th century were driven by developments within capitalism, the different associative responses to the proletarianization of the journeymen, and the dissolution of the safety net provided by the guilds. In Denmark, the 19th century began with "the period's constitution for craftsmanship" (Mackeprang, 1911, p. 21) – i.e. the Craft Guild Regulation of 1800 – and ended with the labor market constitution enshrined in the September Agreement. The Craft Guild Regulation can be seen as a prelude to the 1857 Freedom of Trade Agreement insofar as it sought to liberalize the guilds and establish *individual freedom of contract* as the main regulator of the master-journeyman relationship; i.e., it was an early attempt to disembed labor market governance from existing associative structures. As industrialization made the transition from journeyman to master almost impossible during the first half of the 19th century, thereby causing the proletarianization of the journeymen, various associative forms sought throughout the 19th century to come to terms with the new capitalist reality and the widespread "social question". In the decade following the dissolution of the guilds, journeymen's associations turned into voluntary "mutual aid societies", and "bourgeois workers' associations" headed by priests, teachers, and industrialists sought to mitigate the social question through education as part of a general liberal Enlightenment *Bildung* program – a program that also informed the formation of associative structures such as savings banks, temperance communities, and religious associations. These associative forms proved unsuitable to safeguard the workers from the effects of the newly "liberated" market economy. Instead, the trade union became the dominant associative

form through which the working masses struggled for the betterment of their conditions. The 19th century ended with the Danish labor market constitution, in which national federal associations, made up of national branch associations, recognized each other as *legitimate* actors with *legitimate* bargaining power in a *legitimate* industrial conflict. The century thus ended with an associatively embedded structure of labor market governance that regulated substantial rules and procedural norms regarding negotiation and conflict, leading to a constitutionalization of both individual workplaces and the overall industrial struggle. In short, as the associative forms changed from guilds into a plethora of different associations and then into organized employers' and unions' sides, so the modes of labor market governance changed – from *hierarchy*, *tradition*, and *paternalism* into *individualism* and *contract* and then into *collective bargaining* and *associatively regulated negotiations*. In a succinct summary offered in 1910 by Carl Ussing (as cited in Kristiansen, 2016), chairman of the influential August Committee discussed the following:

From an *individual* question, working conditions have become a *collective* one, and this is reflected in the fact that the main basis for working conditions is no longer the individual contract concluded between man and man, but the collective agreement, concluded between labor market organizations.

(p. 181)

### **Incorporating collective bargaining and the rise of neocorporatism, 1910s–1970s**

The previous period thus saw a process of *associating* that resulted in *bottom-up representation*. This process, characterized by the voluntary coming together of individuals with shared interests and in formal independence from the state, fits nicely with the narrative of the Nordic model as a third way between market liberalism and statist authoritarianism whereby parties in the labor market “sort things out” independently. But while the creation of labor market associations in the decades leading up to the September Agreement might be adequately understood as a process of *associating*, the September Agreement was immediately recognized and legally supported by the Danish state. This process of *incorporation* gained momentum with the August Committee of 1910 and the Kanslergade Agreement of 1933, and it was a *top-down* process through which specific associations were incorporated by the state and given certain privileges. While the various Nordic Freedom of Trade Agreements of the 1860s *disincorporated* (i.e. the state withdrew from the policy area) and *disembedded* (i.e. the state dissolved existing associative structures) Nordic labor market governance, developments during the first decades of the 20th century *reincorporated* the associatively *re-embedded* structure of the labor market; i.e., the state provided certain privileges and duties to the new national federal labor market associations. These shifting relationships between associations, the labor market, and the state are exemplary of associative governance, as they reveal the dual processes of bottom-up *associating* and top-down

*incorporating* where individuals associate around common interests and the state seeks to control those associations through incorporation.

### *Mediator institutions and the state's incorporation of the September Agreement*

Although it was the Kanslergade Agreement of 1933 that formally legitimated the state's direct intervention in collective bargaining, the state began to incorporate the 1899 September Agreement almost immediately on its inception. On the eve of the September Agreement, Prime Minister Hugo Hørring made a political promise to establish a future labor court (Kjølhed Christensen, 2020, pp. 62–64), and the Danish parliament accepted the agreement, thereby recognizing the legitimacy of the labor market parties and effectively *delegating* responsibility for industrial peace to them (Pedersen, 2014, p. 282). Despite its state-granted judicial powers, the new Danish labor court could not prevent industrial struggle in the years following the September Agreement, as it could only adjudicate on matters that were strictly related to the agreement. Widespread conflict in 1907–1908 prompted the liberal government to create the influential August Committee, which was charged with establishing legal underpinnings for the September Agreement to minimize future industrial struggle. The committee's results were three crucial additions to the September Agreement. In what Due et al. (1994) call “a milestone in the history of Danish industrial relations” (p. 87), the committee not only established the state as a significant *third* party, but also created the legal-associative framework that is still the cornerstone of Danish labor market governance today. This legal-associative framework consists of the following:

- 1 *The “Norm”*. While the September Agreement took the first step toward the constitutionalization of industrial struggle, the “Norm” – which is still in effect today – increased that constitutionalization. The Norm distinguishes between “disputes of right” and “disputes of interest”. Disputes of right are conflicts over the interpretation of *already existing* collective agreements; disputes of interest are disagreements where *no* collective agreements exist or where renewals are to be negotiated. The Norm established an almost unlimited duty of peace in relation to disputes of right, meaning that labor market associations agreed to limit the use of strikes and lockouts *only* to disputes of interest (Kofoed Bjørnsen, 1999, p. 37), thereby further regulating the means of industrial struggle. The distinction between disputes of right and disputes of interest was also incorporated into Swedish and Norwegian labor law (Galenson, 1949; Schmidt, 1962). This further constitutionalization of industrial struggle created vibrant internal opposition within the labor movement. As the dominant social democratic strain now preferred negotiation and legal mechanisms, the 1910s saw the rise of a syndicalist opposition that instead favored direct action and general strikes. During the 1910s and 1920s, this syndicalist opposition had significant backing across the Nordic countries, especially in Norway, and it took control of branch associations, particularly in the construction industries (Sørensen, 1970).

- 2 *A new, permanent, and more powerful labor court.* To adjudicate disputes of right, the labor court of 1900 was replaced with a more powerful labor court that had judicial power to judge in matters of the interpretation of *all* collective agreements. The court was composed of six judges elected in parity by the Danish Employers Confederation and the Federation of Danish Trade Unions, and a chairman and vice-chairman selected from Danish supreme court judges. The court's competence to "emphasize that the Danish collective agreements were tantamount to *legally binding and enforceable contracts*" (Due et al., 1994, p. 88). The practice of the new labor court was inspired by well-developed arbitration norms in the iron industry. In practical terms, all disputes of right had to be resolved as locally as possible through local negotiations between the shop steward and the employer. Should this not work, the dispute would be passed up to a "ten-man meeting" consisting of representatives of the branch associations; only if the dispute was still unsettled would the national federal associations and the labor court become involved (Knudsen, 1999, p. 125). Through this intricate associative system, which involved negotiations at many levels, the parties would have ample opportunity to settle disputes *before* the state and its judicial powers came into play. The idea of labor courts and similar mediator institutions was not foreign to the Nordic labor movement. An 1872 resolution proposed by Louis Pio (as cited in Ibsen & Jørgensen, 1979a), one of the founders of the Danish labor movement, expressed an ambition to create "mediating institutions that can settle disputes in labor cases between masters and journeymen" (p. 264). The very first Scandinavian Workers' Congress in Gothenburg in 1886, which provided the broad strategic framework for the Nordic labor movement until World War I, also advised the creation of local courts of arbitration (Grelle, 2010, pp. 5–6). In Sweden, local methods of arbitration also emerged during last decade of the 19th century, although a national labor court was only established in 1928 (Schmidt, 1962, pp. 30–31). In Norway, a labor court was created in 1915 (Galenson, 1949, p. 237).
- 3 *The conciliation board.* To adjudicate disputes of right, an entirely new associative body was created to complement the more traditional means of industrial struggle, namely the conciliation board. The board was led by the "public conciliator", who had the prerogative to mediate between the parties if a deadlock had been reached, and to propose collective agreements that the labor market parties would have to consider (Due et al., 1994, pp. 120–121). The public conciliator was nominated by the Danish Employers Confederation and the Federation of Danish Trade Unions in parity, and was elected by the labor court.

Together with the September Agreement, the Norm and the two novel institutions amount to what scholars have called the Danish model (Due et al., 1994). Importantly, the state created the August Committee during an intense industrial struggle in 1907–1908, and its institutional recommendations – the new labor court and the conciliation board – were *adopted by law* by the Danish parliament. While the September Agreement might be regarded as the apex of the process of *associating*, the legal adoption of the August Committee's recommendations amounted to the state's *incorporation* of established practices of labor market governance. This can be seen

in Ussing's statements as chairman of the August Committee. Ussing (as cited in Knudsen, 1999) continually stressed that the August Committee was an expression of the interests of "the rest of society" (p. 122) because the lack of state intervention "made the condition more and more disturbing for *Danish society as a whole*" (p. 123, my italics). The legal adoption of the recommendations of the state-created August Committee thus supplemented the interests of employers and workers with a *third* interest (Knudsen, 1999, pp. 258–259), namely that of the state.

### *Economic crisis and the Social Democrats as a governing party*

Although developments in the 1910s and 1920s in Denmark established the state as a relevant third actor, and the state supported the collective agreement system by establishing the labor court and the conciliation board, labor conflicts were allowed to run their course without much direct state intervention, as we "were still in an era of *liberalism*", according to Ibsen and Jørgensen (1979b, p. 41, my italics). In a nutshell, the incorporation achieved through the August Committee established an institutional framework capable of turning *voluntary collective agreements* into *binding labor law*. As Denmark entered the 1930s, the role of the state changed dramatically: from being a somewhat *neutral facilitator* of the collective agreement system, it began to *intervene directly* in the process, either by making new collective agreements through law or by elevating the public conciliator's proposals into law. Thus, the 1930s marked the beginning of neocorporatist labor market governance. This significant transformation was a product of seismic political and economic changes. *Politically*, the Social Democrats became Denmark's primary governing party from the 1930s onward,<sup>9</sup> and their status as a popular mass party is illustrated by the "Denmark for the people program" initiated by the long-serving prime minister and "father of the country" Thorvald Stauning. As the Social Democrats assumed responsibility for national government, including the administration of the capitalist economy, the politics of class conflict waned in favor of a politics of national, broad-based popular support. *Economically*, the dominance of the Danish Social Democratic Party coincided with the worst crisis of the 20th century, creating the conditions for the rise of fascism in Europe. The Social Democrats were thus charged with steering society through one of the worst crises of modern times. This had profound consequences for the relationship between the state, the labor movement, and the collective bargaining system: with the Social Democrats at its helm, the state increasingly intervened in the formation of collective agreements on the grounds of the overall good of the national economy. As Ibsen and Jørgensen (1979b) conclude, "the unions' struggles were thus subordinated to the political agenda" (p. 16).<sup>10</sup>

The Kanslergade Agreement of 1933 is exemplary of this development. As the global economic crisis hit Denmark, the Danish Employers Confederation campaigned for extensive pay reductions and threatened a national lockout. The public conciliator was unable to reach an agreement, and a major industrial conflict was about to break loose. To prevent this, the Social Democrats struck an agreement with parliament's two liberal parties that – in the words of Prime Minister Stauning



(as cited in Nissen, 2010) – “sacrificed some principles, but saved the country” (p. 66). The sacrificed principles were the norms of labor market governance as they had existed since the September Agreement. The Kanslergade Agreement included a new law prohibiting lockouts and strikes for the coming year; it also prolonged existing collective agreements for another year. These interventions effectively sabotaged the collective bargaining system and incorporated the otherwise relatively autonomous mode of labor market governance into the national economic concerns of the Danish state. Moreover, forced arbitration through law happened in 1934, 1936, 1937, from 1940 to 1945, and again in 1946,<sup>11</sup> justified every time with reference to the national common good and the stability of the economy. Since 1933, the Danish state has intervened in labor conflicts more than 50 times (Borchorst, Caraker, & Jørgensen, 2012, p. 88).

The Kanslergade Agreement also sparked an important change by enabling the public conciliator to propose collective agreements by concatenating different, trade-specific agreements into larger national collective agreements, thereby further centralizing the bargaining system, and empowering the Federation of Danish Trade Unions at the expense of the branch associations. This centralization of the bargaining system had been the primary objective of the Danish Employers Confederation since the September Agreement. Under the new rules, once the public conciliator had concatenated multiple collective agreements into one unified proposal, the proposal could then be accepted or rejected by an overall majority of the Federation of Danish Trade Unions’ member associations – binding individual member associations regardless of their acceptance or rejection of the proposal in question (Due et al., 1994, pp. 98–101). This innovation had profound consequences for the associative foundations of Danish labor market governance. Firstly, it discarded the experience of the early union movement, which had successfully pressured local employers through a local leapfrogging strategy. With the new concatenation rules, industrial struggle was taken not only beyond the individual workplace, but also beyond the individual union. Secondly, labor market governance became even more centralized, as the public conciliator, the senior management of the Danish Employers Confederation, and the representatives of the most powerful trade unions (who had a majority within the Federation of Danish Trade Unions) could negotiate national agreements within a closed network, without the broader participation of member associations. This centralization can be understood as an associative precondition of the later development of a well-established neocorporatist relationship between the state and labor associations.

The Kanslergade Agreement can be interpreted in different ways. On the one hand, it has been understood as a grand “national compromise”, symbolically achieved on the very day that Adolf Hitler was sworn in as German Chancellor, and thus representing a “Danish” solution to the crisis of the 1930s (Lidegaard, 2011, pp. 120–121). In this narrative, a line can be drawn between the September Agreement and the Kanslergade Agreement, with both expressing the same “Danish genius for compromise” (Galenson, 1952, p. 101). On the other hand, the Kanslergade Agreement can be interpreted as a testimony to the essentially



*delegated* nature of the labor market parties' self-regulated governance, as parliament's suspension of the ordinary modes of labor market governance demonstrated the state's sovereignty in such matters. In addition to this bleaker interpretation, the sometimes-problematic relationship between the Social Democratic Party and the trade union movement is also made apparent, as the trade unions became subordinate to the political priorities of the Social Democratic Party and its macroeconomic steering of society.

### *The growth of the welfare state and postwar labor market governance*

Despite the frequent characterization of the 1950s as a "gray decade" (Nielsen, 2003, p. 9), important developments occurred in the decades following World War II, mainly connected to the emergence of welfare states across the Nordic countries. The universal welfare benefits that characterized the Nordic welfare states would be connected to individual rights granted by the state, rather than to membership of specific associations. Universal welfare benefits were also introduced "inside" the workplace: for example, the Danish vacation law covered all wage earners, thereby making law and not collective agreement a central instrument of governance. The growth of the Nordic welfare states coincided with economic growth across the European continent, an affluent middle class, and a geopolitical cold war between liberal democratic capitalism and the communist planned economy, all of which further deradicalized the Nordic social democratic parties and trade union movements and removed the radical transformation of capitalism from their political agendas. Furthermore, the social democratic "discovery" of Keynesian macroeconomic steering as the *central* political-economic tool (Przeworski, 1985) led the social democratic parties to fixate on bringing as many policy areas as possible under state control (I return to this in the chapter's conclusion). The postwar growth of universal welfare states in the Nordic region eventually shifted the emphasis of the social democratic parties, and consequently of the labor movement as such. Previously, the Social Democrats had sought to build an *oppositional* social movement structured as a network of associations outside the state, with the ambition of creating the socioeconomic preconditions for a future transformation of state power. Now they were pursuing a state-centric project to create higher standards of living through rights to individual welfare benefits (Strøby Jensen, 2007, p. 274). As Mulvad and Hansen (2020) put it, the postwar decades signified a shift from "a project for an autonomous working class civil society rooted in self-organization" to "a project for a unified civil society framed and facilitated by the welfare state. We have, in other words, a shift from *class-based civic associationism* to *welfare statism*" (p. 153, my italics).

These shifts did not immediately result in massive associative transformations within the trade union movement. Unionization remained high in Denmark, Sweden, and Norway during the 1950s, especially from a comparative perspective. In Denmark, this was partly due to the Ghent system, whereby unemployment benefits were channeled through the unions. In some respects, however, the growth of

the welfare state did have immediate consequences for the internal organization of the trade union movement. As Denmark's public sector grew, new branch associations for public employees were created in 1950 and 1952. The growth of the welfare state also created the conditions for more women to enter the labor market, and hence for the growth of the Women Workers' Union, which had been established in 1901 but was in constant opposition to the Federation of Danish Trade Unions and the Social Democrats. Thus, beyond the overarching shift of balance from the associations to the state, and from associative membership to individual rights, the growth of the welfare state also created internal differentiations within the trade union movement, as public employees, academics, and women created associations of their own and often had different political and economic interests than their traditional blue-collar comrades.

### **Associative transformations in the age of neoliberalism, 1970s to the present**

This last part of the chapter explores two seemingly contradictory processes. On the one hand, we see a process of continued *neocorporatization* as labor market associations were increasingly integrated into multiple tripartite collaborations with the state through various commissions, councils, and committees. On the other hand, we see a process of *neoliberalization* in which the collective agreement system was decentralized, wage formation individualized, and social rights rolled back. As research on neoliberalism has made clear, these processes are contradictory on only a superficial level. Neoliberalism's central modus vivendi is *not* a limitation of state power, but rather a strengthening of state power to *create* optimal conditions for the so-called free market (Slobodian, 2018). As labor market parties are continually integrated into the state and become important to its mode of functioning, they become co-responsible for the current state project. As Streeck and Schmitter (1985) argue, associations became integral to the way 20th-century representative democracies with market economies functioned. The intensified integration between labor market associations and the Danish state during the age of neoliberal competition testifies to the fact that neocorporatism and neoliberalism are not mutually contradictory but interrelated phenomena. Danish labor market governance therefore experienced important transformations due to *political-juridical* developments, *global economic* developments, and developments in *political identities*. Below, I discuss each of these sets of developments, thereby arguing for the interplay between neocorporatist and neoliberal forms of governance in the Danish labor market over the last 50 years. Before I discuss these developments, it is important to note that the associative structure of the collective bargaining system has not fundamentally changed since the August Committee of 1908, as the Norm, the public conciliator, and the labor court are still cornerstones of Danish labor market governance (Strøby Jensen, 2007, p. 277). However, the collective agreement system has lost its autonomy (if it ever had any) – and to a certain degree, its associative legitimacy – due to the developments discussed below.

### ***Labor market governance and European Union (EU) membership***

Despite some basic regulations – for example, vacation laws and security measures – the Danish parliament has refrained from detailed regulation of the workplace, on the grounds of the self-responsibility of the labor market parties and the employers' management prerogative as enshrined in the September Agreement. As the welfare state grew during the postwar decades, a division of labor between the state and labor market associations was established whereby the state handled issues “outside” the workplace (health, education, unemployment, childcare), while labor market parties handled issues “inside” the workplace (Strøby Jensen, 2007, pp. 271–273). This changed in 1973 when Denmark joined the European Economic Community (now the EU), as the Danish state became responsible for implementing EU labor market directives directly into Danish law. This is a good illustration of Strøby Jensen's argument (2007, p. 277) that the institutional structure of Danish labor market governance has changed little since the August Committee of 1908: although collective bargaining is still central, it has been supplemented by other forms of governance – in this case, supranational law. As Kristiansen (2016) concludes, due to EU membership, “labor market organizations have lost ground to the jurists in the political administrative system” (p. 184). Moreover, it is not only EU directives that interfere with collective bargaining; the rulings of the EU Court of Justice also do so.<sup>12</sup>

EU membership also had consequences for internal relations within the trade union movement. While freedom of association had been instrumental during the historical rise of the trade union movement – the workers had demanded it in exchange for their recognition of the employers' management prerogative – this right was used against the Danish Confederation of Trade Unions in 2006, when the European Court of Human Rights determined that mandatory membership of the Confederation of Trade Unions – which applied to only ten percent of the confederation's members – contradicted freedom of association. The case had been brought by a “yellow” (i.e. Christian) union, and the ruling thus illustrates the advancement of new labor market associations as alternatives to traditional unions (Strøby Jensen, 2007, pp. 265–266). Whereas opposition to the social democratic trade union movement has historically come from “the left”, i.e. from syndicalist associations wanting more direct action, opposition today comes from “the right”, i.e. from yellow unions that do not engage in collective agreements. Since the 1990s, the yellow unions have made successful progress: in 1985, they organized 0.5 percent of Danish employees, but in 2015, they organized 9.5 percent.<sup>13</sup> Thus, the addition of EU laws, court decisions, and fundamental rights has *not* abolished collective bargaining, but it has positioned it within a complex network of European laws, thereby also creating the conditions for alternative labor market associations.

### ***Labor market governance and the competition state***

Another key international development affecting Danish labor market governance from the 1970s onward pertained to global economic conditions and the emergence

of the neoliberal “competition state”. The 1970s marked the watershed of what Bob Jessop (2002) has called the “Keynesian Welfare National State and this state’s ‘refunctionalization’ to make Western societies fit for international competition” (p. 258). Central to this refunctionalization was the prioritization of microeconomic efficiency in terms of a supply-side-oriented approach, increasing the workforce through welfare retrenchment, deregulation, privatization, and marketization (Genschel & Seelkopf, 2012). The period was also marked by pan-European crises in social democracy, leading to the rapid thaw of long-frozen party systems (Lipset & Rokkan, 1967). The global economic impetus for welfare retrenchment across Western Europe was the economic crises of the 1970s, which Denmark experienced through the two oil crises of 1973 and 1979 and the consequent unemployment, trade deficit, and *stagflation*. Indeed, the latter was taken as evidence of a crisis in Keynesian, demand-oriented macroeconomics. As an instrument of crisis politics, the government intervened directly in the collective agreement process in 1975, 1977, and 1979; on each occasion, the intervention was settled by law and conducted by a social democratic government. These interventions caused permanent rifts between the Social Democratic Party and the trade union movement. The economic crises of the 1970s and the neoliberal restructuring of the Danish welfare state had two profound consequences for labor market governance: one on the macro level concerning the relationship between the state and labor market associations, and the other on the meso level concerning negotiation, which was gradually decentralized and individualized.

A crucial factor in the relationship between the state and labor market associations was the Joint Declaration of 1987. While the Kanslergade Agreement of 1933 established the state’s authority in times of crisis, thereby underlining the *delegated* nature of labor market self-regulation (Pedersen, 2014, pp. 287–289), the Joint Agreement of 1987, struck between the liberal-conservative government and labor market parties, represented the *permanent* subjugation of labor market governance to national economic goals. In the Joint Agreement, the labor market parties accepted firstly that wage increases in the public sector could not exceed wage increases in the private sector, and secondly that national wage increases could not exceed wage increases in competing countries (Jacobsen & Pedersen, 2010, pp. 62–63). Hence, the labor market parties accepted their role in improving Danish competitiveness in a globalized economy, rather than fighting for the narrow interests of their members. Thanks to the Joint Agreement, labor market parties accepted their own instrumentalization for the macroeconomic policies of shifting governments. As Borchorst et al. (2012) put it, with the Joint Declaration, “there was no longer a struggle for the distribution between wages and profits, now that ‘the socioeconomic considerations’ of export interests and the statistical calculations carefully set the framework for what the collective agreements might cost” (p. 90). One might say that the Joint Agreement’s subordination of the classic struggle between “wages and profits” to “the socioeconomic considerations’ of export interests” coincided with the emergence of the competition state (Cerny, 1997; Pedersen, 2011).

Importantly for my argument, the Joint Agreement is an example of how *neocorporatism and neoliberalism reinforce each other*. On a formal level, the Joint Agreement represented a neocorporatist integration of labor market associations into the state, as they assumed co-responsibility for the macroeconomic steering of society. On the level of policy, however, the Joint Agreement inaugurated a string of reforms that focused on international competitiveness, supply-oriented economics, and the rollback of social rights. In other words, the *neoliberal* reforms of the Danish welfare state from the 1980s onward that we now recognize as creating the competition state were only possible due to further *neocorporatist* integration between labor market associations and the state. Whereas the overarching postwar ideological project of the Danish trade union movement up until the 1980s had been the introduction of *economic democracy*, whereby workers – through their unions – would gradually gain ownership of larger corporations, by the end of the 1980s, and starting with the Joint Agreement, the unions made the less radical demand for labor market pensions for all wage earners in return for accepting restrained wages under the Joint Agreement (Christensen et al., 2007, p. 315).

At the meso level of collective bargaining, neoliberal innovations in labor market governance can be seen in trends such as *decentralization* and *individualization*. A key trait of Danish labor market governance had been its centralized nature: in the wake of the new concatenation rules introduced by the Kanslergade Agreement of 1933, most collective agreements in the private (and public) labor market were negotiated in large bargaining rounds every second and third year, with the Confederation of Trade Unions and the Danish Employers Confederation as the main actors. However, the 1990s and 2000s saw a gradual decentralization whereby collective agreements were designed as “framework agreements”, and detailed pay and working conditions were to be determined in individual workplaces through negotiations between human resource departments and shop stewards. This meant that collective agreements became individualized (Strøby Jensen, 2007, pp. 138–142). This decentralization entailed two innovations that expressed a *neoliberal* form of labor market governance, with “liberal” here referring to forms of governance where the state plays a limited role. Firstly, according to some observers (Strøby Jensen, 2007, p. 140), the decentralized forms of negotiation re-introduced an unequal power relationship between employer (human resources department) and employee (shop steward), such that the employer could more easily determine pay and working conditions. The new decentralized and individualized nature of collective agreements was thus a *return* to more *associatively unmediated* and *liberal* forms of industrial relations. Secondly, the (employees’) right to strike and the (employers’) right to lockout, which were inscribed in the August Committee’s Norm on disputes of interest, related *only* to collective agreements, not to the results of decentralized and individualized agreements conducted at the workplace level. These developments complicated the workers’ use of their main instrument of struggle – the strike – even though they were unionized, and despite the constitutionalization of the strike instrument in the proposals of the August Committee (Strøby Jensen, 2007, p. 141). Hence, the decentralization and individualization of

collective bargaining was expressive of new neoliberal forms of governance in the labor market whereby the state and its collaboration with labor market parties was partly replaced by individual, workplace-located and market-driven mechanisms.

### *Labor market governance and new political identities*

A third parameter that caused transformations of labor market governance from the 1970s onward was directly related not to political and economic internationalization, but to changing political identities and shifts in the membership of traditional labor market associations. Across the Western world, the year 1968 signified an anti-authoritarian critique of traditional power, traditional forms of life, and traditional ways of organizing political participation. In the eyes of the rebellious youth, trade unions, centralized bargaining, and neocorporatist collaboration with the state were all very much part of traditional, hierarchical society (Nielsen, 2003, pp. 27–30).

Politically, the Danish left experienced fragmentation in the 1950s and 1960s. The Socialist People's Party broke away from the Danish Communist Party in 1958 in response to the latter's loyalty to Moscow in the wake of the Hungarian Revolution. In 1967, another new party, the Left Socialists, broke away from the Socialist People's Party because of the latter's coalition government with the Social Democrats. Hence, as anti-authoritarian sentiments among the young grew from 1968 onward, Denmark had two left-wing political parties in-between the Danish Communist Party and the Social Democrats. Neither the Socialist People's Party nor the Left Socialists were particularly wedded to the trade union movement, nor did they draw their main support from blue-collar workers. Moreover, the young saw their blue-collar parents' rising standard of living – a rise for which the trade union movement was partly responsible – as a sign of complacent conservatism. The new political parties and their voter base of students, academics, artists, and teachers were often more interested in grassroots politics – expressed in the antinuclear movement, the anti-Vietnam War movement, the anti-imperialism movement, and the women's movement – than in the intricate, hierarchical, and rule-based processes of collective bargaining (Christensen et al., 2007, pp. 276–279). In 1977, the political scientist Ronald Inglehart coined the term *postmaterialism* to designate an intergenerational shift in values between the adults of the postwar generation and the generation that came of age in the 1960s and 1970s. The new generations, Inglehart argued, having grown up during decades of economic growth, peace, and stability, gave greater importance to nonmaterial values such as self-expression, autonomy, pluralism, freedom of speech, and environmentalism. They were therefore less likely to be trade union members, and less loyal to classic party- and ideology-based politics.

The Danish collective agreement system had been established in 1899 as a mechanism to handle a specific conflict between capital and labor that emerged throughout Europe during the 19th century as capitalism became “liberated” from the shackles of traditional estate society. While I do not wish to argue in any way



that this conflict had been resolved by the latter part of the 20th century, it was supplemented by a host of other conflict lines: between the public sector and private enterprises; between so-called traditional forms of life and work and experimental lifestyles; between advocates of traditional foreign politics and anti-imperial, anti-American sentiments; between homeowners, tenants, and collectivists; and between hardliners and progressives on immigration policy. The cradle-to-grave mentality that had given the trade union movement its indisputable status among Danish workers disappeared in favor of more dispersed associative loyalties, a less solidaristic and more individualized relationship to the unions, and the growth of several competing yellow unions. Politically, the visible expression of these new political identities was the “earthquake” election of 1973: 44 percent of the electorate voted for new parties, one-third of the members of parliament were changed, the number of parties in parliament increased from five to ten, all four traditional parties experienced electoral defeat, and new parties representing new political issues such as anti-immigration, anti-welfare state, homeowners’ interests, and Christian values were elected.

### *Neoliberalism’s upper hand?*

I have argued that neocorporatism and neoliberalism have had a synergistic relationship in labor market governance since the 1970s, and that one of the preconditions for the establishment of the neoliberal competition state was the further neocorporatist integration of labor market parties into tripartite negotiations with the state, making them co-responsible for the macroeconomic steering of society. Since the turn of the millennium, however, there have been signs of a rollback of neocorporatism and a further dominance of neoliberal forms of governance in the labor market. Since the middle of the 1990s, and especially with the election of the liberal-conservative government in 2001, labor market parties have gradually lost their central neocorporatist position. The central arena for labor market policy has become the yearly state budget negotiations among the political parties, rather than tripartite negotiations with labor market associations. Shifting governments have dismantled the labor market parties’ *permanent* and *institutionalized* role in policy preparation and implementation, and the labor market parties therefore often use *outsider* strategies that resemble lobbyism, rather than *insider* strategies that resemble a highly integrated form of neocorporatism. Moreover, the liberal-conservative government of the 2000s restructured labor market policy so that much activity now takes place at the municipal level, where the labor market parties have traditionally been weaker (Jørgensen & Larsen, 2014, pp. 292–316).

Overall, several developments point to a significant transformation of Danish labor governance since the 1970s. The collective agreement system has remained relatively intact, but it has been supplemented with governance structures from European law and subjugated to shifting governments’ ambitions to improve international competitiveness. Crucially, the neoliberal agenda of the competition state has been made possible by a further neocorporatist responsabilization of labor market



associations. Simultaneously with these developments, the growth of the universal welfare state, internal plurality among wage earners, and new forms of political participation have weakened the trade unions' societal position and political power.

## Conclusions

To grasp the shifting forms of governance and associative relationships in the Danish labor market over the last 200 years, I have utilized two central concepts, *corporatism* and *liberalism*, to designate the state's active or passive role in governing the labor market. The 19th century saw two major labor market regimes: a traditional corporatist regime represented by the guild system; and a liberal regime where the state largely withdrew from the labor market, and where new associations developed and mediated the conflict between capitalists and workers. The primary vector of associative transformation during the 19th century was the emergence of a capitalist economic system and the liberal revolution of 1848, which created legally free subjects with freedoms of association, assembly, and contract. The relationship between capitalists and workers was associatively formalized with the September Agreement of 1899, which codified the basic rules of industrial struggle and made labor market associations an indispensable part of Danish capitalism. The 20th century saw two more major labor market regimes. Firstly, a neocorporatist regime gradually evolved from the August Committee of 1908, as the state began to incorporate the September Agreement by supplementing it with novel associative structures (the labor court and conciliation board) that were capable of turning voluntary collective agreements into binding law. With the Kanslergade Agreement of 1933, the Danish state established its sovereignty over the labor market in times of crisis, thereby demonstrating the *delegated* nature of self-regulated labor market governance. Secondly, from the 1970s onward, a neoliberal labor market regime gradually emerged, such that collective bargaining gradually became decentralized and individualized, EU rules trumped labor market parties' collective agreements, new postmaterial lifestyles challenged traditional class identities, and labor market parties were instrumentalized for the creation of a competition state geared toward international competition. Remarkably, neoliberalism and neocorporatism have gone hand in hand during the last period.

The relationship between labor market parties and the Danish state has shifted: from being *autonomous* (the September Agreement), to being politically juridically *supportive* (the August Committee), to establishing *the state's primacy in times of crisis* (the Kanslergade Agreement), to being *integrated* in multiple different ways (the combination of neoliberalism and neocorporatism). From an associative governance perspective, at least two interpretations are possible. Positively, one can argue that labor market associations have penetrated the state and assumed co-responsibility for the political and economic direction of Danish society. What began as small-scale practices in local workplaces among former journeymen during the dawning decades of capitalism has become an essential mode of the state's governance of society. This positive interpretation highlights

the idea of *governance by association*, i.e. that the Danish state has opened its “functional-corporate” channel to the most powerful associations in society. Another, more critical line of interpretation would highlight that labor market associations have become integrated into the state, the self-regulation implied in the Danish model is partly a self-congratulatory ritual, and governance instruments such as *law* and *competition* have gained dominance vis-à-vis *negotiation* and *compromise* between voluntary associations. As I argued earlier, the collective bargaining system is still intact, but it has been supplemented with a host of other governance logics, both nationally and internationally. This chapter has thus illustrated that while Denmark (and the other Nordic countries) might ideal-typically belong to a *collective agreement* model of industrial relations – compared with the *state* model characteristic of France, Belgium, the Netherlands, Spain, Portugal, Italy, Greece, and partly Germany, and the *market* model characteristic of the UK, USA, Australia, and Ireland (Bruun et al., 1992, pp. 231–234; Strøby Jensen, 2007, pp. 188–192) – the forms of governance of both the *state* and the *market* models have gradually and increasingly encroached on the self-regulatory structures and practices of Danish labor market governance. On the one hand, collective bargaining between voluntary associations – the hallmark of the collective agreement model – is challenged by the state, its use of law in labor market conflicts, its compulsory implementation of EU law, a growing public labor market where the strike weapon is somewhat inoperable, and a state-based system of welfare benefits tied to the individual rather than associational membership. On the other hand, collective bargaining is also challenged by market-based forms of governance where wage formation and working conditions are negotiated in more individual and decentralized ways, and where employer and employee increasingly confront each other without associative mediation (which is also due to declining union membership and the growth of yellow unions). Hence, although the collective bargaining system has not changed significantly since the August Committee of 1908, other modes of governance that draw on state regulation and market competition have supplemented it, and at times supplanted it.

These different interpretations highlight a certain schism for associative governance. As the labor movement and the Social Democratic Party gained control of the Danish state, and as they used that power to develop a progressive, universal welfare state where social security and welfare rights were tied to the individual citizen, the need for a class-based, self-organized civil society comprising a network of associations diminished. According to one observer of the Danish labor movement, the shift from an oppositional, association-based civil society to a state-based welfare society “in the long run, however, created a problem for the labor movement. The collective spirit, the fighting traditions, and the loyalty to the professional organization were replaced by a direct relationship between the individual and the public sector” (Nielsen, 2003, p. 40). In other words, there is a price to be paid for the privileges of state integration and responsabilization for everything from industrial peace to wage formation, working conditions, and international competitiveness. If Philippe Schmitter and Wolfgang Streeck

(1985) are correct in their influential diagnosis that associations have become an indispensable way for the state to govern society in liberal democratic market economies – and I think the chapter has demonstrated this in the Danish case of labor market governance – this also means that the forms of governance, practices, legitimacy, and even values of associative self-organization are always at risk of being utilized for state projects.

## Notes

- 1 On this matter, Norway is closer to Denmark, as stalled conflicts can be resolved through compulsory arbitration – something that is foreign to the Swedish model.
- 2 For an introduction to the Danish public labor market model from a Nordic perspective, see Høgedahl (2019).
- 3 On this aspect of Nordic or Danish neocorporatism, see Christiansen (2003).
- 4 The idea of legal incorporation as a dual process whereby the state *both* recognizes and governs the interests of civil society is taken from G. W. F. Hegel (1991), whose *Elements of the philosophy of right* argues that “it is only through legal recognition that a community becomes a corporation” (p. 272).
- 5 In the final part of the chapter, therefore, I focus on the broader notion of *neocorporatism*, understood as labor market parties’ general integration into the state, beyond the collective bargaining system.
- 6 Conceptually, one cannot speak of a labor *market* during the centuries of guild-based regulation (see Pedersen, 2014, pp. 310–311).
- 7 As Hegel (1991) highlights, the guilds provided a normative foundation for the burgeoning market economy (pp. 270–274). According to one observer, “Hegel’s view of corporations was the first the explicit attempt by a modern philosopher to give guild values and aspirations a central place in political theory” (Black, 2003, p. 202).
- 8 The guilds were dissolved in Denmark in 1857 and 1862, and in Sweden in 1864. Norway had no new guilds after 1839, although existing guild masters could continue; all of Norway’s remaining guilds were then legally dissolved in 1866 (Try, 1976, p. 113).
- 9 Denmark had its first social democratic government in 1924. Between 1929 and 1968, the Social Democratic Party was in government for approximately 35 years. In Sweden, the first social democratic government was established in 1920. The 1920s saw only approximately three and a half years of social democratic government in Sweden, but the Social Democrats remained in power between 1932 and 1976 (apart from a hiatus of three months in 1936). Norway had its first social democratic government in 1928, and between 1936 and 1981, the Social Democrats were the country’s main governing party, only periodically out of office.
- 10 In the Nordic labor movement, it is customary to list three “legs” of the movement: the party, the union, and the cooperative. While the social democratic parties unquestionably became the leading force in this tripartite structure, the unions also gained particular societal importance due to their relationship with the social democratic parties.
- 11 For an overview of the Danish state’s interventions in collective bargaining from 1932 to 1985, see Due et al. (1994, pp. 134–135).
- 12 For example, this was the case with the Danish law on vacations during periods of sickness, which the Danish parliament had to change in 2012 due to a ruling by the EU Court of Justice.
- 13 For a report on changes in the membership of Danish unions, see [https://faos.ku.dk/pdf/temasider/Fald\\_i\\_organisatinsgrad\\_igen\\_igen.pdf/Fald\\_i\\_organisatinsgrad\\_igen\\_igen.pdf/Fald\\_i\\_organisatinsgrad\\_igen\\_igen.pdf](https://faos.ku.dk/pdf/temasider/Fald_i_organisatinsgrad_igen_igen.pdf/Fald_i_organisatinsgrad_igen_igen.pdf/Fald_i_organisatinsgrad_igen_igen.pdf)

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# 5 Being strong together

## Cooperative farmer organizing in Scandinavia

*Esben Bøgh Sørensen and Mads Mordhorst*

### Introduction

According to a traditional narrative, the Nordic countries carry a uniquely cooperative and egalitarian tradition manifested in low levels of income inequality, robust welfare states, high levels of social trust, and a consensual political culture. Indeed, the term “cooperation” is central to Nordic national identities. The cooperative movement played an important part in forming the narrative of a uniquely democratic and egalitarian tradition in the Nordic countries. When the cooperative farmer movements in the Nordic countries rose to prominence in the late 19th and early 20th centuries, they promoted the slogan “unity is strength”, and they argued that cooperative farmers were creating a new democratic political and economic culture with roots in a uniquely egalitarian peasant tradition that supposedly had ties to the old village communities. Even today, large global cooperative companies in the Nordic countries continue to be caught up in the narrative of this uniquely democratic and egalitarian heritage (Mordhorst, 2005).

This narrative has persistently influenced public discourse and national historiographies (Hvidt, 2004; Kayser Nielsen, 2009; Kjærgaard, 1980; Mordhorst, 2014). However, it has also been challenged in several ways in public discourse, specialized historiography, and broader historical-sociological debates. As social democratic parties governed the Nordic countries for the major part of the 20th century, these countries’ democratic and egalitarian character has also been rooted in the workers’ movement. Notably, however, the social democratic narrative was often integrated with the farmer cooperative narrative, creating a joint story about peasant-worker alliances as crucial to the development of democratic and comparatively egalitarian capitalism in the Nordic region (Luebbert, 1991; Mordhorst, 2014). More recently, historians have challenged both the consensus and the peasant farmer narratives, instead stressing the conflictual nature of political and social change in the late 19th and early 20th centuries, as well as the role of elites and industry in shaping economic development (Bengtsson, 2019; Boje, 2014, 2020; Karpantschhof, 2019; Lampe & Sharp, 2019).

We argue that the methodological concepts of *associating*, *incorporating*, and *associative governance* developed in the introduction to this volume offer new perspectives both on these discussions and on the role of the cooperative farmer



movement in Denmark's distinctive social and economic development. By focusing on cooperatives as a form of associating and their role in the founding and later dissolution of (neo)corporatist structures, we tell a new story about the nature of cooperative organizing among farmers. Following the theoretical discussion in the volume introduction, we define (neo)corporatism as integration and collaboration between organized interests in civil society and the state that does not diminish the autonomy of the former. In this chapter, we look at how farmer organizing – which had rural cooperatives at its heart – played a distinctive role in establishing agrarian (neo)corporatist structures between the late 19th and mid-20th centuries. However, the chapter is not limited to this golden period of the cooperative movement. It also provides a long history of farmers' organizing and associating, from the early modern village community to the modern cooperative business.

We focus on Denmark because compared with its Nordic counterparts, the Danish cooperative farmer movement developed earlier and more rapidly, became more rooted in a broad rural culture, and occupied a more central place in the creation of agrarian (neo)corporatism in the first half of the 20th century. The chapter starts by providing a comparison among cooperative movements in the Nordic countries. In the rest of the chapter, we focus on how Danish farmers' producer cooperatives arose and developed between the 19th century and today. Although banking, consumer, and wholesale cooperatives were also part of the wider Danish cooperative farmer movement, the predominance of strong and successful producer cooperatives was a distinctive feature of this movement. To provide a more detailed analysis of how the process of associating unfolded, we pay special attention to cooperative dairies. For an extended period, these dairies were crucial to Danish exports and hence to the broader economy, and they constituted the core of the more comprehensive associational network of the well-organized rural culture.

Focusing on Denmark, we argue that as the traditional village community and estate system dissolved, peasant farmers invented new forms of associative organizing. At first, farmers created new religious, political, and social organizations within the new parish communities, later creating rural farmer cooperatives as a way to strengthen their economic position in society at large. We demonstrate that while at first they were a local and practical solution, Danish farmers' producer cooperatives gained momentum due to sociopolitical conflicts during the late 19th century and became embedded within a broader rural culture and organizational network. In the first half of the 20th century, the cooperative farmer movement became crucial in creating agrarian (neo)corporatist structures, connecting local farmer cooperatives and the wider rural associational network with the state via centralized national agrarian organizations. By the 1960s, however, access to new technologies, a rural exodus of labor power caused by higher wages in the industrial and service sectors, international economic pressures, and shifts in national political interests led to a structural transformation of Danish agriculture, resulting in the dissolution of rural culture and organizations. While cooperative farmer organizing survived this dramatic transformation by creating increasingly large multinational enterprises, its former associational aspect was lost as the business aspect became disembedded from the declining rural culture, and agrarian (neo)corporatist structures disintegrated.

### **The origins of the cooperative movements**

Although cooperative ideas are said to have originated from England's Rochdale pioneers, the cooperative associational form is often assumed to have flourished and achieved its widest impact in the Nordic countries. Since the late 19th century, strong cooperative sectors have characterized the Nordic countries, and cooperative organizing has often been identified as a core part of the so-called Nordic model.<sup>1</sup> The Nordic cooperative movements had their breakthrough in the late 19th and early 20th centuries, when they emerged with impressive speed. The cooperatives played a significant role in transforming the Nordic countries economically, socially, and politically. They represented an economic associational form that made a large part of the peasantry and the working class into owners of economic organizations. In contrast to cooperatives in most other countries, the Nordic cooperatives were not limited to consumer organizations or a few producer sectors. Rather, they were broadly distributed across a wide variety of economic sectors, and they were embedded within a wider organizational network of strong rural cultures for a long period. Furthermore, the Nordic cooperative movements developed within moderate ideological frameworks associated with specific liberalist, reformist, and broadly paternalist educational traditions. This moderate ideological framework united the Nordic cooperatives in the International Cooperative Alliance. Importantly, the Nordic cooperative movements addressed specific national problems and became part of various national identities and narratives.

As we analyze in detail later in this chapter, the *Danish* cooperative movement had its breakthrough in the 1880s and 1890s. The breakthrough occurred following structural changes in the agricultural sector, Denmark's defeat in the Second Schleswig War, and the global transformation of the grain market. Particularly important to Danish farmers were the producer cooperatives that focused on processing butter and bacon for export. First established in a localized way as a practical solution to farmers' problems at the beginning of the 1880s, producer cooperatives – especially cooperative dairies – spread rapidly in villages and rural areas across Denmark. This was a bottom-up process that built on established organizational traditions and skills and a relatively high level of education among farmers. These preconditions made it possible for farmers to create a cooperative form capable of unfolding a significant movement that was increasingly embedded within the wider rural culture and became crucial to the development of agrarian corporatist structures and associative governance in the 20th century.

In *Sweden*, the cooperative form initially started with local initiatives in a bottom-up movement during the late 19th century (Hilson, 2018, p. 33). In contrast to Denmark, however, these local initiatives were perceived at the time as failures. As the early cooperative historian Axel Gjöres argued, the cooperatives “lacked the support of a central organization that could provide guidance and advice on business planning and management” (Hilson, 2018, p. 34). According to Gjöres, educated and visionary people needed to establish a central organization to manage the cooperative education process. The Cooperative Federation (Kooperativa Förbundet), founded in September 1899, comprised two ideological strands. One strand had a social liberal orientation, with G. H. von Koch as its main representative (Skogh,

1977, p. 432). The other had a background in the social democratic movement, with Axel Danielson as the main ideological figure (Carleson, 1931, p. 244; Millbourn, 1993). Danielson was a central actor in the Swedish Social Democratic Party's transformation from a revolutionary to a reformist political force, and embracing the cooperative idea was part of this process. The liberal and reformist social democratic ideologies both perceived the cooperatives as tools for the moralization and education of the working class and lower strata of society in a reformist direction. While the ideology of the Danish cooperative movement linked the moral and educational elements of the liberal ideology to a vision of self-organization, the ideology of the Swedish cooperative movement was linked to a more top-down paternalist educational vision associated with the social democratic idea of the People's Home (Folkhemmet). As Koch (as cited in Hilson, 2018) wrote in a letter:

The worker will soon gain power, and he will need to be educated; he will then need to have sufficient interest in economic matters to prevent violent disturbances. We may well have a social revolution, but it must happen peacefully.

(p. 36)

The *Finnish* case is a mix of the Danish and Swedish models. Finland had been a Russian Grand Duchy with some degree of autonomy since the end of the Finnish War in 1809. This special status changed following the February Manifesto of 1899, with which the Russian government launched a process of Russification to fully and officially integrate the Grand Duchy into Russia (Solsten, 1988, pp. 23–26). This Russification was met with resistance and boosted the Finnish nationalist movement for independence. As part of this reaction, new associations were founded to promote a Finnish national ideology. One of these was the cooperative association, the Pellervo Society, founded in 1899. Although Pellervo targeted the Finnish peasantry, the founders were far from being ordinary farmers. Rather, they came from the top end of society – university professors, senior civil servants, senators, and businesspersons (Kuisma, 1999, p. 12). They employed a top-down strategy, and the cooperative association was constructed to create a Finnish alternative to Russification. While the Danish cooperative farmer movement favored farmer self-organizing and was skeptical toward the state and centralized governance, especially during the breakthrough of the cooperative movement in the late 19th century, the Pellervo Society perceived the Finnish state and government as allies in the fight against Russian supremacy. The Danish and Finnish cooperative movements' respective attitudes toward cooperative legislation illustrate this difference. In Denmark, the cooperative movement feared that legislation would limit the movement's self-organizing autonomy. In Finland, the leaders of Pellervo perceived legislation as a way to boost the organization and guard it against other economic organizational forms. This was ensured in 1901 with the Cooperative Societies Act, drafted by the leader of Pellervo, Hannes Gebhard. Finally, as in Denmark, the Finnish cooperative movement was also divided between an agrarian and primarily liberal

ideology on the one hand and an ideology linked to the urban workers' movement on the other, leading in 1916 to an organizational split that still exists today.

In *Norway*, the cooperative movement was also divided between town and countryside and between a working-class ideology and a more liberal-minded agrarian ideology. Unlike Denmark, the cooperative movement in Norway failed to integrate consumer and producer cooperatives into one organization (Hilson, 2018, p. 28), and compared with the other Nordic countries, the cooperative sector in Norway was more fragmented (Hilson, 2018, p. 29). As was the case in Denmark, the transformation from arable to animal production was a key factor in the development of dairy cooperatives in Norway. In contrast to Denmark, however, this development did not result in large-scale export. Instead, the Norwegian cooperative dairies focused on the domestic market and transformed food consumption from self-sufficiency on individual farms to market-mediated consumption (Grytten & Minde, 1998).

This short overview of the origins of the cooperative movements in the Nordic countries demonstrates the important role cooperative associations played in those countries' social, political, and economic development, but it also shows how the cooperative movements and the forms they took varied across countries. The central variations can be traced to specific differences in the national circumstances, economic structures, political events, and national cultures that were prevalent in the different countries when the cooperatives emerged. Denmark had lost the duchies of Schleswig and Holstein; Sweden was facing an industrial breakthrough and a rising working class; Finland was experiencing a national movement to oppose Russian hegemony; and Norway had to balance national needs with the global market.

Three structural differences are worth pointing out. The first is between bottom-up and top-down organizing processes. The Danish case was a bottom-up process: the cooperative form had its breakthrough in local initiatives, followed by institutionalization and centralization in national organizations. Finland and Sweden represent cases with top-down processes. In Finland, the organizational process was top-down as Pellervo was established as a means to create cooperatives at the local level. Moreover, the process was top-down in the sense that the founders came from the top end of society and promoted a paternalist educational ideology. The second structural difference has to do with the different markets within which the cooperatives competed. While the farmers' producer cooperatives in Denmark were heavily oriented toward international markets, the cooperatives in most other Nordic countries mainly acted in local and national markets. The last difference is between producer and consumer cooperatives. It was only in Denmark that the cooperatives managed to overcome this divide. In the rest of this chapter, we examine the Danish case as an example of how the cooperative movement played an important role in establishing associative governance in the Nordic countries.

### **Traditional corporatism: the estate and village community**

Between 1500 and 1800, the Danish agrarian economy was embedded in at least two important institutions or corporative bodies: the village community and the estate. These corporative bodies provided the institutional framework within which most people lived. The village community was dominated by medium-sized copyhold

farmers, who did not own their farms but held them on behalf of estate owners in exchange for rents and labor services. While the corporatist structure of the estate system regulated the relationship between peasant and landowner, the actual farming was regulated by peasants within their village communities. The land was farmed according to the open-field system, and the success of crop rotation and common grazing areas required the coordination of work tasks and processes. This coordination was managed by the village community, headed by an alderman chosen from among the more substantial farmers. The alderman called the village meetings, which decided on everything regarding agricultural production and the regulation of social behavior within the village (Skrubbeltrang, 1978). The village community as an associational form constituted the basic unit of the estate system's corporatist structure. It was incorporated *de jure* within the nascent absolutist state, as typical village bylaws were included in the Danish Code of 1683 (Bjørn, 1988a, p. 27).

The corporative system entailed reciprocal interdependence between estate owners and peasants. While the introduction of absolute monarchy in Denmark in 1660 was an immediate blow to the landowning aristocracy, they nonetheless managed to strengthen their power over the peasantry throughout the 18th century. The estates, with their manors and copyhold farms, comprised the central institutional framework that regulated most people's lives in 18th-century Denmark. However, by the early 19th century, the system had been all but dismantled. The immediate reason for this major institutional transformation was a series of agrarian reforms in the latter part of the 18th century, which aimed to change the terms on which land was held, as well as the management of agricultural production on demesnes and peasant farms.

These reforms changed agrarian social institutions in various ways. First, central government and reform-minded landowners initiated a series of reforms to regulate and restrict peasant labor services and transmute them into fixed payments.<sup>2</sup> Second, freehold or private property in farms was successfully promoted at the expense of copyhold tenancy. While copyhold tenancy was almost universal in the mid-18th century, by 1885 only nine percent of farms were still held on copyhold terms (Rasmussen, 2004, p. 228). Third, reform-minded landowners and central government initiated a process of enclosure to dissolve the open-field system that had been an integral part of the village community, and by 1810, the majority of Danish villages had been enclosed (Bjørn, 1988a, p. 329). Together, these changes entirely transformed and ultimately dissolved the traditional associational forms and corporatist structures, including the estate system, the open-field system, and the village community. While the agrarian reforms were the most immediate cause of institutional change, the transformation of Danish agrarian society had some crucial prerequisites, including a class of medium-sized peasants who to some extent backed the reforms, even though the changes had the effect of dissolving the village community (Løgstrup, 2015; Skrubbeltrang, 1978).

### **New associational forms: farmer organizing and cooperatives**

No new associational forms or corporatist structures immediately emerged to replace the estate and village communities following their disintegration after the agrarian reforms. Some of the administrative responsibilities of the estate were

transferred to the parish. The parish, however, entailed a much looser and weaker type of social affinity among its members compared with the estate and village community (Johansen, 1979). Estates and village communities had been simultaneously social, economic, and political institutions, and peasants had acted mostly within these communities, seldom reaching beyond the estate. In contrast, the parish primarily constituted a political and administrative unit from 1841 onward, when elections with limited suffrage were established for the parish councils. Besides new religious movements (discussed in Chapter 3 in this volume), the first new associational forms constructed by Danish farmers in the 19th century were political.

In 1835–1836, the first Assemblies of the Estates of the Realm in Denmark made politicized and public discussions of the peasant question possible on a national level. Agitators organized national petitions among peasant farmers to be presented at the assemblies. Large meetings and gatherings were held, and 1842 saw the foundation of *The Friend of the Common People* (*Almuevennen*), the first journal to be politically committed to improving the conditions of peasant farmers. During the 1840s, farmer politics shifted toward a much clearer articulation of general political demands for the integration of the peasant farmer class as a whole into political life, with the same liberties and rights as other classes (Clemmensen, 1983). The founding of the Society of the Friends of Peasants (SFP, *Bondevennerne*) in 1846 marked a critical stance toward the liberal notion of politics as a discussion among the educated and enlightened elite that transcended the concerns of any particular interest. In contrast to this liberal view of politics, the SFP articulated a clear program in the interest of a *particular class* – farmers – in elections for the constitutional assembly in 1848 (Nørgaard, 2015).

The constitution of 1849 gave most (medium-sized) farmers the right to vote and stand for election. The dismantling of the estate system was crucial for this shift in farmer politics. While demands for equal liberties and rights would have threatened the entire social order if articulated at the peak of the Danish estate system in the 18th century, that system's dissolution created a space for the integration of propertied farmers into political life, without posing an immediate threat to the social order as such. At the same time, the new generation of farmers gained experience of creating novel associational forms that had little to do with the old village communities of their parents and grandparents. The SFP successfully organized around 10,000 members in 1849, creating the basis for later political organization among Danish farmers.

During the first decades of the 19th century, farmers did not independently develop new economic associational forms. The Royal Agricultural Society (RAS, *Det Kongelige Danske Landhusholdningsselskab*), established in 1769, promoted new agricultural knowledge and technologies and acted de facto as part of the absolutist central administration. Its limited membership was drawn from society's elite – civil servants, business owners, and estate owners. Their relationship to the broader peasant farmer class was primarily paternalistic and philanthropic, organizing agricultural prizes and education, and promoting agricultural literature.

Starting around the same time as the SFP was established, farmers began to organize more independently in new agricultural societies and farmer associations. In contrast to the RAS, the new farmer associations were less concerned with



paternalistic philanthropic activities. They concentrated on organizing meetings and discussions among members on issues related to farming techniques and farm management. The new farmer societies and associations were much more popular and organized more broadly within the rural population, comprising approximately 8,000 members across the country in 1860, and also acting as a recruiting ground for political organizers (Bjørn, 1988b, p. 130; Jørgensen, 1979; Nørgaard, 2015, p. 134).

### *Farmers' economic associations take off*

By the late 1860s, a significant minority of Danish farmers were well organized politically and within the new farmer societies and associations. In contrast to the estates and village communities, these associations were loosely organized on a formally voluntary basis. These organizations promoted a new view of farmers as an independent class with particular social interests and capable of organizing on their own. The new associations, which had arisen from the 1830s to 1840s onward, taught Danish farmers important lessons in organizing within an economic environment that was increasingly based on private property and market exchange.

Savings banks and insurance associations were the first types of economic association to be independently organized by farmers, followed by the consumer cooperatives founded in the 1850s and 1860s. The consumer cooperatives were inspired by the Rochdale principles of the English workers' consumer cooperatives, which had been brought to Denmark by the Reverend Hans Christian Sonne (1817–1880), who opened the first consumer cooperative in the market town of Thisted in 1866. The Thisted consumer cooperative targeted workers as its primary membership base and promoted a paternalistic and philanthropic ideology. The first consumer cooperatives' paternalistic approach contrasted with the ultimately more successful rural consumer cooperatives later constructed by farmers, which took off in the 1880s in opposition to private grocery stores.

These novel political organizations, farmer societies, and new types of economic association such as savings banks, insurance associations, and consumer cooperatives were all established during the economic boom of the so-called grain sale period beginning in the 1830s. By the late 1870s, the golden days of grain exports had ended. From the mid-1870s onward, grain prices on international markets started to drop, and a wave of protectionism swept across European countries, creating a situation where Danish farmers could no longer rely on expanded grain production or their traditional production and export of livestock to northern Germany. Danish farmers reacted to these external pressures by increasingly turning toward animal rather than arable products. These animal products – first and foremost processed products such as butter and bacon – were increasingly sold to the British market, which by the mid-1890s was taking 60 percent of Danish exports (Hyldtoft, 1999, pp. 135–144). As processed animal products for the British market became the main export good, and with the invention of the steam-driven cream separator in 1878, Danish farmers increasingly turned toward the dairy industry. As we shall see, the organizational repertoire that had already been built by Danish farmers was foundational for the construction of cooperatives in the subsequent period.



*The cooperative dairies*

The first cooperative dairy was founded in the small town of Hjedding (Ølgod) in southwestern Jutland in 1882. Local farmers had called a meeting at a local inn that included a lecture on dairying and a discussion about the possibility of some form of cooperation between farmers in the management of butter production. After a few meetings, it was decided that the joint processing of milk was preferable to joint treatment of butter, and a committee of five persons was elected to manage the construction of the dairy and draw up a set of statutes for the association. Some of the most important principles were included in the statutes of the first cooperative dairy: members were obliged to deliver all of their milk production that was not directly used by the household; members were jointly liable for the loan undertaken to establish the dairy; the profits were to be divided according to the amount of milk delivered; each member had one vote. These statutes and principles became an inspiration for the cooperatives founded in the following years. In the first period, between 1882 and 1885, the number of cooperatives grew steadily, but the movement took off between 1885 and 1888, when a total of 527 cooperative dairies were established. By 1890, over 700 cooperatives were scattered across the entire country; by 1900, over 1,000 cooperatives had been founded (Bjørn, 1988b, p. 372).

Medium-sized farmers largely dominated the boards and chairs of the cooperatives. The farmers who sat on the boards and became chairpersons were often involved in other organizational activities as well, most notably in the many local farmer societies and economic associations (Bjørn, 1982, pp. 100–106). Many were also politically involved, either in the parish or county councils or as members of parliament, almost unanimously representing the liberal farmer party, the Left (Venstre).<sup>3</sup> During the 1880s and 1890s, at least 48 persons who were active in cooperative dairies had been, were, or would soon become members of Danish parliament. Of these, 77 percent were medium-sized farmers, 73 percent had been elected to their local parish council prior to joining or founding a cooperative dairy, and 65 percent had been or were active in another local economic association such as a savings bank, insurance association, or consumer cooperative.<sup>4</sup> While medium-sized farmers controlled the boards and chairs of the cooperatives, the participants or members as a whole were more diverse. Medium-sized farmers tended to be over-represented among the membership during the initial phase, but smaller farmers gradually joined the cooperatives over subsequent years (Bjørn, 1982, p. 110). By 1890, over one-third of all milk-producing farmers had joined a cooperative; in 1901, three-quarters of all dairies were cooperatives (Bjørn, 1988b, pp. 371–372).

Cooperative members paid only a small entry fee but were jointly liable for the association's obligations. For a price determined by the cooperative association, members committed themselves to deliver all the milk they produced (beyond their own household needs) for a specific period, typically around ten years. While the barrier to entering the cooperative was low, the penalty for leaving before time tended to be high (Henriksen et al., 2012). The profits from butter sales were divided among the members in proportion to the milk delivered, although different methods for measuring the milk's fat content could be a source of conflict. The daily management of the dairy was undertaken by a hired manager, who would employ

further necessary staff. However, the cooperative's major decisions were taken by members at general assemblies, according to the principle of one person one vote.<sup>5</sup>

The articles of the cooperative association stipulated rules and regulations about the production and delivery of milk on each farm. These rules and regulations included clear standards that each member was obligated to follow regarding how to feed the cows and how to prepare the milk for delivery, with a strict prohibition against adulteration. The rules and regulations in the articles functioned as a contract between the cooperative association and its members. If the contract was breached in any way, clear and often harsh penalties could be used, ranging from fines to expulsion. As the cooperative association became the predominant mode of organizing the increasingly economically important dairy industry, and since most farmers produced milk, expulsion from the local cooperative dairy could have serious economic consequences for the individual farmer. This institutional pressure to join a local cooperative was important for cooperatives' ability to fix milk prices and rule out internal competition between Danish farmers in the dairy sector.

### ***Organizational contest***

When the first cooperative dairy was founded in 1882, the decision to use the cooperative association to organize dairy production was a practical one rather than a choice based on conscious social ideals. Nevertheless, during the debate about the future organization of the dairy industry that took place over subsequent years, farmers and agricultural professionals drew on their existing organizational repertoire, including their political organizations, farmer societies, and economic associations, and the ideologies they entailed. Despite strong initial disagreements, farmers and agricultural professionals ultimately turned almost unanimously to the cooperative associational form. While most accounts explaining why the cooperative association became predominant have focused on the rationality of the economies of scale provided by the cooperatives (e.g. Bjørn, 1982; Drejer, 1952), the process entailed economic, social, and practical concerns, and it must also be understood in the context of heightened social and political conflict.

Initially, the cooperative association was only one of many ways to organize dairy production. Estate dairies were already producing quality butter, and farmers tended either to process the milk themselves or to sell it to neighboring farmers or one of the many private or "community" dairies that flourished during the 1880s (Lampe & Sharp, 2019). From the 1860s onward, farmers and agricultural professionals increasingly debated the pros and cons of home or on-farm dairy production on the one hand and joint milk processing in community dairies on the other. Well into the 1880s, many agricultural professionals argued that farmers should process the milk themselves in improved home dairies (Bjørn, 1977a, 1982). Eventually, however, most farmers and professionals came to embrace the joint processing of milk in off-farm dairies. According to agricultural professionals, the advantages of the community dairy were the expansion of dairy production and the benefits of economies of scale, especially after the invention of the centrifugal separator. Community dairies were in fact private dairies, most often owned either by a single

individual – a professional dairy person who had rented a small plot of land and had a dairy built – or an expanded on-farm dairy.<sup>6</sup> Cooperative and community dairies had their breakthroughs simultaneously in the 1880s. By 1888, around 558 cooperative and 468 community or private dairies existed in Denmark, most of them founded during the 1880s. By 1894, however, these numbers had already changed drastically, with approximately 907 cooperative and only 215 community dairies in existence (Bjørn, 1982, p. 85, 121). The cooperatives completely marginalized the community dairies, most of which either closed down or transformed into cooperatives.

Gradually, the differences between community and cooperative dairies became articulated and clear to their contemporaries. Cooperative associations had several advantages compared with private dairies, including effective control of how suppliers fed the cows and treated the milk before delivery to the dairy, lower transport costs (cooperative dairies were generally more geographically concentrated), the return of skimmed milk to suppliers (which the community dairies most often did not offer), and the ability to raise financing (through joint liability) (Bjørn, 1977a, pp. 77–78). However, the general organizational repertoire among farmers, the context of heightened social and political conflict in the 1880s, and the construction of a common cultural outlook among medium-sized farmers must also be emphasized as part of the reason why the cooperatives emerged so successfully from the period of organizational contest. As we have seen, Danish farmers started to self-organize during the 1840s in independent political, social, and economic organizations, and later also in cultural organizations such as the popular folk high schools. Almost half of those who both were active in establishing cooperative dairies during this period and were also members of parliament were involved in the folk high schools too.<sup>7</sup>

As we have seen, the principle of independent self-organization among farmers was also based on a growing class consciousness as farmers started to organize politically to advance their social interests. Social and political conflicts became more profound in the latter part of the 19th century. The constitution of 1866 rolled back earlier democratic advancements and introduced a severely limited franchise for the upper chamber. By the 1880s, Danish politics had reached a deadlock between the conservative, estate owner–controlled upper chamber and government on the one hand, and the liberal, farmer-controlled lower chamber on the other. The deadlock culminated in the constitutional struggles of the 1880s, leading to ever-greater popular mobilization. In June and July 1885, two or three political meetings or events took place every day. The high degree of popular mobilization also continued after 1885: voter turnout stabilized at around 60–70 percent (in contrast to the 30–50 percent of the preceding period), and the founding of new party associations accelerated as more extensive parts of the population became politically organized on a more permanent basis (Karpantschov, 2019; Mikkelsen et al., 2017). The advent of the rural cooperative movement coincided with the rise of modern mass politics.

Farmers' growing orientation toward the principles of independent self-organization in the context of heightened political and social conflict was also reflected in the language mobilized by some promoters of cooperative associations. In 1885, Christen Christensen (1844–1921), the editor of the farmers' magazine *Our Farming (Vort Landbrug)* and founder of Tune Agricultural School, argued that farmers' current organizational success in political matters should be transferred to the economic and agricultural arena because the "power and influence of the farmer class" depended on its economic prosperity (Christensen & Bagge, 1885, p. 690). According to activists, the cooperative association was the best way to transfer farmers' organizational efforts and experience from the political to the economic sphere. In 1886, the farmer Emil Jørgensen was involved in creating a cooperative dairy in the area between Silkeborg and Viborg in central Jutland. In a local newspaper article published on March 11 that year, Jørgensen argued that the cooperative dairies not only had value as a

Pecuniary source of income for the farmers but could also do away with the deep-rooted distrust and division between them, and in that way, help bring together and concentrate the now disparate and hence wasted energy to attend to and further their common interests.

(Jørgensen, 1886, pp. 2–3)

He concluded that "agreement" and "concordance" would be central and that there was truth in the old saying "unity is strength" (Jørgensen, 1886, pp. 2–3). It was precisely in this respect – the need to overcome current distrust and division among farmers and unite them to further their shared interests in the context of heightened political and social conflict – that the cooperative association offered an advantage compared with other organizational forms. As schools for independent self-organizing, the cooperative dairies' increasing economic importance would give Danish economic development a unique *associative* aspect for decades to come.

### **Between the local and the national**

By the end of the 19th century, the cooperative model had become the predominant model for organizing economic activities in the Danish countryside. A household outside of urban areas would typically be a member of the local dairy, slaughterhouse, fodder supplier, consumer association, and power plant, all organized as cooperatives. While membership of cooperatives was voluntary in principle, being part of a local rural community entailed membership of one or more cooperatives. Although they had first been constructed by local initiatives in a bottom-up way, a process quickly followed whereby the many local cooperatives became united on regional and national levels. By establishing organizations on regional and national levels, the cooperative sector transformed itself from organizing economic activities locally to become one of the most important actors on a wider social and

political scale. At the beginning of the 20th century, the cooperative movement wielded significant influence over Danish economic development and the political shaping of Danish national identity.

The consumer cooperatives were the first to develop a national cooperative superstructure. From 1880 onward, local and regional networks and associations emerged among consumer cooperatives to negotiate better prices by purchasing larger units of goods, giving them increased market power. In 1896, this led to the National Joint Association for Danish Consumer Cooperatives (JADCC, *Fællesforeningen for Danmarks Brugsforeninger*). Its basis was consumer cooperatives in the small villages and rural areas where most people lived and worked.<sup>8</sup> It was organized by people who saw themselves as part of a larger cooperative farmer movement. The creation of regional and national organizations bolstered the idea of a common cooperative movement among farmers, including close personal, practical, and ideological ties between farmers' consumer and producer cooperatives. A strong educational and moral vision was promoted, based on the idea of self-organization among farmers rather than the paternalistic outlook found earlier in Denmark and other Nordic countries.

The JADCC was a success from the very start. Turnover grew rapidly, and five years after its foundation, it had become Denmark's largest trading house. Its development went hand in hand with the growth of local cooperatives in the decade following the founding of the JADCC, when the number of local consumer cooperatives doubled from 802 to 1,649, almost all of them situated in the countryside. By the beginning of the 20th century, the local consumer cooperative movement had become part of a central organization. The leaders of the JADCC's central organization considered that its local social base should be nurtured and developed through a monthly journal distributed to all members, public lectures, and other activities that would help to establish a cooperative farmer ideology. The central elements of this ideology were the idea of self-organization among farmers, and autonomy from the state and urban and industrial capitalists.

The producer cooperatives, which were exemplified by the dairies but also included slaughterhouses, followed the same bottom-up pattern as the consumer cooperatives. However, in contrast to the consumer cooperatives, farmers who joined a producer cooperative were making a relatively high-risk investment, as their incomes were dependent on the cooperative's performance. Furthermore, the British market for butter and bacon was expanding. Danish producer cooperatives needed to deliver products of the same quality and at the same price levels as producers from Sweden, the Netherlands, Germany, New Zealand, and Australia in order to gain entrance and take advantage of this growing market opportunity.

At the same time as the cooperative dairies gained momentum, the first cooperative slaughterhouse was established in 1887. This was the initiative of the Left politician Lars Peter Bojsen (1838–1922), who was also involved in the folk high school movement, a local savings bank, and farmer associations (Elberling & Elberling, 1950, p. 58).<sup>9</sup> As with the dairies, the members and boards of cooperative slaughterhouses were predominantly medium-sized farmers. In contrast to the

cooperative dairies – which, as we have seen, quickly marginalized the other alternatives, and had conquered almost the entire industry by 1900 – there was already a well-established private slaughterhouse industry in the 1880s, resulting in harsher competition between organizational forms. Nevertheless, the roughly 47 cooperative slaughterhouses managed to become predominant in the sector by 1914, testifying that cooperatives had become the “natural economic organizational form” among farmers (Bjørn, 1988b, p. 377).

Between 1890 and 1914, cooperative associations extended into further arenas, many of them arising from the new needs of the cooperative dairies and slaughterhouses. Until the late 1890s, the butter and bacon produced by cooperative dairies and slaughterhouses was sold to the British market through private exporters. The first local and regional butter export cooperatives were established in 1895, followed by the national Danish Cooperative Dairies’ Butter Export Association (Danske Andelsmejeriers Smørekspportforening) in 1904. Likewise, in 1902 the Danish Bacon Company was established as a national export association for cooperative slaughterhouses. By 1914, the cooperative movement had gained a significant degree of control over every link in the value chain in the dairy and slaughterhouse industries, from the import of livestock feed, to the production of butter and bacon, to exports to the British market (Boje, 2020, p. 563; Just, 1990).

The success of Danish butter and bacon made them industries of national importance. As the Danish economy became dependent on their success, the state increasingly turned in their direction. In 1883, the Royal Veterinary and Agricultural University (Kongelige Veterinær- og Landbohøjskole) and the Danish government jointly established the Agricultural Research Laboratory (Landøkonomiske Forsøgslaboratorium) (Higgins & Mordhorst, 2008, p. 192). In practice, the laboratory became the cooperative dairies’ and slaughterhouses’ research and development arm, working on a wide range of issues such as developing dairy machinery and equipment, optimizing cattle breeding, and developing the best fodder. To communicate the results to the dairies, in 1889 the state began to offer a nationwide service through agricultural state consultancies. At the same time, the Danish state appointed an official agricultural commissioner to London, tasked with analyzing the British market and helping the dairies and slaughterhouses with their marketing efforts (Bjørn, 1982, p. 80).

An example of the importance of state support for farmers’ producer cooperatives can be seen in relation to dairy hygiene issues. From the establishment of the very first cooperative dairy in Hjedding, hygiene and the spread of diseases such as tuberculosis had been a problem. Research at the laboratory showed that this problem could be solved through the pasteurization of milk. Pasteurization kills all the bacteria in milk, including the lactic acid bacteria that are necessary for the transformation of cream into butter. The researchers therefore isolated and cultivated the lactic acid bacteria required to produce butter. By adding cultivated bacteria after pasteurization, dairies could both produce disease-free butter and control the fermentation process, thus producing butter of higher quality and consistency in taste. This gave the dairies a competitive advantage in the British market, as British



consumers would be guaranteed that Danish butter was free from disease. With the support of the cooperative dairies, a law was passed in 1898 that made Denmark the first country to make the pasteurization of cream for butter production compulsory. A state-supported and rigorous system of tests was established. To brand their butter and protect it from adulteration, the dairies founded the Danish Dairies' Butter Mark Association (Danske Mejeriers Smørmærkeforening) in 1900. Two years later, 1,155 of the 1,235 registered dairies were members. The association developed and trademarked the Lurmark brand in 1901, and in 1906, a law was passed that made the brand mandatory for all exported Danish butter and bacon (Higgins & Mordhorst, 2015, p. 151). As this example demonstrates, the relationship between the state and the cooperative movement involved not only autonomy but also collaboration.

In 1899, the Cooperative Committee was founded, uniting the entire cooperative farmer movement and its many regional and national organizations into one association. While the driving force behind the national branch organizations had been the desire to gain market power through scale, the purpose of the Cooperative Committee was to cultivate the ideological and political efforts of the cooperative farmer movement (Drejer, 1952, p. 321).

As we have seen, since the 1880s the cooperative associations had been closely tied to a narrative about independent self-organizing in the context of the political and social conflicts of the day. The Cooperative Committee consolidated this narrative of cooperatives as part of a national movement for farmer liberation and democracy against the undemocratic forces of the right-wing Conservative Party, joint stock companies, estate owners, and large-scale industrial capitalism. One year after its foundation, the committee started to publish *The Cooperative Journal* (*Andelsbladet*) and distribute it to local cooperative members. It was a success, and within a few years, it had a print run of about 10,000 copies (Bjørn, 1993, p. 63). This journal became a central element in uniting farmer societies and cooperative associations around a common narrative that could be ideologically and politically mobilized in the interests of farmers and the cooperative sector.

The cooperative organizations' ability to prevent direct legislation on cooperatives as part of a new corporate law in 1917 demonstrates how strong farmer organizing had become at that point. In the debate that led up to the new law, the Cooperative Committee argued strongly against regulating cooperatives through legislation. Their case was complicated, however, by embezzlement scandals surrounding Minister of Justice P. A. Alberti (1851–1932). As Director of the Zealand Peasantry's Savings Bank (Den Sjællandske Bondestands Sparekasse) and Founder of the Cooperative Butter Export Association, Alberti was heavily associated with the cooperative farmer movement. His involvement in scandal contributed to a public questioning of the cooperative movement, and made the argument against the cooperatives' regulation by corporate law more difficult. Nevertheless, the strength of the Danish cooperative farmer movement can be seen in the fact that it ultimately succeeded in preventing such regulation: the Minister of Trade, Jens Hassing-Jørgensen (1872–1952), gave up the attempt to include cooperatives



in the new corporate law, which was finally passed in 1917. Hassing-Jørgensen (as cited in Just, 1986) admitted: “The forces behind the cooperative movement in this country are so powerful and so deep that if this part of society opposes a decision it is, in my opinion, a resistance that cannot be overcome” (p. 65).

As part of its ideological efforts, the Cooperative Committee cultivated the opposition between “cooperatives” and “companies” as ways of organizing economic activity. On one side stood the large-scale capitalism of companies located in urban areas. These companies were headed by commercial and industrial capitalists and estate owners – the classes that had led the nation from one disaster to another during the 19th century. Consequently, it was argued their companies had to be regulated by law. On the other side was the cooperative farmer movement, representing a rural, democratic, small-scale, bottom-up, localized way of organizing economic activity. The central element in the cooperative ideology was the idea of self-organization and unity among farmers. It was emphasized that farmers, through their own organizing efforts, had brought both democracy and economic prosperity to Denmark, implying that any legislative regulation would impede these efforts (Mordhorst, 2014). However, as we have seen in the case of dairies and butter production, while the cooperatives were indeed a result of bottom-up self-organizing efforts among farmers, the relationship between the cooperatives and the state was not simply about autonomy and antagonism. Indeed, the state provided technical, scientific, and marketing support that was greatly important to the success of the cooperatives. In the following decades, the cooperative farmer movement would enter into an even more structured relationship with the state as new agrarian (neo) corporatist structures were created.

### ***Rural culture and the state: the new agrarian corporatism***

In the first half of the 20th century, Danish rural society included around 200,000 small- and medium-sized farms. This figure remained steady from the turn of the century until as late as 1960, and these farms constituted the social base of a well-organized rural culture. During this period, Social Democratic and Liberal governments – under the strong influence of the cooperative movement and agricultural interest organizations – implemented policies and legislation that strengthened small- and medium-sized farmers and their rural culture. The idea was to preserve and bolster a rural culture of small- and medium-sized farms while avoiding any development toward the concentration of landed property. The state and the cooperative movement successfully pursued this goal through a series of legislative interventions.<sup>10</sup>

Danish rural culture, as it developed in the first decades of the 20th century, centered on a landscape of rural parishes with scattered farms, rural villages, station towns, and small provincial towns. Around half of the population lived in these rural, semirural, and provincial areas throughout this period (Christensen, 2017). The primary sector accounted for around 43 percent of the working population in 1913, dropping to 25.4 percent in 1950 – well above the northwest European average in both cases (Broadberry & O’Rourke, 2010, p. 210). A rural culture developed

within this geographical and economic landscape, which was saturated by the vast network of farmer organizations (Frandsen, 2015). Each village had a village hall that functioned as the local community's central social institution, along with a village school, a church, local associations and clubs, and a consumer cooperative. If they were not placed within the village itself, the local cooperative dairy, slaughterhouse, and other cooperative associations (such as savings banks and insurance associations) were often located not far away, in a nearby station town or perhaps the nearest provincial town. People organized religiously in the village church, or maybe in an evangelical church; organized politically, most often in the Left Party; and organized economically in the cooperatives. Most farmers also belonged to the farmer societies and attended folk high schools or agricultural schools.

The centralization of the cooperative movement on a national level, and the ensuing collaboration with state agencies described in the previous section, continued in the period after World War I. In 1919, the Agricultural Council (*Landbrugsrådet*) of Denmark was founded as a joint interest organization between the cooperative movement and the national Danish Farmers' Union (*De Samvirkende Danske Landboforeninger*), which had recently been established as a joint organization by regional farmer societies (E. H. Pedersen, 1993). The Agricultural Council's first president was Thomas Madsen-Mygdal (1876–1943), who was also the chairperson of the Danish Farmers' Union, the agriculture minister from 1920 onward, and a Liberal government prime minister between 1926 and 1929. The founding of the Agricultural Council signaled the start of greater institutionalized incorporation of the Danish cooperative movement and the agricultural sector at top levels of the state. As crisis hit in the 1930s, an even closer political collaboration was established between the government, the Ministry of Agriculture, and the Agricultural Council. The latter gained a monopoly as the sole representative of Danish agriculture, with other actors – such as the Farmers' Association (*Landbrugernes Sammenslutning*), which was a protest movement – more or less marginalized (Nielsen, 2014).

Since the Danish cooperative sector was heavily export-oriented, the protectionism that swept European countries in the early 1930s, including the British and German markets, prompted the leaders of the traditionally liberal-minded cooperative and agricultural organizations to demand increased state support for Danish agriculture. Henrik Hauch (1876–1957), Chairperson of the Danish Farmers' Union and President of the Agricultural Council between 1933 and 1950, played a key role in securing significant concessions for Danish agriculture and the cooperative sector in negotiations over the *Kanslergade Agreement*, struck between the Social Democratic and Social Liberal government and the Left Party (E. H. Pedersen, 1988, pp. 166–167). The agreement was a response to the crisis of the early 1930s and an attempt to secure social and economic stability. As such, it became a cornerstone in the construction of the Danish welfare state.

(Neo)corporative structures and institutions for negotiations between the cooperative and agricultural sector's interest organizations and the state became crucial as the crisis worsened in the 1930s and regulation of exports became increasingly necessary. Since World War I, government-level export committees had been

established for the most important sectors, including a “butter committee”, “cheese committee”, and finally in 1932 a “bacon committee” (Just, 1992; E. H. Pedersen, 1988, p. 55). Formally, these committees were state agencies under the Ministry of Agriculture. In practice, however, they were controlled and managed by cooperative and agricultural interest organizations such as the powerful Federation of Danish Dairy Associations (De Danske Mejeriforeningers Fællesorganisation), whose offices in Aarhus housed the committees during the 1930s (J. D. Rasmussen, 1982).

While the committees and the special crisis regulations of the 1930s and 1940s were dismantled after World War II, the agrarian (neo)corporatist structures were largely kept in place, and the close collaboration between the government and the agricultural organizations was effectively secured, with the cooperative movement as a central actor. This collaboration continued well into the 1980s, when Danish agriculture’s contribution to economic growth was definitively outperformed by other sectors. However, in 1960 Danish farmers were still numerous, and a large part of the population still lived and worked in agriculture. Medium-sized farmers and their cooperative associations had been central to the unfolding of an entire rural culture. On top of this rural culture and associational network, powerful interest organizations were built that worked in close collaboration with the state, providing an ideal example of a (neo)corporatist type of governance with strong associational roots and autonomously organized interests within civil society. The year 1960 arguably marked the high point of the cooperative associational form and the new agrarian corporatism. The structural transformation of Danish agriculture in the following decades would spell the decline of agrarian (neo)corporatism and the vast organizational network within rural civil society.

### **Structural transformation: rural decline and associational disembedding**

From the late 1950s onward, Denmark entered a period of high economic growth, mainly powered by the industrial sector. The high growth of both the industrial and service sectors highlighted the problems facing the agricultural sector. Starting in the 1960s, Danish agriculture underwent a structural transformation that had enormous consequences for the cooperative farmer movement, the rural culture in which it was embedded, and the associative governance structures that secured the connection between the state and rural civil society.

By the 1960s, it had become apparent that Danish agriculture was facing four structural challenges. First, as European countries recovered after the war and agricultural production grew, international competition increased. With the liberalization of the UK market in the mid-1950s, Danish butter exports were exposed to increased price competition, and the total value of exported Danish butter fell by 48 percent between 1954 and 1960 (Bjørn, 1982, p. 550; E. H. Pedersen, 1988). Second, increasing demand for industrial products and services resulted in a drop in the relative prices of agricultural products. Third, the growing industrial and service sectors were able to attract a larger share of the workforce with higher wages, leading to a workforce migration away from agriculture. In 1960, around 415,000

people were employed in agriculture, almost half of whom were self-employed farmers. By 1980, the number had dropped to around 195,000 people (Christoffersen, 1999, p. 37, p. 51; Kærgård & Dalgaard, 2014, p. 20). Fourth, technological developments – including mechanization and motorization (such as tractors, combined harvesters, and milking machines), new farm buildings, the massive increase in the use of chemical fertilizers and pesticides contributed to raising the cost of production and the benefits of large-scale farming.

The introduction of new technologies was especially important for the cooperative sector and its dairies. The introduction of new machinery in Danish agriculture developed only slowly during the 1920s and 1930s; as late as 1936, as many as 40 percent of farms did not possess a mechanical power station, and only 3.4 percent owned a tractor (J. Pedersen, 2009). Only from the 1950s onward did a general mechanization of Danish agriculture take place. From the mid-1950s on, many dairies modernized by introducing the motorized transportation of milk by truck, new cooling systems, and steel churns to replace older wooden churns dating from the first decade of the 20th century (Søgaard, 1987, p. 209). The motorized transportation of milk by truck meant that a dairy could collect milk from a much larger area, and new processing technology changed the extent to which productivity could be raised. As the capital requirements and production costs of individual farmers and dairies continued to grow during this period, the debate about centralization and so-called rationalization revived within the cooperative movement. While many farmers and parts of the cooperative movement feared the consequences for rural culture and “democracy” (the principle of one person one vote) of the concentration of production in the hands of a few companies, the top levels of the cooperative movement and the agricultural interest organizations became increasingly convinced of the need for large-scale change.<sup>11</sup>

The cooperative farmer movement remained a critical force within the rural parish culture well into the 1960s. The cooperative dairies were especially important. In 1958, as many as around 1,200 cooperative dairies continued to operate throughout the country (Søgaard, 1987, p. 211). Nevertheless, from the 1930s to 1960, there was a shift toward increased centralization as a series of joint enterprises united local cooperatives in regional and national structures. In 1958, the chairperson of the Aarhus Dairy Association argued in *The Cooperative Journal* that rather than remaining small associations, the many existing local dairies should join together in a smaller number of companies – or even better, a single national dairy company (Drejer, 1958, p. 530). This idea gained momentum in subsequent decades as a remarkable centralization of the cooperative sector took place alongside the equally significant structural transformation of Danish agriculture.

With the top layers of the cooperative movement and agricultural interest organizations favoring centralization and so-called rationalization, the way opened up for liberalization of land legislation, beginning with a new agricultural law in 1967 that made it possible to merge farms and joint operations, followed by further liberalization in subsequent decades (C. Jørgensen et al., 1997). Whereas technological developments and changing international markets had not led to larger farms or centralization at the end of the 19th century, the new land legislation in the

second half of the 20th century helped to push developments in that direction. The result was a steep decline in the number of farms and a growth in the average farm size. Between 1960 and the 1980s, the number of farms fell by around 50 percent (Kærgård & Dalgaard, 2014, p. 10); in 2021, only around 7,500 full-time farms existed, averaging around 236 hectares (Danmarks Statistik, 2022). These fewer but larger farms also became more specialized, in contrast to the diverse production that had characterized the typical medium-sized Danish mixed farm of the first half of the 20th century. In the 1880s, cooperative farmers usually kept both cows and pigs. While cows provided milk for the local dairy, the skimmed milk delivered back to the farmer could be used to feed the pigs, some of which were then provided to the cooperative slaughterhouse. At the same time, farmers used varieties of crop rotation that would both restore soil fertility and produce fodder crops. Between World War II and the 1970s, the use of chemical fertilizers increased from around 70 to almost 500 million kilos, while the number of farms with both cows and pigs fell from 68 percent in 1970 to 18 percent in 1990 (Kærgård & Dalgaard, 2014, p. 17; Skovbæk, 2006, p. 20). By 1990, the rural culture of medium-sized farms with diverse production and a vast associational network rooted in local parishes was gone; in 2021, there were only around 2,350 full-time milk farmers in Denmark (Danmarks Statistik, 2022).

In the cooperative dairy industry, the structural transformation was a question of the number of dairies and whether the many local cooperative associations, each of which owned a single production facility, needed to be replaced by a few regional companies, or even by one national company that owned several larger production facilities. Although a process toward centralization was underway by the mid-1960s, neither the local cooperative dairies nor the rural culture of medium-sized farms had disappeared. However, the next ten years were marked by a much more radical transformation, as the number of cooperative dairies fell to only 216 in 1976 and further reduced to only 132 by 1981, compared with the 1,250 cooperative dairies that had existed in 1956 (Ingemann, 2006, p. 24). But the fusion of local dairies was not enough, argued Thorkil Mathiassen, Executive of the Federation of Danish Dairy Associations, in 1963. A simple fusion of dairies ignored the important issue of “coordination between the different lines of production as well as between production and sale”, and according to Mathiassen, the only way to solve that issue was to unite the increasingly fewer but larger dairies in “one economic unit of production and sales”, meaning a national company (Drejer, 1963, pp. 563–564). At a general meeting of the Federation of Danish Dairy Associations in 1963, a motion was passed in favor of the foundation of a national dairy company. Diverging opinions between the top layers of the organization, the boards of the local cooperative dairies, and ordinary members made this a difficult task in practice. It was not until 1970 that the Dairy Company Denmark began its business activities, and then only with the participation of a few cooperatives, amounting to around ten percent of the milk produced (Søgaard, 1987, p. 223).

Increasing competition on international markets, and growing capital requirements and production costs for individual farms and dairies, prompted cooperative and agricultural leaders to argue that Danish farmers once again had to unite to

survive, thus reproducing the old cooperative discourse that “unity is strength” within an entirely new context (Fink, 2008). However, in contrast to earlier generations, Danish farmers were far from united following the decision to establish a national dairy company in 1963. In 1940, a monopoly on the delivery of consumer milk to the largest cities had been granted to dairies in some municipalities, and in subsequent decades, a “structural conflict” had developed between “rural” and “city” dairies (Ingemann, 2006, p. 22). The rural dairies consisted mostly of traditional local cooperatives that produced butter for export. As the butter export market became unstable following exposure to increased price competition, these dairies started to look to the home market. The home market for consumer milk had greatly expanded to the benefit of the city dairies, leaving many rural cooperative dairies in a precarious position.

The creation of the Dairy Company Denmark was partly motivated by rural dairies’ interest in gaining greater access to the market for consumer milk in the cities, whose populations were proliferating. When the city dairies’ monopoly was lifted in 1971, the dairy sector became even more divided, between the Dairy Company Denmark on the one hand and a looser partnership between dairies in the association (and later company) Clover Milk (Kløvermælk) on the other. The ensuing conflict between these companies resulted in a series of marketing and price wars, from which the Dairy Company Denmark successfully emerged in 1990 with a 60 percent share of the consumer milk market (Ingemann, 2006, p. 30). This success was not least the result of a lucrative deal with the JADCC in 1977 that secured access to around 40 percent of the market.<sup>12</sup> In 1999, the Danish Dairy Company and Clover Milk finally merged, securing a 90 percent share of the consumer milk market for the former as the continuing company (Ingemann, 2006, p. 30). By that time, the number of dairies had fallen from around 1,200 in 1956 to just the Danish Dairy Company plus around 40 small local dairies.

Beyond internal competition within the Danish sector, developments were pushed forward by the transformation of the global market. In 1973, Denmark joined the European Economic Community. Since the 1960s, the cooperative and agricultural interest organizations had advocated Denmark’s accession to the community as a way to increase exports to European markets. The single market was established in 1993, lowering the barriers to export and increasing competition in the market for foodstuffs. The integration of eastern Europe into the market in the 1990s, increased competition from Asian economies on the world market, and an international trend toward free trade and neoliberalism all helped to create a situation in the food industry where size and market power became central to survival (Hansen, 2001). The new globalized markets placed pressure on the Danish Dairy Company, which reestablished its Nordic cooperative network, but now in the capacity of business partners rather than as sharing an associational form.

From around 1990, international expansion became central to the Danish Dairy Company’s strategy (Bigum & Kjelstrup, 2007, p. 494). This was seen as necessary for survival in a global market dominated by fewer global enterprises. As part of this strategy, the shareholder company MD Foods International was established in 1989 to buy foreign production facilities (Ingemann, 2006, p. 30). This led the way



to the acquisition in 1990 of Associated Fresh Food, Britain's fifth-largest dairy. In 1995, the Danish Dairy Company (MD Foods) and Arla – the Nordic region's two largest dairy companies – joined in a strategic alliance. In 2000, the alliance was transformed into a merger under the Arla Foods brand. The former national cooperative movement had become a multinational business geared toward the globalized market (Mordhorst & Jensen, 2020, p. 225).

Interestingly, although Arla experienced success in the global market, it suffered from a series of reputational crises in Denmark between 2003 and 2013. Critics argued that in its quest for increased profits on global markets, Arla had betrayed its origins in the cooperative movement. Arla's continued deployment of its cooperative history was merely a disguise. In reality, the now-globalized company had little if anything to do with the original cooperatives as a local associational form among small- and medium-sized farmers (Mordhorst, 2014). This critique pointed to a very real development in the Danish dairy sector. However, as we will argue in our conclusion, associational networks within a strong civil society are in no way entailed by the cooperative form *per se*.

In Sweden, Arla did not face the same criticisms or reputational crises. This can be explained by previous differences in the respective cooperative visions and discourses of Denmark and Sweden. In Sweden, the cooperative movement was not generally seen as a small, local, decentralized alternative associative form, and it was not seen primarily or exclusively as part of the agricultural sector in contrast to the industrial sector. Consequently, in Sweden it was easier to develop a globalized cooperative company without falling prey to accusations that one had betrayed one's original cooperative identity (Mordhorst & Jensen, 2020).

From an economic perspective, Arla is now a global enterprise, with 9,406 members and 60 production facilities around the world (Arla, 2020). In Denmark in 2021, 2,575 farmers delivered milk to just 49 productive dairies owned by 24 companies, including both cooperatives and private companies, of which Arla was by far the largest (Mejeriforeningen, 2021). Arla is the largest dairy company in northern Europe, and the largest provider of organic dairy products worldwide. Its economic success, however, has come with an associational price.

The transformation of the cooperative movement in Denmark in the latter part of the 20th century can be described as a process of *associational disembedding*. Cooperative farmer organizing changed: from a movement of local cooperative associations rooted in a rural culture characterized by strong organizational networks, it became a handful of centralized and global enterprises. The general impact of cooperative farmer organizing on society and the economy declined as the former organized rural culture disappeared along with hundreds of thousands of farmers following the structural transformation of Danish agriculture. Losing its powerful role as a motor of economic development, as well as its social importance as the main occupation for large sections of the population, the associative governance that had resulted from the strong influence of the Danish cooperative farmer movement lost its bearings.

The agrarian (neo)corporatism that developed in Denmark during the first half of the 20th century brought about the control and governance of important



administrative responsibilities related to agricultural schemes and subsidies—control and governance not by the state, but by the cooperative movement and the agricultural interest organizations themselves (Just, 1992; E. H. Pedersen, 1979). Following Denmark's accession to the European Economic Community in 1973, most of the structures developed in previous decades disappeared. The new agricultural support structures were now governed partly from Brussels and partly by an administratively stronger Ministry of Agriculture. Consequently, the previously organization-controlled structures fell apart (Just, 1995, p. 14).

Another crucial development was the transformation of Danish politics from class-based organizations to catch-all parties with falling membership rates. The Left Party, which had played a vital role in creating an environment conducive to the cooperative farmer movement in the late 19th century, suffered severe declines in both membership and electoral performance from the 1960s onward as the former rural culture disappeared, forcing the party to embark on a strategy to appeal to new middle-class voters in the cities. Although farmer interests continued to influence the party, they were now more than outweighed by other groups and interests. Consequently, farmers lost their direct political representation, and the close connection between the cooperative and agricultural interest organizations, the Liberal Party, and the Ministry of Agriculture disintegrated. When the ministry was reorganized in 1989, it explicitly stated that its role was to represent the interests of society as such and not a particular sector, breaking with its prior reputation as the direct mouthpiece of farmer interests (Just, 1995, p. 15). In 1996, the ministry finally changed its name to the “ministry for food, agriculture, and fisheries”, reflecting its expanded area of interest and representation.

Today, although the associative governance structures that arose from the influence of the cooperative farmer movement have disintegrated and the influence of agriculture has considerably declined, the now many fewer and larger farmers and agricultural cooperative companies continue to exert some influence over state policy.<sup>13</sup> However, the mergers and centralization of cooperative and agricultural interest organizations over the last 20 years have to some extent strengthened the position of Danish agriculture once again. In 2004, the organization called Danish Cooperative Companies (*Danske Andelsselskaber*) merged with the Agricultural Council. Danish Cooperative Companies was founded in 1899 as the Cooperative Committee, which as we have seen was one of the creators of the Agricultural Council in 1919. In the first decade of the 21st century, this central organization of the 20th-century cooperative farmer movement was now reduced to a section within the larger agricultural interest organization it had helped to create. In 2009, the Agricultural Council then merged with a series of important agricultural branch organizations in the Danish Agriculture and Food Council (*Landbrug og Fødevarer*), which now represents not only most farmers and their organizations but also most of the food industry. This centralization of the Danish agricultural and food industry in one organization reorganized the agricultural and food interest organizations in line with the structural

transformation of Danish agriculture into fewer and larger farms and companies. Since cooperative farmer organizing had been reduced to a handful of multinational enterprises, the most important of which were Arla Foods, Danish Crown, and DLG, a central organization was no longer needed to represent a movement that no longer existed.

However, the disintegration of the cooperative movement and its organizations, rural culture, and the agricultural (neo)corporative structures built during the first half of the 20th century has not resulted in the complete marginalization of Danish agriculture and its influence on state policy. The Danish Agriculture and Food Council has followed a successful strategy of negotiation to secure access to policymakers (Nissen, 2014). Equally importantly, Danish agriculture enjoys close relations with other trades and industries and important state institutions. The chairperson of the Danish Agriculture and Food Council is a member of the crucial Danish Economic Councils (De Økonomiske Råd), whose analyses and recommendations have enormous influence on economic policymaking in Denmark (Kærgård & Andersen, 2021). The cooperative business sector is also represented in important networks. At the moment of writing, the chairperson of Danish Crown is a board member of the Confederation of Danish Industry (Dansk Industri), the central business and employers' organization; the managing directors of both DLG and Arla Foods are members of the important business committee of the Confederation of Danish Industry, where all the largest companies are represented (Iversen, 2021). Rather than a corporatist structure rooted in a farmer movement of local associations, the Danish cooperative sector now promotes its interests through elite networks and business lobbyism.

Finally, agricultural organizations and cooperative businesses continue to exert strong influence at the cultural level. In 2019, the newly elected prime minister Mette Frederiksen told the conference of the Agricultural and Food Council that "Denmark is an agricultural country" and "it is you [farmers] who have carried Denmark forward and shaped the society we have become" (Pedersen, 2019). Coming not from the traditional liberal and farmer-associated Left Party but from a Social Democrat prime minister, these words reflected a broadly shared national identity and narrative. Likewise, the ideology created by the cooperative farmer movement continues to occupy a central place in Danish national identity (Mordhorst, 2014) and has recently inspired renewed public discussions of economic democracy, including an expert group assigned to research and promote democratic ownership and workplace democracy established by the annual Danish Finance Act (Dragsted, 2021; Erhvervsministeriet, 2021; A. P. Jørgensen, 2020). Nevertheless, as we have seen, the large cooperative enterprises have also been caught out by their own narrative when embarking on globalizing strategies for business expansion. The global orientation of ever-larger businesses seems to contrast with the traditional cooperative ideology, which is closely tied to the idea of self-organized small- and medium-sized farmers as a democratic and cultural force rooted in local communities (Mordhorst, 2005).

## Conclusions

Although they shared some characteristics, the Nordic cooperative movements also varied across countries. Some resulted from a more bottom-up process, while others arose from a more centralized and top-down process. Some were heavily export-oriented; others focused primarily on the home market. But as the Danish case demonstrates, some of these structural differences begin to break down as soon as we engage in a more detailed analysis of specific cooperative movements. In Denmark, the cooperative farmer movement did indeed result from a localized, bottom-up process of self-organization among farmers. However, we have also demonstrated that the cooperative farmer movement quickly centralized and engaged in close collaboration with the Danish state, resulting in the agrarian (neo) corporatist structures of the 20th century. Similarly, while Danish producer cooperatives were extremely export-oriented, the home market became more important after World War II, causing new structural challenges for the cooperatives.

The differences between cooperative movements in the Nordic countries also point to the adaptability that is inherent to the cooperative form. Our analysis of the Danish case demonstrates that the cooperative form adapted to very different social, economic, and political contexts. Although at first they were a wholly localized and practical solution to the challenges facing Danish farmers following the end of the grain sale period, the cooperatives soon became part of the wider social and political struggles and conflicts of the 1880s and 1890s. In the first half of the 20th century, they became central to the creation of a type of associative governance that was characteristic of the new agrarian corporatism. Finally, as Danish agriculture underwent a profound structural transformation from the 1960s onward, the cooperative form nevertheless survived, even though the business aspect became completely disembedded from the previous associational aspects. No longer part of a farmer movement rooted in a well-organized rural culture, cooperatives today are multinational enterprises that nurture their interests not within corporatist structures but through elite networks and business lobbying.

The case of Arla Foods exemplifies this structural transformation in the cooperative sector. While around 1,200 dairies were scattered across Denmark in 1960, one single enterprise, Arla Foods, with a few production facilities, now controls around 90 percent of the consumer milk market. Importantly, Arla Foods remains a cooperative, in contrast to the more widespread shareholder companies, testifying to the cooperative organizational form's immense powers of survival. Arla's success – which was simultaneously a disaster for many smaller farmers and local dairies – also returns us to the question of the differences between Nordic cooperative movements. Although the Nordic countries' cooperative movements had different origins and characteristics, and underwent distinct processes of development in the late 19th and 20th centuries, the structural transformation that undid previously agrarian societies – not only in Denmark, but in all Nordic countries – seems to some extent to have done away with the cooperatives' particular national characteristics, in some respects bringing them closer to the functioning of other types

of companies. The fusion of Swedish and Danish cooperative dairy companies in the multinational cooperative enterprise Arla Foods in 2000 marked the peak of this process.<sup>14</sup>

We have focused on how the farmer cooperatives of the late 19th century represented discontinuity and rupture from the previous associational form and corporatism of the village community and estates. No specific associational form emerged naturally from the centuries-old medium-sized Danish farm. In contrast, the medium-sized farm constituted the social base for several disruptions in associational forms and wider social, economic, and political institutions. In this light, the extremely rapid and profound transformation of Danish agriculture in the second half of the 20th century, which changed Denmark once and for all from a society with strong agrarian characteristics to an industrial and service society, remains in need of much further explanation. In this chapter, we have contributed to this task by focusing on the connection between the general structural transformation of Danish agriculture and the cooperative sector, the immense impact these changes had on cooperatives as an associational form, and the associative governance established in the first part of the 20th century.

From a broader perspective, the chapter contributes to our understanding of how the Nordic countries developed from the traditional corporatism of the early modern period, through a period of breakup and rupture, to the creation of (neo)corporatist structures in the 20th century, and then once again into a period of disruption. The distinct importance of the cooperative movements for these social, political, and economic trajectories demonstrates the very *associative* aspect of these developments in the Nordic countries, as argued throughout this book. The chapter also demonstrates that with the transformations in agriculture during the second half of the 20th century, this associative aspect was lost – and along with it, the possibility that corporatist structures might mediate relations between broad sections of the population and the state through centralized organizations. For this reason, we conclude that while the cooperative form has demonstrated a high degree of resilience and adaptability to very different economic, social, and political circumstances, the associative aspect is in no way guaranteed by the organizational form itself.

## Notes

- 1 Historically, the connection between cooperative organizing and the Nordic model emerged in North America with Frederic Howe's book *Denmark: A cooperative commonwealth* (1921) and Marquis Childs's *Sweden: The middle way* (1936). More recently, former Danish Member of Parliament Pelle Dragsted revitalized this perspective from the left in his *Nordic socialism* (2021). From a scholarly viewpoint, cooperative historian Mary Hilson provides an excellent overview of developments in her book *The international co-operative alliance and the consumer co-operative movement in northern Europe, c. 1860–1939* (2018).
- 2 The view that peasant strikes strongly influenced the government's and the reformers' decision to regulate, fix, and restrict boon work has been advanced by Claus Bjørn (1977b).

- 3 From 1870 onward, this party became the United Left, which then split into several factions during the 1880s and 1890s.
- 4 These figures are our own calculations based on data from Appel (1915) and Elberling and Elberling (1950).
- 5 In a small minority of dairies – mainly on Funen and Bornholm – members voted according to each farmer’s number of cows.
- 6 From the late 1870s onward, private dairies were increasingly owned by partnerships of investors. Usually, on-farm community dairies were owned and managed by large- or medium-sized farmers. Estate dairies acted as common dairies to only a limited extent, because the amount of milk produced by an estate was sufficient in itself to yield the benefits of expanded dairy production. Partnership-owned community dairies were often somewhat similar in organizational form to the later cooperative dairies, since the investors could be – and often were – the suppliers.
- 7 This figure is our own calculation based on data from Appel (1915) and Elberling and Elberling (1950).
- 8 For a history of the early development of consumer cooperatives, see Dollerup (1966).
- 9 For a general history of the Danish slaughterhouse industry, see Pedersen et al. (1987).
- 10 Of special importance was the redistribution of land following the abolition of entailed estates in 1919, and the subsequent legislation offering support to smallholders through state-sanctioned loans. Crucially, farm sizes were heavily regulated: the first real agricultural law, passed in 1925, prohibited the closure of existing farms and imposed an active farming obligation on all agricultural holdings of more than one hectare. On land legislation in the period between 1919 and 1960, see C. Jørgensen et al. (1997, pp. 48–52).
- 11 For an account of this debate, see E.H. Pedersen (1988, pp. 265–274) and Søgaard (1987). As the latter demonstrates, the ordinary members of cooperatives favored a more decentralized structure with more localized dairies well into the 1980s.
- 12 For a detailed account of the conflict in the consumer milk market, see Buksti (1982).
- 13 Some might say their influence is somewhat disproportional to the social and economic impact of Danish agriculture (Kristiansen, 2021).
- 14 For an analysis of how national differences between Nordic cultures and histories continue to cause difficulties for multinational cooperatives, see Mordhorst and Jensen (2020).

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**Part 2**

# **Transformative governance**



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## 6 Governing people's homes

### Organizing housing associatively in Scandinavia

*Anker Brink Lund and Søren Christensen*

#### Introduction

We have had a very strong belief that when people moved in from agricultural areas [...], got a three-room apartment with a bathroom, joined a health insurance cooperative, and sent their children to the municipal school, they became something else. They became modern. These social conditions have been considered a major force in the general population's transformation from being peasants to becoming a people.

Kaare Dybvad Bek, *Weekendavisen*, March 26, 2021

Formulated by a recent minister of housing in Denmark, the statement in our epigraph reflects a political vision that has been particularly strong among social democrats. From the last half of the 19th century onward, great expectations were voiced in relation to affordable and high-quality housing as a means of social integration that would turn migrating "peasants" into "a people". Subsidized (and therefore relatively affordable) housing of high quality was regarded as an important pillar of the welfare regime, taming crude market forces and balancing conflicting interests. The political aim of this policy was not merely to house the needy poor, but to incorporate every man, woman, and child into *folkhemmet* – "the home of the people",<sup>1</sup> an integrated and unitary housing regime that offered access to high-quality dwellings across multiple types of tenure.

Against this backdrop, the research question addressed in this chapter can be specified as follows. When and how did associative governance – in the sense presented in this book's introductory chapter and elaborated in the concluding chapter – impact Scandinavian housing policies, which stressed cultural inclusiveness and social equality, and were co-constructed by a vibrant panoply of voluntary and semimandatory associations?

We will argue that parliamentarians and central governments defined the general principles of housing policy while leaving most of the specific implementation to the municipalities and a variety of competing and negotiating interest organizations. We shall outline the formative role of builders' and housing associations, cooperative mortgage unions, and other clubs, coalitions, and federations, with particular emphasis on the pivotal role of umbrella organizations (Melville, 2010),

also known as peak bodies, that is, associations of associations mediating among conflicting interests. In terms of housing, this is an undertheorized subject among social scientists (Clapham et al., 2018). Oftentimes, research-based analyses take it for granted that individual or corporate ownership of private property is *the* central tenet in capitalist-driven housing economies (Bengtsson et al., 2013; Clapham et al., 2018; Kemeny, 1995; Norris & Winston, 2012). It is acknowledged that temporary shelter can be offered to people in need, but this public service is usually considered not as an associative aspect of governance, but merely as residual “social housing” (Harloe, 1995). In other words, housing is not always regarded as a central element in ideal-type categorizations of welfare states (Esping-Andersen, 1989), because compared with the other kinds of welfare provision – that is, healthcare, social services, and education – the management of real estate is more arduous to decommodify.

Nonetheless, Scandinavia in general and Sweden in particular have been hailed as a prime example of a “unitary housing regime” (Kemeny, 1995, p. 6), that is, a politically regulated market situated within a negotiated order, maintained among different interest groups, and representing preferences for different tenure formats in a balanced fashion. This corporatist organization of housing, it is argued, offers nonprofit and integrating alternatives to polarized and segregated housing regimes resting firmly on private ownership, only meagerly supplemented by social housing residuals (Kemeny, 2006; Malpass, 2008).

We shall test the validity of these claims of Nordic exceptionalism historically, placing a particular emphasis on Denmark compared with Sweden and (to a lesser degree) Norway. In order to do this, we employ the concept of associative governance, a concept that has been only sparsely studied by housing scholars apart from those who focus narrowly on urban planning (e.g. Phelps & Tewdwr-Jones, 2000) or regional studies (e.g. Gunasekara, 2006). Our aim is to invigorate the concept by giving it a historical depth, rather than narrowly focusing on contemporary experiments with the top-down “associative empowerment” of stakeholders (e.g. Leibowitz, 2003). In line with the influential concept of neo-corporatism, the core of the chapter is the idea that associations are mediators of a negotiated order, defined by conflicting interests within a common framework provided by the government. The central principle is *concertation*, understood as negotiation both within and among interest organizations that “mutually recognize each other’s status and entitlements and [...] are capable of reaching and implementing relatively stable compromises (pacts) in their pursuit of their interests” (Streeck & Schmitter, 1985, p. 124). The medium Streeck and Schmitter (1985) term “the associative model” consists principally of mutual recognition or status and entitlements. This does not imply that threats of coercion are completely eliminated within an associative housing order. On the contrary, in cases of breakdown in the negotiated order, associations organized for the pursuit of common interests or the attainment of self-serving ends may use strategic and instrumental action based on the “intensity and magnitude of their preferences and interests” (p. 124).

Specifically, we are inspired by Bell and Hindmoor’s (2009) influential work *Rethinking governance*, which singles out corporatism as a core mover in associative

governance, defined as “an arrangement in which government works with major interest associations, usually peak bodies representing the collective interests of a particular group, granting them a formal role in policy formulation and securing their cooperation in implementing policy” (p. 164). This research perspective stresses that the costs and benefits of governance through associations “depend, in particular, on prevailing institutional arrangements, especially on the capacities of associations and on the strength and capacity of the state” (p. 163).

The implications of this approach are twofold. First, when associations represent special interests and have high membership density or coverage, effective internal procedures to mediate members' interests, and selective incentives to help mobilize members in collective action, interest group politics need not lead to rent-seeking or economic catastrophe. Second, the state can enhance its policy capacity by incorporating associative governance arrangements for decision-making and policy implementation. Identifying this as “governance *through* associations”, Bell and Hindmoor (2009) emphasize that it requires the state to “share power to a greater degree than any [...] other modes of governance” (p. 174). As the state delegates authority to nonstate actors, this is preconditioned on the state's valuation and assessment regarding which associations possess and can thus contribute valuable resources.

In a number of policy fields, this state-driven corporatism has become an essential part of the “consensual” (Lijphart, 1999) character of the Nordic political systems, which are characterized by a strong state apparatus and a vigorous civil society (Trägårdh, 2007). This unusual combination of negotiated orders facilitates “the institutional and privileged integration of organized interests in the preparation and/or implementation of public policy” (Christiansen et al., 2010, p. 26). By stressing the special interests of fee-paying members, mediating organizations highlight the plurality and diversity of the possible ends pursued by government, and by stressing the voluntary nature of membership and formal independence from state control, they also allow privileged associations to enter intricate negotiation-seeking compromises via corporative channels at both the central and local levels of business and politics (Rokkan, 1981).

The processes of *participation* are thus primarily to be understood as the *bottom-up* organizing of special interest groups. In contrast, processes of *incorporation* are undertaken *top-down* by state agencies and municipalities, whereby the mediating associations (and their constituencies) are integrated by being granted certain privileges in exchange for duties, binding their rank and file within an umbrella structure. *Associative governance* is thus a mode of governance that involves not pre-given consensus but rather conflict, negotiation, and compromise between mutually recognized actors. In this manner, associative governance offers a vehicle for social organizing, supplementing contract-dominated market competition and legislative regulation by government (Cooke, 2001; Leibotiz, 2003).<sup>2</sup>

Empirically, we focus on how builders, owners, and tenants historically organized themselves to pursue housing interests at both the local and national levels, forming shifting alliances in order to maximize their influence on political decision-making and the administrative implementation of policy (Lund & Marsling, 2022). The data



presented in this chapter has been digested from peer-reviewed research, supplemented by policy documents and committee reports, as well as material published by the interest organizations themselves, particularly in relation to tenure, migration, and housing governance.

The chapter contains three sections that offer introductions to major changes in housing policy and the organization of related interests, with particular emphasis on conditions for participation and incorporation into governance in Denmark compared with similar roles played by associations in the other Nordic countries. We begin by sketching associative procedures of tenure and housing governance during the rough period 1850–1945, outlining how self-organized guilds and other special interest organizations competed for public recognition, especially at the municipal level of politics. In this period, we argue, domestic migration and collective action filled the governance gaps left by the demolition of traditional rural communities and the overcrowded urban neighborhoods. Not until World War II, however, did governments systematically incorporate representative umbrella organizations, thereby mediating negotiated orders of integrative community planning based on the ideal of equal treatment for homeowners and tenants. In the heyday of state-driven corporatism around 1946–1985, no major housing initiative could be implemented without the active involvement of state-recognized and state-incorporated umbrella organizations. From the mid-1980s, the deregulation of housing markets and migration from abroad weakened long-standing interest groups' domination of associative housing governance. Policy participation by umbrella organizations was not abandoned altogether, but it was reorganized through mergers, professionalization, and the delegation of tasks to local tenure representatives acting in tandem with municipal agencies.

### **Associative housing governance before 1945**

During the 19th century, the Nordic countries were highly segmented and polarized, both socially and geographically. Each community acted as a relatively independent entity, governing itself in a paternalistic fashion within long-standing traditions of loyalty to God, the crown, and local norms (Meyer, 1949). Two other associatively governed bodies regulated community life: the parish church congregation and the municipal council. Both of these promoted consensual “communalism” (Jansson, 1987) within bylaws negotiated situationally inside a flexible framework issued by absentee state authorities. Living closely together in isolated enclaves largely prevented free-riding behavior and other negative externalities (Dahlman, 1980). Consequently, central government was able to delegate a wide variety of public service tasks to the municipal level of administration, which was loosely supervised by regional agencies.

In 1850, more than 80 percent of the Danish population lived outside of urban areas, and one-third of the peasantry tended land for absentee landlords. Only gradually did tenured and owner-occupied family farms become the dominant housing format. An important facilitator of the creation of a competitive and commodified real-estate market was the cooperative mortgage unions (*kreditforeninger*),

which were recognized by the government and incorporated to provide long-term, low-cost loans based on mutual liability among peers. Before these self-organized financial institutions became recognized by the authorities, tenant farmers would usually have to obtain loans from the very property owners with whom they were negotiating the price of the house and land. This dependency on farmers' former masters was lessened by the advent of cooperatives (Møller & Nielsen, 1997), which also included savings and loans, dairies, and slaughterhouses, and which were open to smaller and larger homeownership farmers.

Parliamentary government defined home ownership as the central vehicle for state-recognized participation in either business or politics. The limited voting rights excluded most of the smaller landowners and all of the landless laborers. Heated disputes over political representation inspired the formation of voluntary associations that acted as "associative schools of democracy" (Johansson, 1952). These voluntary associations addressed tenure and governance issues related to the enclosure of common land, temperance, education, and other matters suitable for associative governance by "committees with overlapping membership" (Barnes, 1954, p. 52).

However, the dismantling of village communities and the enclosure of the commons left former tenants who were unable to buy their own land with a tough choice between serving large- and medium-sized landowners as hired hands or migrating away from their birthplace. The more daring went abroad, especially to the American frontier, bringing their associative heritage along with them (Uslaner, 2008). But the majority stayed closer to home. Some tried their luck in larger towns as unskilled labor, or found livelihoods in the pioneering station towns (*stationsbyer*) established along the newly constructed railway lines; others became smallholders (*husmænd*), organizing themselves in self-governed cotter colonies (Erichsen & Tamm, 2014). The ways in which resettlement and homesteading took place in Denmark offer an exemplary illustration of the early development of associative housing governance and tenure mobility in Scandinavia.<sup>3</sup>

### *Municipally driven corporatism*

From the time it was established in 1849, the Danish parliament debated domestic migration, framing it as "the population question" and "the hunger for land issue" (Erichsen & Tamm, 2014). Hampered by war and parliamentary stalemate, however, central government could do little. Housing issues were delegated to municipal councils in tandem with private entrepreneurs and philanthropic associations,<sup>4</sup> which offered temporary social relief for the needy and favorable loans to skilled workers who wanted to build houses of their own. Beginning in 1889, the Danish state also granted limited subsidies to landless farmhands who could muster a down payment. Small lots were parceled out from larger estates, making room for cotter colonies, usually on marginal land, thus forcing smallholders to work for larger farmers rather than fully dedicating themselves to their own property (Skrubbeltrang, 1952).

Potential homesteaders gradually improved their bargaining position by organizing themselves collectively. Would-be cotters helped each other to build small houses,

constructed in standard formats provided by architects working for help-to-self-help associations. In some instances, these collaborations also included cooperative stores, communal grazing, and peer-to-peer irrigation projects. Larger cotter colonies aimed to become self-sufficient communities, organizing their own elementary schools and other local institutions. Cotter colonies also constituted voters' associations, primarily associated with the social liberal Radikale Venstre party, in order to challenge the yeoman-dominated parish councils (Christiansen, 1948).

Some of the more radical cotters even argued that all arable land should be perpetually rented rather than individually owned. In this fashion, antispeculation ideals rivaled the family-ownership preferences of the gentry and yeomen. A compromise was finally worked out in parliament, resulting in comprehensive land reform in 1919. One of the elements was a subsidized ownership format called *statshusmandsbrug* (Jørgensen, 2019): smallholders could rent publicly financed lots of land and built their own private house on them, thereby reducing the individual costs of initial investments. The explicit condition was that individual proprietors should not pocket any future capital gains. The land belonged to the commonweal, associatively governed on a not-strictly-for-profit basis. Once established as smallholders, most cotters joined the dairies and slaughterhouses organized as cooperatives by larger farmers (see Chapter 5 in this volume), but they hesitated to join the umbrella organizations that coordinated mutual agricultural interests, which were dominated by large- and middle-sized farmers. Instead, the cotters merged their fragmented associations into a nationwide organization of their own, *De samvirkende danske Husmandsforeninger*. Not until 1932 did all representative farmers' associations unite in *Landbrugsraadet*, a mediating association of associations that effectively prevented state intervention in rural housing matters by reserving public control and regulatory measures to municipal governance.

Another option open to domestic migrants was to try their luck as pioneers in settlements along the comprehensive railroad lines constructed between 1850 and 1928.<sup>5</sup> These station towns mixed rural and urban traditions of associative governance. Especially numerous in Denmark and southern Sweden (Enflo et al., 2018), these communities integrated a conglomerate of different lifestyles and housing formats: owner-occupied cotter lots in the vicinity, apartments and boarding houses around the railway station, and single-family houses and small-scale rentals in-between. These hybrid communities flourished as the mobility of commodities and labor increased. The first settlers were traveling journeymen, some of whom found local spouses and set themselves up in trade. Local farmers profited by selling off small lots for semidetached housing at affordable prices, financed by regional mortgage associations and the local savings and loans. Job opportunities attracted both skilled and unskilled workers from nearby towns, while retired farmers also moved in from the rural vicinities. Later, an innkeeper, a postmaster, a medical doctor, a pharmacist, and a veterinarian would arrive and become civic leaders, adding urban organizing repertoires to associative practices of rural origin (Thøgersen, 2007).

Historians have pointedly labeled Danish station towns "associatively governed societies" (Eriksen, 1996): executive power was firmly in the hands of

medium-sized farmers, who were not always willing to include or satisfy the needs of newcomers. Overrepresented as they were on municipal councils, freeholding yeomen governed the churches, schools, tax collection, and social aid. This rural dominance triggered political conflict. In most station towns, a civic association (*borgerforeningen*) became the central institution of associative counteraction, mobilizing conflicting preferences on issues such as elementary schools, electricity, and waterworks. If station town dwellers wanted something done, they had to organize it themselves, in voluntary organizations such as ad hoc action groups mandated to establish private schools, assembly halls, and other projects of mutual interest.

The rural community responded by forming its own meeting places, such as temperance hotels where dancing was prohibited and no liquor was served. Nationwide movements also promoted local branches, but these usually succeeded only when allied with local initiatives. Labor unions and employer associations with strongholds in larger cities had limited followings in station towns, where family-owned building companies created local trade organizations. The latter regulated local competition and acted as social clubs, engaging in charity and leisure activities, and thereby mitigating conflicts between employers and employees. This communalism also enabled local masons, carpenters, and other building tradespeople to collectively compete with larger industrial entrepreneurs based in larger towns. In this piecemeal fashion, voluntary associations became movers in instrumental, religious, social, political, and philanthropic issues (Eriksen, 1996), as associative repertoires from rural traditions merged with urban ways of organizing special interests. Two issues in particular united station towns and their countryside environments: first, the mutual struggle to gain access to as much railroad traffic as possible; second, local patriotism, which sought to defend small town interests in an ongoing rivalry with larger urban communities in the region.

All in all, the number of Danish households situated in urban environments grew markedly, rising from 18 percent in 1850 to 48 percent in 1945.<sup>6</sup> Domestic migration on this scale created housing problems, especially in the capital city of Copenhagen, where newcomers were exploited by greedy landlords, commercial banks, and entrepreneurs who financed and haphazardly erected multistory apartment buildings in the expectation of quick profits. Tenants were poorly organized and usually had to accept one-sided contracts that allowed rent raises every six months or so, forcing the less fortunate to move frequently to less and less attractive dwellings.

Some of the newly established neighborhoods were labeled "slums" from the very start, while others deteriorated gradually. Little regulation was initiated by central or municipal government, and frequent fires and epidemics had greater impacts on housing governance than public planning efforts. Against this backdrop, philanthropic reformers organized voluntary associations in order to assist domestic migrants to build homes of their own, situated on land rented from or donated by municipalities as an indirect social welfare subsidy. Social benefit enclaves of this kind could be organized associatively as nonprofit stockholder companies' or cooperative savings and loans' associations, assisted by cooperative mortgage unions. Participants helped

each other associatively by constructing individual or semidetached homes, financing the purchase of building materials collectively. The ultimate aim of these housing associations was to make themselves redundant once tenants had repaid their loans and transformed themselves into private homeowners (Knudsen, 1988).

These charitable attempts to mitigate the housing shortage and address the population problem were few and far between, however. Jerry-building continued to dominate the urban housing market, resulting in a growing number of low-quality apartment houses. Finally, in 1908, the fast-growing apartment-building business crashed in both Denmark and Sweden. Speculative entrepreneurs went bankrupt, taking subcontractors and commercial bankers down with them, and leaving half-finished sites and massive unemployment in their wake. This crisis fueled an already heated debate within the labor movement (Grelle, 2012): should union representatives create employee-governed cooperatives that aimed not only to reduce unemployment but also to offer homes to working families on a not-strictly-for-profit basis?

The political left dismissed the idea, preferring state subsidies and municipally owned tenements with low rent levels. But this kind of social housing was acceptable to neither liberals nor the political right. Seeking a middle ground, reformist social democrats came up with a compromise, organizing building societies along cooperative lines based on the ideal of help-to-self-help (Bro, 2008).<sup>7</sup> Associatively governed housing cooperatives (*andelsboligforeninger*) gained political momentum during World War I. They acted as political mouthpieces for tenant interests at the municipal level, negotiated rent disputes at mediating tribunals, and lobbied for subsidized housing. The extraordinary crisis years also motivated the social liberal government to appoint nationwide advisory committees on social housing, inviting a few umbrella organizations to participate in consultative roles.<sup>8</sup>

In order to strengthen tenants' bargaining position, in 1917 social democrats organized the first nationwide tenants' organization, *De Samvirkende Danske Lejerforeninger*, in order to participate in publicly framed negotiations with homeowners and landlords. In response to this municipal corporatism, critical syndicalists organized *Lejernes Værn*, which employed more militant tactics. Unification attempts failed due to political rivalry and lack of solidarity across political divides. Consequently, the most consistent and influential umbrella organization in the Danish housing field was *Fællesrepræsentationen af Almene Boligorganisationer* (FO/BL), a union of building societies. This organization pressured both national and municipal decision-makers when the extraordinary housing regulations established for the war economy of 1914–1918 were dismantled by agrarian liberalist governments during the 1920s (Apelroth, 1969). The center-right parliamentarians wanted a return to unregulated market conditions, whereas the left-wing parties argued that surplus generated from subsidized rentals should be reinvested in nonprofit building projects that would primarily – but not exclusively – offer homes to working-class families with limited private savings. The long-term aim was cooperative housing tenure, combining tenant status with collective ownership and organized. It was to be governed by the occupants themselves, who would send elected representatives to regional and national assemblies that would manage housing societies associatively as federalized wholes (Fællesrepræsentationen, 1945).

During the 1920s, the central government did away with most war-related housing subsidies, but not with the municipal corporatism that regulated the local implementation of policy, which was delegated to mediating bodies consisting of representatives of tenants' and homeowners' associations. Nonprofit housing was promoted primarily in Copenhagen and larger provincial towns, where social democrats had municipal working majorities, either alone or in alliance with social liberals. Accordingly, the housing mix and its allocation varied greatly among Denmark's 1,365 municipal units. Not until the 1930s, when the international economic crisis took its toll, did housing become a salient topic on the national agenda. In 1933, a parliamentary compromise was reached, laying out the ground rules for what was to become the *almennyttige boligbevægelse*, a universal, not-strictly-for-profit housing movement (Bro, 2008). But it took another ten years, including a wartime occupation, before this political compromise could be implemented comprehensively and nationwide.

In short, associative governance of the traditional rural kind was gradually mixed with urban guild norms of special interest collaboration, incorporating domestic migrants and other marginalized social groups by channeling conflicting interests into spatial assimilation and associative governance. The Social Democratic Party explicitly preferred rentals, subsidized by the state and run by municipalities, whereas the social liberal parliamentarians wanted to facilitate private ownership, supplemented by social housing at minimal cost to the taxpayer. Not-strictly-for-profit alternatives offered a middle ground, and compromises were worked out that were organized associatively but differently in rural and urban municipalities, paving the way for the state recognition of umbrella organizations of different building housing interests. Against this background, the question is: how did the Danish experience compare with that of other Nordic countries?

### *Organizing housing interests in Scandinavia*

If we contextualize our digest of the empirical data we have gathered regarding Danish housing conditions around 1850–1945, we find more similarities than differences (Hanssen, 1977; Hedenmo & von Platen, 2007; Helle, 2006) – not only with Sweden and Norway, but also with most of the rest of Europe (Pooley, 1992):

- The majority of people lived in segregated and segmented neighborhoods, with limited mobility between different types of housing tenure.
- Housing was commodified on market terms, and mostly privately owned.
- An exodus from rural areas created serious housing shortages in larger towns and cities.
- Conflicting interests dominated the political housing debate, and little state intervention was allowed, except during times of crisis.
- Private ownership was only residually balanced by social housing and not-strictly-for-profit rentals.
- All housing tenure formats included elements of associative governance, but only the not-strictly-for-profit sector did so in a comprehensive fashion that included local, regional, and national organizations.



*Table 6.1* Incorporation of dominating umbrella organizations in Scandinavian housing

	<i>Denmark</i>	<i>Sweden</i>	<i>Norway</i>
Homeowners' organizations	Grundejernes Landsforbund (est. 1907)	Sveriges Fastighetsägareförbund (est. 1910)	Norges Huseierforbund (est. 1912)
Cooperative building societies	Fællesrepræsentationen af Almene Boligorganisationer (est. 1919)	Hyresgästernas Sparkasse- och Byggnadsförening (est. 1923)	Oslo Bolig- og Sparlag (est. 1929)
Tenants' organizations	De samvirkende danske Lejerforeninger (est. 1917)	Hyresgästernas Riksförbund (est. 1923)	Norges Leieboerforbund (est. 1939)

In other words, before World War II, no specifically “Nordic model” can be identified in the predominantly market-driven field of housing, which dominated most of the world. It would be more appropriate to talk about a “European” model (Harloe, 1995). However, Denmark, Norway, and Sweden were somewhat special in one important respect: the regulation, control, and subsidization of housing were delegated associatively to local administration in tandem with voluntary associations, many of which united themselves in umbrella organizations and “people’s movements” (Wåhlin, 2003). For example, the farmers’ movement organized family-owned farmers’ interests, and the social democratic labor movement organized its members as workers, voters, tenants, and consumers (Table 6.1).

If we consider the major umbrella organizations chronologically, two interesting observations emerge. First, in all three of the Nordic countries covered in this chapter, homeowners’ organizations were the first to federalize, although none of them did so in a very comprehensive fashion; they were then followed by cooperative building societies, and somewhat later by federations of tenants’ organizations. Second, the Danish organizations were the first to arrive in all three categories, with Sweden coming second and Norway last. Nonetheless, these variations should not overshadow the general fact that from the 1930s onward, all three countries provided full-blown structures for associative governance, inviting state recognition in exchange for the loyal implementation of negotiated orders.

In this process, collective and cooperative housing became a legitimate supplement to private ownership. It was politically accepted – albeit reluctantly by the center right – as a universal alternative (*almennyttten*), and not merely as residually subsidized *social* housing. All over Scandinavia, the well-organized labor movement was instrumental in this development, but it only became politically feasible through negotiation and compromise over principles with social liberal parties. As we have seen in the Danish case, the main drivers of the nonprofit housing societies were union representatives in the building trades, who regarded nonprofit housing as a measure against unemployment. This point of view favored the development of employee-governed building cooperatives and housing societies (Grelle, 2012).



In other parts of the Nordic region, the formative position of skilled builders was weakened by the creation of broader-based *labor* unions (see Chapter 3 in this volume) that favored municipal ownership. But all over the region, the associative *almennytte* succeeded, albeit with somewhat different timings and institutional framings.

Differences can also be found within Nordic countries. Insiders in one municipal order – such as social democrats in the capital cities (Strömberg, 1992) – could be marginalized as outsiders in other municipalities dominated by farmers and their center-right majorities (Kolstrup, 1996). Overall, institutionalized structures of negotiated orders were developed. Thus, there was neither one universal housing model nor one associative governance framework that was expected to fit all communities. Instead, there were a variety of municipally driven collaborations that invited participation from competing interests and allowed for different ways and means. This is particularly notable in the differences between urban and rural housing regimes. In this period, the organization of people's homes was based neither on strict top-down planning nor on the unbroken continuation of community traditions. It was a negotiated mix, with associative governance as the mutual denominator, and presenting *almennytte* as universal (not residual) social housing and poor relief.

This politically flexible third way in co-owned housing tenure gradually gained legitimacy across party lines, resulting in handsome public subsidies negotiated by influential umbrella organizations in tandem with parliamentarians at the national level. However, the subsidies were not necessarily implemented uniformly in municipalities in different parts of the Nordic region. In Sweden, for instance, the tenants' umbrella organization Hyresgästernas Riksförbund created its own nationwide cooperative building conglomerate, Hyresgästernas sparkasse- och byggnadsförening (HSB). The political aim was co-ownership (Lujanen, 2004), bridging the gap between lease-based rentals (*hyresrätt*) and individual and private ownership (*äganderätt*). Co-owned apartments in multistory tenements were organized collectively by the residents and governed associatively by elected boards (*bostadsrättsförening*) that could control expenses and regulate transfers. Speculation in future property gains was prevented by associative and punitive measures. Mobility within cooperative building societies was encouraged, whereas the resale of user rights was limited and had to be confirmed by the governing board (Bengtsson et al., 2013).

All over Scandinavia, tenants' organizations and cooperative housing societies were matched by commercial homeowners' organizations, building trades employers' unions, and guild-like representations of construction professionals such as architects, building engineers, and city planners. Internal rivalries among these interest groups were especially pronounced among entrepreneurs. The main divide in the construction industry was between large and small employers, the latter continuing some corporatist guild traditions that limited competition among local players. When these privileges were abandoned, conflicts erupted between rural and urban building organizations, the former offering cheaper and less specialized services than the latter (Jørgensen, 2019).

Attempts were made to resolve these conflicts by establishing central negotiations over building standards and mutual tariffs, but the large number of small- and medium-sized businesses made standardization difficult. Small- and medium-sized businesses succeeded in improving their competitive position by appealing to local housing authorities, which were traditionally run by municipally driven corporatism and privileged local firms that collaborated in cartel-like trade associations. These clusters of subcontractors, some of them cooperatively organized, helped each other associatively in times of crisis as well as times of plenty (Larsen & Larsen, 2004, p. 23).

Finally, a fundamental conflict set tenants against profit-seeking landlords. At the local level, this led to factions and rivalries among more leftist social democratic organizers, who were competing for members and representatives on the municipal councils and corporatist agencies that mediated rent disputes and allocated subsidies for housing projects. In Sweden, conflicts among local tenants' associations resulted in a markedly centralized umbrella organization. In Denmark and Norway, on the contrary, the tenants' organizations maintained a decentralized structure that was well suited to bottom-up participation but offered limited influence over national housing policy. How this municipally driven corporatism was incorporated by central governments is the topic of our next section.

### **Housing governance around 1946–1985**

During World War II, Denmark and Norway were occupied by Nazi Germany, while Sweden remained neutral and provided a temporary home for numerous refugees. All over the Nordic region, this long-lasting state of emergency took its toll on the rundown housing stock. After the war, consensus was reached across the political spectrum, and publicly subsidized housing became a sturdy pillar of the universal welfare states (Bengtsson et al., 2013, p. 416). The central government was mandated to coordinate housing governance in tandem with municipalities and representative umbrella associations, which were thus included in decision-making and assisted in subsequent implementation. War- and crisis-generated shortages and low housing standards became such central issues in parliamentary politics that the policy field received dedicated ministers and administrative agencies of its own, and they routinely collaborated with special interest representatives.

Politically, housing was no longer treated as a residual philanthropic answer to the “population question”, instead being regarded as a high-priority “welfare issue” (Fællesorganisationen, 1945; SOU, 1945, p. 53). The aim was to rapidly increase the number of dwellings available, without risking the downside of speculative jerry-building. Two questions of national import overshadowed former party-political disagreements: how could employment in the building industry be stimulated, and how could homeowners and tenants be placed on relatively equal terms?

Between 1946 and the mid-1980s, a large number of policymaking committees were initiated by Danish, Swedish, and Norwegian governments, and incorporated umbrella organizations were invited to assist civil servants and parliamentarians with fact-finding and problem-solving.<sup>9</sup> Changing coalitions that crossed special

interests were constituted in order to gain associative clout in policy negotiations, institutionalizing state-driven housing corporatism (Christiansen, 2017). At the local level of administration, the building industry was no longer allowed to operate on the basis of loosely regulated localism. Instead, the allocation of people's homes was regarded as a welfare service on a par with social security, healthcare, and education. Affordable housing of a reasonable standard came to be regarded as a common good of public concern by a working majority of Scandinavian parliamentarians.

In Sweden alone, 100,000 newly built apartments were offered for subsidized rent every year during the period 1966–1975, serving a total population of eight million (Rådberg, 1994, p. 59). The other Nordic countries followed suit, albeit on a smaller scale. Building techniques and planning became increasingly industrialized, paving the way for “total entrepreneurs” who employed unskilled labor rather than specialist construction workers (Larsen & Larsen, 2007, p. 13). The collaboration between the fast-growing building industry and the not-strictly-for-profit building societies maintained a fine balance between private ownership and public guardianship. How this played out can be seen in the example of suburban Denmark, where the boundaries between rural and urban communities become blurred. This made the Danish suburbs well suited to house domestic migrants fleeing agricultural mechanization and inner-city overcrowding – an exodus that was supervised and documented by official policy committees composed of public servants in close collaboration with representatives of state-recognized umbrella organizations.

### *State-driven corporatism*

Three politically regulated subsectors dominated Danish housing in the first decades following World War II:

- Owner-occupied housing (46 percent in 1946, 55 percent in 1983)
- For-profit rentals (44 percent in 1946, 22 percent in 1983)
- Nonprofit rentals (ten percent in 1946, 19 percent in 1983)

The decline in for-profit private rentals was a general European trend, but the continuous growth of nonprofit rentals was a special Scandinavian feature. This development was no longer promoted only in municipalities dominated by the political center left. Shifting governments approved growing quotas of subsidized housing across the board. The official aim was universal access to both rented and privately owned homes. In line with this, planned neighborhoods were designed to offer a mix of dwelling formats embedded in a wide variety of collective services. Guarded and gated communities were few and far between. Suburban communities included owner-occupied homes and rentals, the latter increasingly administered by cooperative building societies.

The suburban neighborhoods shared publicly subsidized kindergartens, leisure facilities, libraries, and free access to municipal schools, integrating children from

different housing backgrounds for seven years or more (Liliegreen, 2015). As transportation infrastructures improved, commuting made it possible to build suburban houses with gardens and/or second homes (*sommerhus*) at a distance from people's jobs within the city limits (Knudsen, 2022). Peripheral lots far from city centers were transformed into nonagricultural "smallholder colonies" (*havekolonier*) of detached houses with hedged gardens (Sørensen & Ravn, 2008). Not only middle-class families but also a growing number of blue-collar families could afford houses of their own, if both spouses were in paid work – especially if they contributed to the construction themselves, assisted by their neighbors and friends.

Cooperative mortgage unions played an important role in these efforts to equalize access to different tenure formats. State-guaranteed loans were offered not only to nonprofit building societies but also to first-generation, small-scale homeowners (*parcelhusejere*), for whom "private ownership" meant 60–75 percent mortgage union debt. The amount of lending depended on political compromises, which were more concerned with employment regulation than with the demands of aspiring homeowners. Shifting governments used their incorporated mortgage unions as vehicles for general financial policy in what critics termed "stop-go interventions" (Møller, 2009). This constrained the independence of lenders and limited competition among mortgage unions, especially when credit was rationed by state decree during recurrent periods of public budget deficit.

Acting under closely regulated financial corporatism, most of the voluntary participation among regular mortgage borrowers became redundant or inconsequential. Ordinary homeowners no longer actively participated in these organizations, instead investing their voluntary efforts in locally situated associations of peers (*ejerlav* and *grundejerforeninger*) that promoted special interests at the municipal level of governance. Shared fences, roads, and sidewalks also motivated mediation among neighbors, and this strengthened associative bonding, reinforced by festive gatherings and shared struggles against external opponents (Sjørsløv, 2007) – many of whom were also collectively organized. As public planning became more invasive in the 1960s, easements (*servitutter*) tended to make membership mandatory. Owner-occupied homes became even more attractive when inflation soared (Øllgaard, 2011).

At the national level, homeowners split their umbrella union, *Grundejernes Landsforbund* (established in 1907), in two: the tenement owners remained in the old associations, while owner-occupiers created their own *Parcelhusejernes Sammenslutning* (established in 1965). The splitting factor was political plans to reduce tax benefits on mortgage interest payments. After heated discussions that led up to a housing and land referendum in 1966, all the major political parties in the Danish parliament – including social democrats, many of whom had become homeowners themselves – shied away from trespassing on owner-occupiers' housing rights and privileges. Accordingly, handsome tax deductions and increased productivity in the building industry made it possible for not only affluent households but also blue-collar workers to own their own homes at inflated – and state-subsidized – rates.

The outskirts of larger towns, notably, were not only melting pots of self-organized, homeowner neighborhoods but also attractive building sites for high-rise

apartment houses organized collectively as rentals. The formerly competing tenants' associations merged into a united umbrella organization: *Lejernes Landsorganisation* (LLO, established in 1966), which collaborated closely with FO/BL. Shifting governments had already routinely incorporated FO/BL into political decision-making and implementation (Olsen, 1999). The supply, amount, and allocation of subsidies were regulated corporately through annual housing quotas, which formally were defined by parliament but in practice were negotiated by stakeholder organizations in a corporatist fashion and then implemented by municipal agencies. Consequently, a third umbrella organization – the association of municipalities, known as KL – worked closely with FO/BL and LLO to frame Danish housing priorities at the national and local levels.

One unintended outcome of the building boom was a growing gap between the regulated and relatively cheap rents on older apartments and the more inflated rents on newly built apartments. Political attempts were made to force the former to subsidize the latter. This strongly challenged solidarity among tenants, weakening LLO, which was unable to discipline its constituents. Civil disobedience, including rent boycotts, split the tenants' union into struggling factions. Militant protesters challenged the very legitimacy of not-strictly-for-profit housing associations, which they accused of acting as a “popular movement” in name only. Instead, housing activists aligned themselves with oppositional groups among building employees, initiating wildcat strikes (Mikkelsen et al., 2018).

Acting on advice from the Ministry of Housing, LLO, FO/BL, and KL, a political majority in the Danish parliament attempted to dampen these militant protests by initiating incorporated democratic participation (*beboerdemokrati*). Instituted by law, this form of associative governance was managed by residents' elected representatives and supplemented by “empowerment programs” (Betænkning 655, 1972), including mandatory user boards and general assemblies (*beboermøder*). According to research-based evaluations (Jensen et al., 1999), one-third of Danish tenants took active part in one or more of the participation channels on offer, and the democratic procedures improved tenant satisfaction among even the more passive tenants. Nonetheless, extraparliamentary protests continued (Schultz, 1977). Grassroots initiatives also protested the demolition of inner-city housing and its replacement with office spaces (Gundelach, 1980; Mikkelsen & Karpantschhof, 2001). Even more spectacularly, activists took over a vacant military facility in the heart of Copenhagen, turning it into the “free state” of Christiania. Such squatters' movements and extraparliamentary protest groups had little or no inclination to become incorporated into the formal system of national and municipal housing corporatism (Knudsen, 2016).

Furthermore, pressure on the negotiated housing order was no longer coming only from the political left; the center right too criticized state-driven corporatism as illiberal and inadequate. Deregulation and more individual choice in market terms were demanded (Haarder, 1973). The more tangible political results of these confrontations included the legalization of owner-occupied condos (*ejerlejligheder*) and limited equity condos (LECs, *andelslejligheder*). Both types of tenure were organized around mandatory membership of co-owner associations at the

local level, but few of these associations joined their nationwide umbrella organizations, placing them outside of federalist organized and state-driven corporatism.

LECs were politically promoted as an affordable stepping stone from tenancy to private ownership that was especially suited to young families in search of their first permanent home. International comparisons suggested that LECs were a constructive measure to counter segregation and discrimination between the haves and have-nots on the private housing market (Saegert & Benítez, 2005, p. 428). Initially, this third way with regard to housing tenure was especially popular among social liberals. In the 1980s, however, there emerged a broader consensus that favorable loans should be allocated not only to co-owned housing cooperatives built from scratch but also, and more importantly, to tenants who were able to organize themselves and buy their individual apartments collectively from proprietors who wanted to sell.

This kind of co-ownership became an immediate success, striking an associative governance balance between collective and individual interests. First, LEC members had to create a workable majority in order for the collective to make the purchase. Then, they had to negotiate a fair price and other takeover conditions, secure the necessary funds, and finally provide a framework for the future maintenance and administration of the shared property. The associative governance bodies also settled disputes, and residents themselves were usually expected to participate in working weekends, doing odd jobs as necessary for the cooperative as a whole. In some cases, each co-owner had only one vote, no matter how the property was distributed. In other LECs, the number of votes depended on the number of shares owned. Usually, however, consensus was achieved without formal voting, with negotiations continuing until some sort of compromise could be reached (Leach, 2016).

The LEC type of tenure was already popular in Sweden (*bostadsrätt*) and Norway (*boret*). In line with welfare norms, profit-making by individual LEC participants was restricted. The sale of shares was controlled by associative governance and based on standard statutes, including rules and regulations concerning purchase, resale, subletting, and other matters of import to residents and the surrounding environment. Associative governance was supposed to safeguard these principles, placing administrative and financial limitations on market forces. In the longer run, however, it proved difficult to maintain these not-strictly-for-profit ideals, both among Danish LECs and in the rest of Scandinavia (Sørvoll & Bengtsson, 2020).

### *Incorporating housing interests in Scandinavia*

Until the 1990s, the majority of political scientists regarded Denmark, Sweden, and Norway as textbook exemplars of state-driven corporatist governance (Lijphart & Crepaz, 1991), and we do indeed find this to have been the case with housing policy. Built around the ideal of affordable, relatively high-quality housing, umbrella organizations gradually became deeply incorporated into state and municipal decision-making. These housing associations were also entrusted with the implementation of public policy, thereby securing efficiency, legitimacy, and compliance. The inter-Nordic exchange of ideas and political solutions was promoted by



coordinated legislation, study tours, advisory white papers, and regular meetings among related interest organizations (Lujanen, 2004). Formal and informal interactions also contributed to a fair amount of mutual inspiration and institutional isomorphism in the housing field (Bengtsson et al., 2013; Bengtsson & Jensen, 2013).

Researchers in political economy have labeled the Scandinavian welfare regimes “social democratic”, in contrast to the ordoliberalist and conservative corporatism of Germany and Austria (Esping-Andersen, 1989). In terms of housing, however, we consider this label misleading. Until the 1980s, Nordic housing policies were securely built on a consensual framework that encompassed not only left-wing parties but also large parts of the center right. It would be more appropriate to talk about a social liberal housing regime in Denmark (Abrahamson, 2005) and Norway (Aarland & Sørvoll, 2021), whereas until the 1990s, housing policy was more left-leaning in Sweden (Strömberg, 1992). More importantly, all three housing regimes became sturdy pillars of semimandatory welfare state corporatism:

- The majority of people lived in mixed and socially integrated neighborhoods with relatively unrestricted mobility between different types of housing tenure.
- Housing was mostly privately owned but indirectly subsidized by tax incentives.
- The exodus from rural areas was absorbed by urban housing construction projects, many of them professionally planned as coherent suburbs.
- Consensus dominated the political housing debate, and public intervention was allowed, implemented by associative governance at the municipal level of administration.
- Private ownership was deliberately balanced with universal access to not-strictly-for-profit rentals, rather than merely residual social housing.
- All housing tenure formats were organized associatively at the local level and invited to participate at the national level, albeit with somewhat different degrees of enthusiasm and impact.

During the first four decades after World War II, tenure formats were subsidized directly or indirectly by state and/or municipal tax funds, and they incorporated a wide variety of stakeholders including building societies, homeowners, tenants, municipal agencies, professional architects, planners, building engineers, and other experts. Other insiders included social workers, who allocated homes to the needy under the aegis of municipal welfare provision. Another crucial element that made the Scandinavian housing regimes special compared with the rest of Europe was the political goal of universal access to a variety of tenure formats (Kemeny, 2006). Checks and balances among umbrella organizations translated into political privileges handed to both private and cooperative building projects within a framework of give and take that was planned from the top down but implemented from the bottom up. This approach aimed to organize integrated and mixed communities, in contrast to the more polarized and segmented market models found in France, the UK, and southern Europe, for example (Harloe, 1995).

Migration from rural unemployment and rundown city centers toward the fast-growing suburbs was facilitated by state and municipal agencies, which offered



the majority of people opportunities to move relatively freely between different housing alternatives in communities with socially integrated populations (Hanssen, 1978). The provisional housing relief initiated during World War II was politically transformed into permanent planning procedures that the incorporated umbrella organizations took for granted. In this way, state-driven corporatism produced insider and outsider associations (Binderkrantz et al., 2015), including protest groups, rule breakers, and noncompliant entrepreneurs (Vall, 2012).

Administrative reforms created larger municipal units that were able to hire a growing number of civil servants as full-time employees (Nordregio, 2020).<sup>10</sup> These civil servants then created nationwide umbrella organizations of their own. Professionalization reduced diversity among rural, urban, and hybrid municipal communities, enabling local administrators to form a united front. The local right to be different was countered by demands for standardization, equal treatment, and deconcentrated state administration. This motivated municipalities nationwide to act as an organized whole that negotiated associatively with central government.

As advocates for employment and tenants' interests, cooperative building societies were invited to participate in all major housing decisions at the political and administrative levels. In Denmark, FO/BL focused its effort on general demands at the national level, working in close alignment with LLO (Jensen, 1997). Norway's tenant organizations remained relatively weak, in marked contrast to Sweden's HSB, which expanded well beyond its original mandate, establishing production facilities on market terms – that is, influencing not only housing allocation, but also construction and building activities in general. In terms of associative governance, the Swedish tenants' organizations downplayed participation at the local level in order to strengthen collective bargaining on rent issues at the national level. Centralism was furthered by the growing gap between older (and relatively cheap) apartments and the more inflated and expensive rents on newer ones. In the longer run, internal conflicts and civil disobedience, including rent boycotts, splintered the tenants' umbrella organizations into struggling factions. By the same token, organized building workers were torn between the interests of small- and medium-sized companies and larger entrepreneurs. The latter primarily employed unskilled workers to produce high-rise apartment houses, whereas small- and medium-sized firms tended to hire skilled workers for a variety of small-scale projects, mostly related to owner-occupied housing. The corporatist housing authorities politically encouraged the consolidation of the small-scale building trade, while the bricklayers', carpenters', and plumbers' unions aligned themselves with small- and medium-sized firms in political confrontations with "big business", which they accused of greed and negligence (Larsen & Larsen, 2007).

Finally, it should be noted that private homeowners' umbrella associations never became insiders in Scandinavian housing corporatism to the same extent as tenant organizations, which were closely associated with social democratic politics at the national level. However, this did not seriously weaken the political impact of owner-occupied housing interests, which enjoyed tacit parliamentary and municipal support. All over the Nordic region, the political parties (including social democrats) knew full well that it was risky to provoke private homeowners, who

were regarded as a decisive voter segment (Jørgensen, 2019). This became perfectly clear in Denmark during the referendum on housing and land use in 1966, and indeed in Norway seven years later, when the social democratic government had to withdraw its plans to increase property taxes in the wake of popular protests that extended far beyond the Grunneierforbund (Sørvoll, 2011). Such homeowner discontent inspired center-right parties to become more articulately anticorporatist, demanding market-based deregulation of the welfare state in general and subsidized housing in particular (Fonsmark, 1990). How the political discourse challenged state-driven corporatism and associative housing governance is the topic of the next section.

### **Housing governance after the mid-1980s**

Following 40 years of cross-party compromise, the Scandinavian housing regimes were formalized corporatist infrastructures (Strömberg, 1992, p. 146).<sup>11</sup> Little by little, however, social democratic housing dogma was challenged by center-right governments – first in Sweden in 1976–1982, then in Norway in 1981–1986, and finally in Denmark in 1982–1993 – the political legitimacy of housing subsidies and regulation had worn rather thin. Liberals and conservatives warned against government overreach and lack of individual choice. Housing ought to be organized on market terms, critics argued, not as a welfare state vehicle for community building subsidized by tax incentives (Fogh Rasmussen, 1982; Sørvoll & Bengtsson, 2018). Some of these demands for liberalization and deregulation originated from the European Union (EU) and European Free Trade Association (EFTA), which questioned the legitimacy of incorporated housing organizations. In order to reduce obstacles to the free flow of trade and labor, mandatory frameworks for collective action were challenged by individualist and rights-based governance, later reinforced by digital platforms (Almen Modstand, 2022).

However, Scandinavian umbrella organizations proved relatively resistant to change. Collective bargaining continued. Sweden in particular continued its centrally mandated housing regulation, including rent caps organized associatively by tenants' associations and homeowners' representatives. Nevertheless, by the end of the 20th century, public subsidies were reduced and individualized. Consequently, housing-related associations lost much of their former standing as mediators of membership benefits. The corporatist bodies still performed important roles at the municipal level – for example, mitigating conflicting interests – but in terms of advocacy for particular housing preferences, direct access to political decision-making was no longer a given.

The number of municipal units was gradually reduced, enabling more professional public servants to replace voluntary associations. Zoning became a preferred vehicle for community planning, and an unintended side effect of this was fewer mixed neighborhoods and more segmented communities. In most municipalities, the more attractive addresses were systematically reserved for private ownership, while social housing became marginalized. Accordingly, “problem families” dominated high-rise housing projects, which were mainly situated on the outskirts of

suburbs around the larger cities. Thus, municipal self-governance combined with commercial market drivers to produce the segregation of socially segmented neighborhoods (Bogason, 2008). These challenges were deepened by migrants from abroad, who were primarily housed in high-rise apartment buildings dedicated to larger families and situated on the outskirts of larger towns. In addition, unitary housing ideals proved difficult to integrate with the wide variety of cultural, ethnic, and religious traditions (Andersen, 2006; Gustafsson et al., 2017; Søholt & Lynnebakke, 2015).

While welfare state principles based on associative governance had served relatively well to assimilate domestic migration into mixed communities, norms of informal bargaining and trust-based bonding no longer sufficed. Sweden maintained a tradition of open access to newcomers, but Danish governments – whether social democratic or center right – made it more difficult for people from outside the EU to settle permanently in Denmark. We shall now look at the Danish case more closely in order to study the present-day impact of associative housing governance in general and the integration of transnational migration in particular.<sup>12</sup>

### ***Market-driven anticorporatism***

For the periods 1982–1993, 2001–2011, and 2015–2019, Denmark’s center-right governments left the Social Democratic Party in opposition. Slowly but surely, tax-based subsidies were reduced and market-based incentives promoted. Taken together, piecemeal amendments resulted in profound changes in housing governance, including the role of organized interests. Anticorporatism was also promoted by the self-segmentation of formerly mixed neighborhoods, and by tendencies toward free-riding among current and potential members of voluntary associations.

A clear-cut example of these processes – which are often referred to by the shorthand term “neoliberalism” – was the transformation of mortgage unions into corporate lenders rather than associatively governed cooperatives controlled by borrowers. Encouraged by EU directives, these organizations became stockholder companies and were integrated into the private banking sector, with little associative governance left to borrowers. These regulatory changes in lending favored existing homeowners at the expense of first-time buyers. The latter were poorly organized, and few protests were heard in relation to this “financialization” (Schwartz & Seabrooke, 2008). Accordingly, an unplanned redistribution of value from the younger generation to the better-organized older generation followed, while the inflated and speculative accumulation of real-estate wealth escalated economic inequality between senior homeowners and not-yet-owners (Mortensen & Seabrooke, 2008).

Cooperative mortgage unions had lacked vibrant stakeholder engagement for several decades. This made them vulnerable to top-down reorganization and generated little bottom-up protest. Other umbrella organizations resisted administrative neoliberalism to a larger extent, but they could not prevent the 2001 closure of the dedicated Ministry of Housing. Its many corporatist-driven tasks were either abandoned or delegated to municipal agencies.<sup>13</sup> The Danish Ministry of Housing eventually reopened in 2011 when a center-left government came to power. But in the

meantime, vibrant associative governance at the national level became markedly reduced in scope and scale. Umbrella organizations compensated for their lack of hands-on influence by merging and consolidating: the number of housing-related representative bodies to which policy implementation was delegated at the national level fell from 126 in 1983 to 83 in 2020.

Based on a digest of white papers from housing policy committees, we can identify three issues that dominated the housing debate from the mid-1980s onward:

- (Un)equal treatment of homeowners and tenants
- The integration of migrants, who were no longer primarily of domestic origin
- The social gentrification of formerly mixed neighborhoods

These intermingled issues seriously disrupted the prevailing policy consensus over social integration and the quest for equal access to high-quality dwellings. In principle, nonprofit housing was still open to all kinds of people, but the waiting lists grew prohibitively long, particularly for attractive apartments, as local authorities allocated vacant apartments to “multichallenged” families in dire straits. Some of these tenants proved difficult to integrate, especially in cases where ethnic and religious differences created misunderstandings and reinforced prejudices, and the number of non-Danish speakers grew. By the same token, the more resourceful tenants grew tired of waiting for larger apartments and found private home ownership solutions instead. The number of owner-occupied homes increased from 55 percent in the mid-1980s to 63 percent in the early 2020s, primarily due to private rentals being taken over by co-owners as limited equity cooperatives. Municipalities also sold off their apartment houses on LEC terms, thereby reducing the availability of affordable rentals in city centers (Jørgensen, 2019).

Political and media uses of the pejorative word “ghetto” intensified and graduated into official government usage.<sup>14</sup> There was an official “ghetto list” of cooperative housing that met certain specific criteria. Interdepartmental committees (most of them without corporatist interest representation) published reports and recommendations regarding congested urban and residential areas with high concentrations of immigrants. A wide variety of measures for integration and assimilation were proposed, including the privatization of the more attractive rentals and the demolition of up to 30 percent of the high-rise rental blocks – even those in relatively good repair (Mechlenborg & Hauxner, 2021).

Critics of this “antighettoization” policy distanced themselves from the G-word and proposed to replace it with the less stigmatizing term “enclaves”, which referred to isolated (but not necessarily socially deprived) subcommunities surrounded by a general population to which the inhabitants were culturally and/or ethnically unconnected. It was argued that more sustainable solutions could be based on associative governance, user democracy, empowerment, and co-creation (Ljunggren & Andersen, 2015; Skovgaard Nielsen, 2016). Such participatory governance procedures – dubbed *lejerdemokrati* – had worked relatively well in building societies up until the end of the 20th century (Jensen, 1997; Jensen et al., 1999), although skeptics counterargued that “wicked problems” had proved to be more

than the voluntary associations could cope with – especially as growing numbers of resourceful participants had exited to other tenure formats (Bogason, 2008).

In terms of associative governance, migrants brought a wide variety of interactive practices, which were not always easily merged with the historically established consensus norms of Danish *hygge* (Salamon, 1992). Coffee house diplomacy, clan-based decision-making, and loyalty to family rather than to fellow tenants with different backgrounds all proved to be difficult to incorporate into municipal corporatism, where the price for incorporation was collective self-discipline and compromise within associative frameworks of negotiated norms. In addition, language barriers, normative conflicts, and spatial decay tended to create vicious circles where external exclusion and internal isolation promoted each other (Alsmark et al., 2007).

From the mid-2010s, problematic housing enclaves were relabeled “parallel societies” and explicitly contrasted against the ideal of “mixed cities” (Bech-Danielsen & Stender, 2017; Nielsen & Jepsen, 2020). This paved the way for regulatory measures that had consequences for more than 10,000 residents whose current apartments were mandated to be either demolished or sold off as private property. The measures were supported not only by the center right, but also by social democrats and another left-leaning party. Critical research (Christensen, 2020; Frandsen & Hansen, 2020; Nielsen & Jepsen, 2020) warned against “territorial stigmatization” (Wacquant, 2007) and disregard for associative participation, which had formerly been regarded as the very core of Danish housing politics (Fabian & Hansen, 2020). Protests also paved the way for grassroots initiatives such as Almen Modstand, a loose network of action groups that used traditional picketing and litigation, without seeking negotiated compromise or incorporation into municipally driven corporatism.

This bottom-up mobilization in turn challenged the effectiveness and representativity of incorporated umbrella organizations such as LLO and FO/BL. The former allied itself more closely with the municipalities and their mediating organization, KL; the latter lost active and dues-paying members.

Meanwhile, affluent homeowners created “golden ghettos” (Ljunggren & Andersen, 2015), and these were far less politically debated than the “parallel societies” situated in the nonprofit rental sector (Leach, 2016; Øllgaard, 2011). Owner-occupiers’ representatives had the ear of all the governing parties in the Danish parliament, giving homeowner associations plenty of room to act on market-driven premises. One of the unintended side effects of this was that formerly mixed neighborhoods became more socially uniform by virtue of “gentle gentrification” (Larsen & Hansen, 2008, p. 2429). The finely balanced equality of tenure that had been created by state-driven corporatism was also seriously upset by the political deregulation of LECs. Many of these co-owned flats were situated in neighborhoods that had previously offered affordable rental apartments, and their deregulation thus reduced social variety among dwellers. For instance, the municipality of Copenhagen privatized 20,000 publicly owned flats that had formerly been rented to homeless people and other socially challenged tenants (Jørgensen, 2019).

Initially, limits were placed on the profits gained from the sale of LECs. Local associations played a formative role in the implementation of these limitations, but pressure from peers and spillover from the unregulated condo market took their toll on solidarity among buyers and sellers. Spectacular examples of “dark money” and other evasions of the profit limitation rules weakened the legitimacy of the associative governance involved. At first, a parliamentary compromise mandated more external control, but later, the market for LECs was liberalized, and sales were based on commercial valuations performed by real-estate brokers (Leach, 2016).

Accordingly, members of not-strictly-for-profit co-ownership structures gradually turned into profit-maximizing shareholders, thereby excluding less affluent buyers.<sup>15</sup> LEC ownership inadvertently became a source of self-segmentation, as apartments were sold neither on the open market (as would be the case with full home ownership) nor to nondiscriminatory waiting lists based on objective criteria (as was supposed to be the case in nonprofit building societies). LEC ownership was predominantly distributed by word of mouth among peers – hence the critical label “social sorting machines” (Boterman, 2012, p. 15). Peer-to-peer recruitment manifested itself in displacement and social exclusion from formerly more mixed neighborhoods, even though cooperative housing was politically mandated to observe the ideals of affordability, equality, and inclusion. Thus, in the long run, LECs based on mandatory associative governance did not really become an alternative model of affordable tenure to supplement full ownership alongside renting.

Notably, neither disintegration, gentrification, nor other kinds of housing segregation were the result of political decision-making. On the contrary, equal access was still the official position regarding the provision of homes supervised by the Danish welfare state. However, the commodification of formerly rented spaces was market-driven, and combined with anticorporatist norms, it offered representatives of private ownership more political clout while placing tenant associations on the defensive (Andersen, 2006, p. 19). How does this compare with the situation in Sweden and Norway?

### *Reorganizing housing interests in Scandinavia*

The housing regimes of Denmark, Sweden, and Norway did not stand out as markedly different from other European systems until after World War II. From around 1946, a Nordic model (albeit with some variety) was incrementally constructed. Resting on welfare state ideals and political compromises, it lasted well into the 1980s. Then, however, anticorporatist politics in tandem with neoliberal economics pushed Scandinavian exceptionalism toward a market-driven regime similar to the rest of the Western world. In response – and after the breakup of central governments’ special housing departments had weakened the taken for granted their incorporated status – the well-established housing associations experimented with novel forms of lobbyism.

In all three countries, stakeholder involvement and user participation at the local level continued to be politically encouraged by the center left and the center right, even if the latter regarded this primarily as a vehicle for voluntary participation and



individual choice rather than 1970s-style collective action. The price to be paid for this compromise was free-riding behavior and less likelihood that newcomers would organize themselves. Membership-based umbrella organizations still mediated and negotiated on behalf of their constituencies, but their bargaining position, legitimacy, and effectiveness were weakened at the national level. Previously, representative associations had been invited to take part in state-driven *input* corporatism, such as policy formulation and reviews of legislation. Now, governance by association was limited to *output* corporatism at the municipal level, that is, the implementation of rules and regulations defined by central government. Against this backdrop, a growing number of housing researchers have voiced serious doubts about the long-term robustness of Nordic welfare exceptionalism in terms of the ability to offer high-quality affordable dwellings to all kinds of people (Abrahamson, 2005; Leach, 2016; Malpass, 2008; Ruonavaara, 2012). The state-driven de-commodification of people's homes has proven to be more difficult to enforce than nonprofit education, healthcare, or social security. Housing has proved to be "the wobbly pillar under the welfare state" (Torgersen, 1987):

- A growing proportion of the population live in neighborhoods with limited mobility between different forms of housing tenure.
- Housing is mostly privately owned, and less subsidized by tax incentives than previously.
- Migrants – both domestic and transnational – have been concentrated in suburban housing projects labeled "ghettos" or "parallel societies".
- Less political decision-making is allowed to be influenced and implemented by associative governance at the national level of housing administration.
- Access to subsidized nonprofit rentals is treated less as a universal right and more like residual social housing.
- Different housing interests are still represented associatively by umbrella organizations, but they are challenged by a lack of recognition from above and a lack of membership support from below.

In addition, financial markets are placing serious pressure on the Scandinavian welfare states. Shareholder-based banks have been granted long-term bond control, where cooperative mortgage unions formerly played an influential balancing role in provision of housing. The upside is that losses and foreclosures continue to be minimized by state guarantees, making mortgage bonds "golden investments"; but from an associative governance point of view, the majority of mortgagors no longer associate actively with their financial institutions (Møller & Nielsen, 1997). While any comeback of mortgage unions is prohibited by the rules of EU harmonization, other aspects of international financialization and reregulation have been effectively resisted by Scandinavian housing organizations. For instance, Sweden negotiated a compromise with the EU when its associatively governed rent regulation procedures came under scrutiny, and the lion's share of Danish housing subsidies are deeply embedded in tax issues, which are reserved for individual member states.



An even greater challenge to the particularities of the Scandinavian housing regimes is transnational migration that originates from outside of Europe. In the section above, we presented these problems and their resistance to associative governance in the Danish context. Framed in the passive roles of “villains” and “victims”, diverse multicultural groups found themselves being addressed and talked about in a generalized “us-versus-them” fashion, and this was particularly significant in relation to residents of the so-called ghettos or parallel societies. In this indirect fashion, the long-forgotten precorporatist “population question” resurfaced, but this time, the fragmented subjects who were accused of being the root of the problem did not readily organize themselves around housing matters in the associative manner of domestic predecessors such as landless laborers, cotters, and commercially exploited tenants.

In Denmark and Norway, migrants were encouraged to engage in existing voluntary associations, while Sweden encouraged organizing along ethnic lines to a larger extent. In all three systems, little collective mobilization took place across ethnically defined lines (Hammer & Bruun, 2000). Instead of targeted organizing, the building societies’ and tenants’ associations expected foreign-born migrants to accommodate themselves to associative practices, taken for granted by most Scandinavians. These expectations of universal integration by implicit associative measures may unwittingly have contributed to the making of culturally isolated enclaves rather than fostering diverse and mixed communities. Swedish researchers have mapped 52 state-supported immigrant organizations (Frödin et al., 2021). The researchers found that together with strong links to their countries of origin, self-segmentation was the key reason for these organizations’ limited integration into the Nordic tradition of popular movements, which tends to incorporate members into a commonwealth in collaboration and conflict with other movements. The researchers dismissed the thesis that public subsidies inherently block the pathway to voluntary self-governance, but they did find that generous municipal and state support enables associations to fracture into more subgroups than a limited, dues-paying membership base would otherwise permit. Organizational fragmentation among different subgroups also tends to obstruct attempts to make joint representation in line with the trust-based consensus tradition of Nordic housing governance.

Collective organizing is of course a two-way street, calling for adjustments by established insiders and less established outsiders. Some associative innovations may be facilitated by bottom-up participation and collective protest, such as the use of Facebook and other digital platforms. Extraparliamentary groups have also employed human rights litigation to challenge discrimination in the housing field. But all in all, the well-consolidated umbrella organizations in the housing field have continued their traditional practices, expecting newcomers to adjust accordingly. Local housing organizations have survived both neoliberalization and progressive leftist activism by focusing on implementing policies into socially responsible practices, rather than on militant advocacy. By making themselves useful to local and central administrators, loyally implementing compromises negotiated elsewhere, umbrella organizations have maintained some of their former access to the authorities’ allocation of values on behalf of their active members.

In terms of internal affairs, the Swedish Hyresgästernas Riksförbund centralized its decision-making structures and won from the state the important privilege of negotiating rent levels – not only for its own dues-paying members, but also for all tenants in Sweden. This privilege positioned the voluntary association as an auxiliary agency closely affiliated to shifting governments, but it also made the organization vulnerable to external criticism, including EU litigation (SOU, 2004). Meanwhile, the Danish LLO became more closely incorporated into local government, offering inputs into social service provision and mandatory tenant participation in associative governance as defined by law. The Norwegian Leieboerforeningen was always politically weaker than its counterparts in Denmark and Sweden (Medby & Holm, 2011).

In essence, private ownership has been accepted as the norm all over the Nordic region. Nonprofit alternatives are no longer a universal alternative that is open to everybody, but rather are a residual offered to the socially impaired. These changes in housing governance have brought Scandinavian housing regimes more into line with the rest of Europe, allowing governments to “pursue restructuring strategies that would be less socially and politically acceptable in the absence of an extensive owner-occupier housing market” (Malpass, 2008, p. 16). Compared with Denmark and Norway, Sweden has proved more resilient to neoliberalism and new public management. But even the HSB, the umbrella organization of Swedish building societies, has become more defensive – for example, it has closed down most of its cooperative construction businesses and focused more narrowly on providing individual services, with regard to which it competes with for-profit providers on commercial terms (Bengtsson et al., 2008). Across the board, the representation of collective interests has become more particularistic, in ways and means. This is also the case with associations of architects, social workers, medical doctors, and other formerly reformist welfare professions who used to set the social agenda in Scandinavian housing debates. Instead, real-estate agents, interior decorators, and commercial banks are more frequently portrayed in the media as extrapartisan interpreters of the invisible hand that governs the housing market (Lund & Marsling, 2022).

## **Conclusions**

We started this chapter by quoting a recent Danish minister of housing who pointed to high-quality dwellings as an important force in the modern welfare state. With safe and affordable homes on offer to everybody, social transformations could take place peacefully, turning peasants into a people, it was argued. On the contrary, Nordic research in the field has suggested that the welfare-generating housing pillar in Denmark, Sweden, and Norway has become markedly wobbly of late – that is, it has proven unable to prevent the segmentation and disintegration of the population in general (Abrahamson, 2005; Kemeny, 2001; Malpass, 2008; Olsen, 2012; Torgersen, 1987). This is said to be particularly true for foreign-born residents with low incomes and limited social capital. In principle, all legal migrants are free to

settle anywhere they see fit. But neither coter colonies nor other pioneer communities are freely available, and for all practical purposes, the choice of dwellings for large families with small means has become extremely limited and geographically concentrated. Most non-European migrants are routinely offered suburban flats in high-rise housing conglomerates that were erected in the 1960s and 1970s, some of which are currently labeled “ghettos” or “parallel societies”.

In order to better understand these challenges, we have presented historical lessons from domestic migration organized around associative housing governance, which is now rivaled and discredited by anticorporatist politics. To call this form of housing governance unconditionally successful would be misleading. But in spite of its shortcomings, we do consider that it can have valuable inputs into present-day housing politics, if the aim is still to balance cutthroat market mechanisms and decommodify parts of the housing sector beyond owner-occupied tenure.

Notably, these housing welfare developments did not take place at the same pace and scale all over the Nordic region. Against this backdrop, leading housing scholars have been primarily concerned with the comparative question: why so different? Research-based answers to this question have tended to be grounded in party-political and institutional path dependence (Bengtsson et al., 2013, pp. 402–403). Based on our digest of the research-based literature in Denmark, Sweden, and (to a lesser extent) Norway, we do agree that different paths can be identified, and no single model penetrates housing in all of the Nordic countries. Compared with other European countries, however, the three countries discussed in this chapter do share a number of defining features in terms of building and allocating people's homes (Harloe, 1995). Especially during the period around 1946–1985, one aspect in particular stands out as characteristically “Nordic”: municipally driven corporatism, which placed municipal housing agencies center stage, together with a limited number of incorporated and mediating umbrella organizations that represented conflicting housing interests. Against this backdrop, we find it just as relevant to ask: why so similar?

One, albeit oversimplified, answer might be that there was a strong Nordic exchange of ideas and tenure formats, especially during the formative years of 1946–1985. This cross-national collaboration is clearly reflected in committee white papers on housing policy. Most of the early white papers included comprehensive chapters on the other Nordic countries, which served as inspiration for political decision-making and enabled countries to learn from each other's mistakes and successes. However, this inspirational isomorphism plays a far less prevalent role today, as policymakers have turned their attention elsewhere – for example, to the EU, EFTA, and the Organisation for Economic Co-operation and Development. But in spite of financialization, harmonization, and anticorporatist neoliberalism, it has proven difficult to remove well-established umbrella organizations from the path trodden by housing politics in the Nordic countries. We do not talk about a single housing model across the board, but we do argue that associative governance

of a rather similar style has impacted a negotiated order that balances three historically embedded forms of tenure:

- The majority of the Nordic population are more or less actively organized in owner-occupied housing activities.
- A relatively large minority are offered participation in the governing of non-profit rentals.
- A relatively small minority live in strictly for-profit rentals with little or no access to associative housing governance.

In these processes, umbrella organizations have proven able to translate political representation and legitimacy into bottom-up participation and loyalty – and vice versa. Voluntary officers democratically elected by the rank and file, together with more or less professional and dedicated administrators, have been able to maintain an institutional framework of municipally based corporatism, inviting newcomers into the trust-driven handling of mutual problems and needs. However, this interactive value creation also allows passivity and free-riding – unless the associative infrastructure is constantly maintained in innovative ways, inviting novel kinds of collaboration and negotiation.

In other words, it is not a given that the historically defined relationship between local constituencies and centralized umbrella organizations will always yield attractive results or political outcomes. In the end, financial clout may trump negotiated compromise and public regulation. Consequently, collective organizing must be regarded as a relatively frail remedy in the face of a commodified housing market. Owner-occupied housing in Scandinavia (as in the rest of the capitalist world) has always enjoyed privileges, even without a tight-knit organizational framework of negotiated order. In this manifest and material fashion, it is clearly demonstrated that money and power can beat not only voluntary action but occasionally also state-driven corporatism. Of course, institutionalized procedures of governance by associations do not fully explain all the similarities and differences among the Nordic housing regimes. A host of geopolitical factors also deserve consideration: relatively homogenous populations, generous welfare provision based on progressive taxation, a long tradition of peaceful coexistence with neighboring countries, many years of unbroken parliamentary democracy, etc. (Hilson, 2008). In addition, there are a number of historical affinities and a plethora of economic, social, political, and cultural premises.

All in all, we argue that associative governance has played a key role in the building and allocation of affordable and relatively high-quality homes in Denmark, Sweden, and Norway over time. We find that the finely maintained balance between top-down participation and bottom-up incorporation makes associative governance a relatively long-lasting and flexible vehicle for housing provision – even in times of anticorporatism and market-driven politics. Municipal coordination involving stakeholders has become a given. This is not to be understood as state-driven corporatism in the strict theoretical sense (Streeck & Kenworthy, 2005); it is better

characterized as *privileged pluralism* (Binderkrantz & Christiansen, 2015, p. 109) where an open-ended number of publicly recognized interests may be advocated for on market terms, with only a few joint conglomerates of umbrella organizations taking part by special invitation in political decision-making and program implementation.

Within this framework of stakeholder involvement on demand (Lund & Marsling, 2022), participants may shy away from the governmental strings attached. Recognition by public authorities demands legitimacy and loyalty from a represented constituency, who may not themselves always be satisfied with the compromises that are negotiated. In such situations, intra-associative governance may be jeopardized, resulting in frictions, factions, and frustrations – especially in times of global migration and shared spaces framed by multicultural norms and means. Historically, one valuable remedy against the undermining of negotiated orders has been innovative grassroots initiatives. Currently, we do see some spectacular examples of protest and ad hoc organizing in the housing field, in the face of institutional embeddedness. It remains to be seen, whether umbrella organizations in tandem with public authorities in Denmark, Sweden, and Norway will be able to incorporate, civilize, and govern these conflicting housing interests as associatively as they used to do.

## Notes

- 1 Nordic *folk-* words (e.g. *folkhem*, *folkrörelse*, *folkelighed*, *folkestyre*) can be associated with a plurality of meanings, including the popular, populism, and democratic governance (Götz, 2004; Korsgaard, 2004; Wählin, 2003). The concept of *folkhemmet* was popularized by the Swedish prime minister Per Albin Hansson in the 1920s. Swedish social democrats did not monopolize the term, and similar terminology was also employed politically in Denmark, such as *Danmark for folket* (“Denmark for the people”) and *Andels-Staten* (“the cooperative commonwealth”) (Borgbjerg, 1909; Howe, 1921; Stauning, 1934).
- 2 Explicitly political-science approaches such as this have been rather marginal in housing studies, according to Bo Bengtsson (2009).
- 3 For the period 1850–1945, informative sources include policy decision white papers from Denmark (Befolkningskommissionen af, 1935, 1937; Boligkommissionen af, 1916, 1917; Boligkommissionen af, 1918, 1920; Bygge- og Boligudvalget af, 1946; Indenrigsministeriets Byggeudvalg, 1945, 1945; Indenrigsministeriets Huslejeudvalg af, 1934, 1935) and Sweden (Bostadskommissionen, 1912–1918, 1918; SOU, 1938), supplemented by jubilee publications celebrating the anniversaries of mediating housing organizations. By combining these sources with peer-reviewed research publications, we have generated empirical data for an illustrative analysis of associative governance in the making.
- 4 One particularly influential philanthropic housing organization was the social liberal Egna Hem movement. First organized in Sweden as a remedy to limit emigration (Edling, 1996), it later inspired similar initiatives in Norway and Denmark.
- 5 Thøgersen (2007) claims that except in Norway and Sweden, it is difficult to find pioneer communities similar to the Danish “station towns” (p. 45). In the rest of Europe, novel forms of transportation resulted primarily in the growth of existing urban settlements (Aronsson & Johansson, 1999, p. 31).
- 6 In the period 1850–1945, urbanization grew from ten percent to 42 percent in Sweden, and from 13 percent to 28 percent in Norway (Larsen, 1948, p. 87).

- 7 Arbejdernes Andels Boligforening (Workers' Cooperative Housing Association) and Arbejdernes Kooperative Byggeforening (Workers' Cooperative Building Association) were founded in Copenhagen in 1912 and 1913 respectively. They competed with organizations with social liberal leanings, such as Dansk Haveboligforening (Danish Garden Housing Association) and Københavns almindelige Boligforening (Copenhagen's Common Housing Association).
- 8 For instance, Den Danske Boligkommissionen af 1916 (the Danish Building Commission of 1916) appointed members representing Københavns Kommune (the municipality of Copenhagen), Købstadsforeningen (Market Town Association), De samvirkende Sognerådsforeninger (United Association of Parish Councils), Fællesorganisationen af Landkommuner med bymæssig Bebyggelse (Common Organization of Rural Municipalities with Urban Settlements), De samvirkende Fagforbund (Trade Union Congress), Dansk Arbejdsmandsforbund (Danish Union of Unskilled Workers), Dansk Arbejdsgiverforening (Danish Employers Association), and Fællesrepræsentation for Dansk Industri og Håndværk (Joint Confederation of Danish Industry and Trade). In 1918, a subsequent committee was supplemented by members of the four political parties represented in parliament plus Arbejdernes Andels Boligforening, Arbejdernes Kooperative Byggeforening, Dansk Haveboligforening, and Landsforeningen Bedre Byggeskik (National Association for Improved Building Practices), the latter providing architectural and planning expertise.
- 9 For the period around 1946–1985, informative sources include policy committee white papers from Denmark (Betænkning 141, 1955; Betænkning 161, 1956; Betænkning 187, 1957; Betænkning 364, 1964; Betænkning 395, 1965; Betænkning 432, 1966; Betænkning 458, 1968; Betænkning 655, 1972; Betænkning 734, 1975; Betænkning 981, 1983), Sweden (SOU, 1945, 1947, 1956, 1965, 1974, 1976), and Norway (NOU, 1972, 1973, 1974, 1980a, 1980b, 1981). Most of these publications include contributions from incorporated umbrella organizations and contain digests of housing policy in other Nordic countries. By combining this material with peer-reviewed research publications, we have generated empirical data for an illustrative analysis of housing corporatism in the making.
- 10 In Norway, the number of municipalities fell from 744 in 1930 to 454 in 1967; in Sweden, this figure fell more from than 1,000 to 290 in 1977; in Denmark, it fell from 1,365 in 1965 to 277 in 1970.
- 11 In the rest of western Europe, state-driven corporatism was either long gone or seriously challenged by transnational standardization, which was being promoted by supranational organizations such as the Organisation for Economic Co-operation and Development, the European Free Trade Association, and the European Economic Community. By the end of the 20th century, eastern European governments too had privatized and deregulated their collectively owned housing markets, making commercial commodification the rule and publicly subsidized social housing the residual exception.
- 12 For the period around 1984–2022, informative sources include policy committee white papers from Denmark (Betænkning 1024, 1987; Betænkning 1147, 1988; Betænkning 1195, 1990; Betænkning 1238, 1992; Betænkning 1331, 1997; Betænkning 1397, 2001; Betænkning 141, 1955; Betænkning 1421, 2002; Betænkning 1520, 2010; Betænkning 1569, 2018; *Om Almindelige Betingelser i Bygge- Og Anlægsvirksomhed*, 2018; Betænkning 161, 1952; Betænkning 364, 1964; Betænkning 395, 1965; Betænkning 488, 1968; Betænkning 655, 1972; Betænkning 734, 1977; Betænkning 981, 1983), Sweden (SOU, 1989, 1992, 1996, 2004, 2017, 2022), and Norway (NOU, 1995, 2002, 2003, 2005, 2011, 2017). By combining this material with peer-reviewed research publications, we have generated empirical data for an illustrative analysis of reorganized housing governance.
- 13 Statutory rules and regulations formerly administered by the Ministry of Housing were redistributed among eight different departments, including the newly created Ministry of Integration.



- 14 The first use of the word “ghetto” in relation to segregated housing in Denmark appeared in the media in 1908 (Schmidt, 2021). It was later replaced by references to *enklaver* (enclaves) and *parallelsamfund* (parallel communities) (Andersen, 2006).
- 15 The same trend could be detected in Sweden and Norway, which were already familiar with the LEC format (Sørvoll & Bengtsson, 2020).

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## 7 Savings banks

### From community-oriented associations to shareholder corporations

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#### Introduction

A hundred years ago or more, Denmark was in crisis. Jointly, it was decided to solve some tasks, among other things through the folk high school movement, the savings bank movement, the cooperative movement. People united, wanted to solve things jointly and create common values that nobody owned.... It is something we, among other things, feel is the lifeblood of what we could call the Danish model, the Scandinavian model. It has created a better welfare society than anywhere else. It is what is being contested here.  
(Folketinget, 1989, pp. 6082–6083)

In 1988–1989, the Social Democrat Bjørn Westh, quoted above, took part in a passionate debate in Danish parliament about savings banks. The law he was criticizing would make it legal for savings banks to change from self-governed institutions to joint stock companies (Folketinget, 1988). Danmarks Sparekasseforening (the Danish Savings Bank Association) had lobbied for the change for years. The savings banks had lost market share to the commercial banks, and the association saw the removal of the last legislative difference between savings banks and commercial banks as the only alternative to a slow death. To survive, savings banks should be allowed to change their form of ownership, in order to remain competitive in an imagined future of fierce competition thanks to internationalization and the erosion of sectoral barriers (P. H. Hansen, 2001a, 2007).

Lobbyists from the Danish Savings Bank Association had already convinced all parties in parliament that change was necessary (Skyggebjerg, 2021). What Westh was fighting was the proposed model, not the change per se. It was a matter of the fine details of the last link in a long chain of changes that had removed previous legislative differences between savings banks and commercial banks, and yet, it resulted in a heated debate. One explanation is that participants in the debate represented different readings of the history of savings banks, and thus different perceptions of what it was important for any new ownership model to preserve. They had different ideals when it came to savings banks' organizational form and purpose. Should savings banks be associations, in the old sense of the term "association" as "the action of combining together for a common purpose" ("Association", 2022)?



Or should they be market-focused businesses whose ultimate goal was shareholder profit?

On the one hand, politicians such as Westh perceived savings banks as the outcome of a community-based nonprofit movement in line with the smallholder movement, the folk high school movement, the cooperative movement, mutual mortgage banks, etc., that is, as shared institutions built up jointly over a long period of time for the sake of the common good. For Westh, this represented important values to which he referred to both as the principle of solidarity that underpinned local communities and as “the lifeblood” of the Danish model. What he and other left-oriented politicians feared was general demutualization of nonprofit institutions – the privatization of nonprofit elements in the financial sector and in society more broadly. This would be a theft of what he called “the family silver” and “the region’s money”. In the same vein, the Social Democrat Kjeld Rahbæk Møller talked about savings banks as being borrowed from our children rather than inherited from our ancestors – just like nature – while another Social Democrat, Erling Olsen, pointed to the nonprofit structure and the tradition of robustness economically and morally as worth preserving.

On the other hand, some more right-wing politicians were indifferent to these arguments and had no wish to maintain the distinction between commercial banks and savings banks. They did not perceive savings banks as democratic alternatives. On the contrary, they welcomed the prospect of demutualization that would change self-governing nonprofit institutions into institutions focused on shareholder value. As one such politician remarked, the great-grandparents who had founded the savings banks were all dead, but the children needed to survive (Folketinget, 1987, 1988, 1989).

Generally, the question of what constituted the distinguishing feature of savings banks was open for discussion. For some politicians, the characteristics that were worth preserving were democracy, the large number of small customers, and close customer contact – in short, a tradition of democracy and local engagement. As I will elaborate in later parts of this chapter, it is doubtful whether savings banks could in fact be called democratic institutions from a historical point of view; but during the 1980s, “democracy” referred to the guarantor or customer democracy that many savings banks had introduced following new legislation in 1975. These politicians were in tune with the Danish Savings Bank Association, which repeatedly described the main characteristics of savings banks as customer democracy, local attachment, and decentralized structure – not the fact that they were self-governed institutions with no owners (e.g. Danmarks Sparekasseforening, 1986).

In the end, the politicians in parliament never reached agreement. However, a majority voted to allow savings banks to become joint stock companies. Only the socialist parties that Westh, Møller, and Olsen represented voted against it (Folketinget, 1987, 1988, 1989).

At the heart of this 1980s Danish debate about ownership were different interpretations of the purpose of savings banks. In the rest of the chapter, I trace the historical roots of this debate by digging into the history of savings banks in Denmark. I focus on how savings banks have acted between two organizational repertoires:

savings banks as community-oriented associations working for the common good, and savings banks as market-oriented businesses working for profit for shareholders. I use the term “organizational repertoires” to describe organizational forms that represent the different sets of routines and taken-for-granted perceptions that seem to have defined how savings banks have acted and been perceived by different stakeholders at different times.<sup>1</sup> In this way, the chapter tells a story of institutional change: a story not only about how the focus has changed over time, from patriarchal ideas about help to self-help as the best aid for the poor, to customer democracy, and then to shareholder value – but also about how these different aims and purposes have intertwined.

My main focus is on Denmark, but I compare the history of Danish savings banks with developments in Norway and Sweden in order to interpret Danish developments within their Nordic context.<sup>2</sup> Generally, the questions I seek to answer are as follows. What was the purpose of savings banks at different times? What forms of governance and ownership were prevalent in savings banks, and what was the role of the state? Through these questions, I investigate what the story of savings banks can teach us with regard to this book’s broader discussion of associative governance.

Before I go on to answer these questions, I will first take a moment to define associative governance. In this chapter, this concept represents approaches to governance as the political art of combining together for common purposes. In line with the definition provided in the introductory chapter, I conceptualize associative governance as “relations of negotiation, collaboration, compromise, and institutionalized conflict between nonstate organized interests ... and the state” (p. XX). However, instead of focusing on the state in a narrow sense, I take a broader look at the role of savings banks in society, and I study them as examples of the processual co-constitution and continual intertwining of state, market, and civil society. Thus, I agree with Stephen Bell and Andrew Hindmoor (2009, p. xiv), who see the dichotomy between society-centered and state-centric approaches to governance (or between governance and government) as false. Among the modes of governance they investigate are associations, and they argue that associative governance “occurs when governments or state agencies form governing partnerships with societal organisations or NGOs” (Bell & Hindmoor, 2009, p. 162).

Inspired by this conceptual framework, I discuss the history of savings banks as an example of what associative governance can look like in shifting historical contexts. I present an empirical study of how organizations formed with nonprofit ideals in mind have acted historically and struggled to find a balance between different aims. The study can be read as a story about how savings banks have been a response to and an active part of the development of market society and as a story about the entanglement between market, state, and civil society. In the introductory chapter and elaborated in Chapter 9, this is conceptualized as neocorporatism, which means the ways “in which collectivism was reorganized and rearranged after the dissolution of estate society” (p. XX). Or more specifically, a double process of incorporating and associating took place: incorporating referring to how the state governs civil society by incorporating certain collectives and groups by

giving them privileges and exemptions; associating referring to how civil society promotes its interests in organized groups (see Chapter 9). With these conceptual comments in mind, I turn now to the history of savings banks as an exemplar of practices of associative governance.

### **The early years of savings banks**

In this part of the chapter, I look at the early savings banks and their development during the 19th century. Generally, the problem that the first savings banks were meant to solve was the so-called social question: societal changes had left more people without a safety net in cases of incapacity for work or other misfortunes (cf. Clemmensen, 1985). Thus, the founding of the first savings banks was part of a broader societal trend that included different kinds of local associations working for the socialization and education of common people (Clemmensen, 1987).

#### *Educating the poor: the first generation of savings banks*

The Dutch historian Joost Jonker argues that power and patronage are absent from most histories of savings banks. However, the elites who managed and monitored the early savings banks, mostly on a voluntary basis, were far from disinterested. They were on an ideological mission (Jonker, 2020). As I will show, this certainly holds true in the Nordic countries.

The first Nordic savings banks were formed and controlled by an elite that wanted to fight poverty by creating morally responsible citizens who understood the need to save. Diligence, thrift, and virtue were the keywords; help to self-help to fight indolence, immorality, dishonesty, and intemperance was the plan. In 1809, the aristocratic owner of the Holsteinborg estate founded a local industrial association dedicated to the encouragement of better agriculture, gardening, and domestic industry. The society used methods such as prizes and evening classes, and one year later, it founded Denmark's first savings and loan bank. In this, it was inspired by the German savings and loan banks, especially that founded in Kiel in 1796 by the *Gesellschaft freiwilliger Armenfreunde* (Society for Voluntary Help for the Poor).

The primary purpose of the new savings bank was to encourage local people on low incomes to deposit their money and receive interest in return. However, this first savings bank in the Nordic region also provided loans for investment in tools, livestock, soil improvements, and similar purposes. Its goal was the same as that of other activities of the local industrial association: to encourage industry, in the original sense of the word as diligence. However, the savings bank had a slow beginning, and shortly before his death in 1836, its aristocratic founder expressed disappointment at how few of his employees had used it (P. V Andersen, 2010; Bisgaard & Schiødt, 1910; Lambert-Jensen, 1960).

More immediate success met the city savings banks that followed. In 1816, Odense City Savings Bank opened as a savings and loan bank, again following the German example. This was in contrast to the rest of the city savings banks, which

opened in Copenhagen in 1820, in Aalborg in 1823, and in most other Danish cities thereafter,<sup>3</sup> and which were only for savings, following the British example (Bisgaard & Schiødt, 1910).

The founders of the first Nordic savings banks did not perceive themselves as potential customers. Instead, they provided voluntary work as administrators, sat on self-selected boards, and contributed to equity as guarantors. They were inspired by the Enlightenment, and by the idea that humans were good by nature but that the good must be nurtured and refined through education. In short, the better-off could work for the common good by educating the less fortunate and helping them to establish good ways and customs. It was an ideological mission with practical implications, including for themselves. In Odense, it was no coincidence that the savings bank shared an address with the poorhouse, because an important purpose was to ease the pressure on the poor-law authorities (Maaløe et al., 1931). Helping the poor to help themselves was simultaneously helping local taxpayers.

A pamphlet about Scottish and English savings banks, published in 1820, serves as an example of the patriarchal tone and spirit of the new savings banks. The pamphlet was produced as part of a plan to open a savings bank in Copenhagen. It described common people as throwing away their small surpluses while they were in good health, carelessly spending their money on drunkenness, laziness, gambling, and aspirations toward finery and luxury, instead of saving for their inevitable days of sickness and old age. To change this behavior, decent servants and hardworking workers were invited to save and encouraged to renounce unnecessary things such as coffee and alcohol (Bisgaard, 1920).

The early Danish savings banks built up equity thanks to the difference between the deposit rates and the interest the banks received by placing their funds with the state and the national bank. The Danish state was generally supportive of savings banks, but it stopped accepting their funds when the amount of savings increased beyond expectations, and by the end of the 1850s, the practice had almost completely disappeared. Instead, from the end of the 1830s onward, the savings banks started to lend as an answer to the problem of how to place their funds against proper interest (Bisgaard, 1920; Bisgaard & Schiødt, 1910; Maaløe et al., 1931; K. E. Svendsen & Hansen, 1968).

In Norway, savings banks lent from the very beginning. The first Norwegian savings bank was Christiania Sparebank, founded in 1822. Already in its annual report for 1823, it described how it had been useful as a lending institution and had helped people who otherwise would have had trouble borrowing money. However, also in Norway the early savings bank statutes focused on savings, and the rules regarding lending were less detailed. This reflected a primary focus on savings, at least in principle (O. Svendsen, 2014; Rønning, 1972). In Sweden, lending was also common practice in the earliest savings banks, which often acted as local business banks (Pettersson, 2001).

The state played different roles in different Nordic countries regarding the founding of the first savings banks. The Danish state was a distant supporter of the first savings banks, paying interest on funds and providing exemptions from stamp duty, while the Swedish state was more directly involved in spreading the idea. The

first Swedish savings bank in Gothenburg, founded in 1820, was inspired by plans for a savings bank in Stockholm. This plan was the result of a parliamentary initiative that urged the king to send public servant Carl David Skogman to England to study savings banks. The initiative came after the Swedish parliament had rejected a suggestion for state savings banks. Skogman's publication about savings banks in Scotland and England was later distributed to mayors, bishops, and other officials who were requested to work for the foundation of savings banks (Sommarin, 1940). In Norway, the 1824 Savings Bank Act gave savings banks privileges such as exemption from stamp duty, permission to deviate from usury laws, and permission to receive deposits from orphans and widows under guardianship. The intention was to encourage the formation of savings banks, not to exercise state control (Thue, 2014).

Generally, the story of the first savings banks in the Nordic countries is a story of common interests and collaboration between the state and the founders. It is a story of state support and assistance, not a story of control. The savings banks' incorporation into the state was voluntary and based on mutual interests. Both central and local authorities were highly interested in savings banks because of their double goal: to help to self-help for the poor, but also helping the authorities to spend less on poor relief. In that regard, the first Norwegian savings banks' statutes are interesting as an example of the close connection with the system of poor relief. The statutes stated that diligent depositors could receive letters of recommendation if they were to find themselves in need of support in sickness or old age. The basic idea was that if poor people needed care and support from the public purse, local authorities should treat depositors (the deserving poor) differently than those who had not saved for hard times (Egge, 1972; Nordahl-Olsen, 1923; Rønning, 1972).

The founders and users of the first savings banks were from different social classes, and because the savings banks were meant only for the poor, it was common to determine a limit for individual savings. Growth and profit were not the goal. Any surplus in the savings bank would be retained as equity (the money Westh called "the family silver"), and when there was enough, this surplus could be used to make charitable grants (Clemmensen, 1985). This charitable practice was interesting for local authorities, because the grants were mostly given to local projects. However, it took a while before savings banks began to make charitable grants on a larger scale, and they acted quite differently when they did so. Two examples illustrate this. In Copenhagen, the savings bank spent almost four decades building its equity before awarding its first grant to an employment service (Bisgaard, 1920). In Odense, a diverse granting practice began much earlier, covering a variety of aims including support for artisans' trips to industrial exhibitions, the rebuilding of Viborg Cathedral, prizes for smallholders, working-class housing and charitable organizations. Most grants were local, and the savings bank even contributed to infrastructural projects such as a new bridge and roads (Maaløe et al., 1931).

To sum up, the elite founded and ran the first city savings banks as private initiatives in order to educate the poor to act as morally responsible citizens. In that way, it was a case of patriarchal thinking. The savings banks' founders were supported by and had close relations with the public authorities, with whom they had shared

interests. However, in relation to their primary goal, the savings banks had only limited success in practice. They never reached the poorest; instead, their customers were people who could afford to save and were able to provide proper collateral when borrowing (Egge, 1972). Lending also took on a much more prominent role than intended, with early Nordic savings banks lending money to businesses and local authorities, often before commercial banks did so. In 1845, the savings bank on Funen lent money to the municipality for the first time, a kind of lending that became important in some areas (Bisgaard & Schiødt, 1910).

### *Creating credit institutions: the second generation*

When politicians in the parliamentary debate in the 1980s talked about savings banks as democratic institutions, it seemed as if the patriarchal history of the savings banks had been forgotten. This was probably because other types of savings banks had followed: parish savings banks and farmers' savings banks.

Parish savings banks were small savings banks founded out of a sense of local pride. They represent the roots of the story of savings banks as local institutions working for the well-being of their local (rural) community. Formed from the 1850s onward, parish savings banks accused other savings banks of reluctance to lend to people who were unable to provide collateral in the form of real property. These new savings banks reflected a local need for credit, not only among private customers but also among local public authorities.

The parish savings banks were based on the same moral ideas and patriarchal way of thinking as the city savings banks. However, this time, the initiative came from people such as a local priest or teacher. Often, it was the same people who were behind the local sickness benefit association, the local savings bank, and later the local cooperative – all organizations based on the idea of help to self-help. One example of a founder of a parish savings bank is the teacher N. C. Rom, who referred to the parish savings bank as a helpful and instructive friend counteracting servants' tendency toward play, frivolity, and alcohol. To some degree, parish savings banks were also thought of as institutions who could contribute to the well-being of the local community by giving grants to support education and other deserving causes (Clemmensen, 1985; O. B. Nielsen, 1950).

In Norway and Sweden, parish savings banks came earlier than in Denmark, and they seem to have had even closer connections with the local public authorities, often being founded on their initiative (Berner, 1898; Nygren, 1967; Rønning, 1972; Sommarin, 1942). Indeed, in Norway the local public authorities were so closely involved in the parish savings banks founded before 1850 that these savings banks have been described as a product of local self-government (Rønning, 1972). As in Denmark, municipalities were potential customers and had an interest in grants to help finance local infrastructures (cf. Øksendal, 2022). Overall, the second generation of Nordic savings banks developed in close contact with public authorities, but also with local businesses, not least the farming sector.

The farmers' savings banks were another new type of savings banks, and they laid the groundwork for the perception of savings banks as democratic institutions. They were regional savings banks established as part of the political farmers'



movement and must be seen in connection with farmers' rising political consciousness from the 1840s onward (see Chapter 5).

Denmark's first farmers' savings bank was Den Sjællandske Bondestands Sparekasse (the Zealand Peasantry's Savings Bank), established in 1856. Behind this and later, farmers' savings banks lay an explicit dichotomy between the city and the countryside, and a political goal: the equality and independence of the farmer. As the bank's chair, Carl Christian Alberti, wrote in 1857, the aim was to free peasants from the tutelage of squires, townspeople, and civil servants. According to Alberti, new savings banks were necessary because of the peasants' experience of exclusion from influence, low interest rates, the existing savings banks' preference to invest in city estates and big farms, and the disappearance of the surplus for stakeholders. It was alleged that city savings banks did not listen to peasants' needs or fulfill their requests for loans (Skrubbeltrang, 1959). This was a very strong narrative, even though it exaggerated the problems.

Economically, the Zealand Peasantry's Savings Bank was based on a group of guarantors who had the right to vote in board elections at annual general meetings, whereas the farmers' savings bank founded in Aarhus in 1862 was based on shareholders. However, in both savings banks, the voting system was one person one vote, a system that became common practice in the farmers' savings banks, and later in the cooperative movement more broadly (see Chapter 5). It was a movement that savings banks helped to finance by lending to cooperative dairies, abattoirs, and co-ops. In general, the farmers' savings banks aimed to be more democratic than the city savings banks. However, they still focused on the needs of a specific group, and they were managed by and served the interests of farmers, not smallholders (Clemmensen, 1985; Jensen & Kristensen, 1937; Skrubbeltrang, 1959; Willerslev, 1952).

Both the parish savings banks and the farmers' savings banks were created in opposition to the city savings banks and reflected an unfulfilled need for credit. Where the first generation of savings banks in principle had focused on savings, the second generation were born as credit institutions, reflecting a situation where the development toward a capitalist society and market economy was extending the need for financial intermediaries. However, the credit business never took on the same moralizing character as the savings business (Forssell, 1992). In Denmark, this perceptual difference was visible in the committee that prepared the first Savings Bank Act in 1880. Here, the "savings banks were not conceived as market institutions (that is, financial intermediaries) but rather as social institutions safekeeping and encouraging poor people's savings" as historian Per H. Hansen (2001b, p. 52) writes. He calls this idea utterly false.

Generally, a landscape developed of savings banks of various sizes, geographical scopes, and organizational forms, and the number of savings banks grew rapidly, not least after 1865.

### *Trust, scandal, and new laws: discussing containment and control*

"It is with a savings bank as with a young woman. The less you hear about them the better. Once there appears the smallest stain on their reputation, they are done



for” (Falbe-Hansen, 1878, p. 33). Professor V. Falbe-Hansen wrote this in 1878, when he and others feared a run on the savings banks. In the 1870s, the number of savings banks had proliferated, and with them the quantity of deposits. Indeed, Denmark’s savings banks held the European record in savings per person, and they had become institutions of economic importance on a national level. However, many savings banks did not have much equity, a worrying situation at a time when an agricultural crisis and a worsening economic situation were causing trouble in several savings banks. Together with the emphasis on lending, this led to a discussion about the role and purpose of savings banks (Falbe-Hansen, 1878; cf. K. E. Svendsen & Hansen, 1968).

A general argument in the debate was that the savings banks had abandoned their initial purpose as philanthropic institutions and become more like commercial banks – but without proper administration or financial security. According to Falbe-Hansen (1878), the savings banks had come close to being simply banks, with the only difference that they lacked the banks’ security in joint stock capital. This was considered all the more problematic because their customers – who were from the lower classes – were perceived to be unable to assess the level of security, unlike the more sophisticated bank customers. Common people entrusted a savings bank with their money, based on their faith in the institution and the local elite behind it. This confidence might easily be betrayed and hence might disappear. Therefore, new legislation should force savings banks to enhance their financial security and establish a more professional administration. Some participants in the debate suggested reintroducing a cap on individual savings, while others found the idea of forcing savings banks to go back to an old practice to be a foolish anachronism. Nonetheless, something had to be done about the discrepancy between the savings banks’ societal importance and their way of organizing, which was too often based only on goodwill and voluntary work (Falbe-Hansen, 1878; Levy, 1878; Rigsdagen, 1880; Rubin, 1875).

One participant in the debate was Marcus Rubin, a statistician and later director of the national bank. Rubin suggested that savings banks should become joint stock companies like commercial banks. This was in order to resolve the problem that they took care of enormous sums but were governed by what he perceived as self-selected, irresponsible, uncontrolled boards with no proper statutes, detailed accounts, or equity (Rubin, 1875). He was met with the counterargument that by becoming joint stock companies, savings banks would change their goal, which would become to generate profit for shareholders (Falbe-Hansen, 1878; Hein, 1878). Thus, the discussion about savings banks as joint stock companies was by no means new when it peaked around 110 years later.

What was at stake in this debate was to find a balance between state control and autonomy, and the discussion culminated in 1880 in the first Danish Savings Bank Act. The act had a twofold purpose: to make a clearer distinction between commercial banks and savings banks, and to secure savings banks from collapse to maintain trust in the institutions. This act began a process that changed the role of the state from being a distant supporter of savings banks to controlling and limiting the scope of their business. Among other things, the act introduced a public inspector to monitor savings banks (P. H. Hansen, 2001a; O. B. Nielsen, 1950).

This kind of incorporation happened in Norway and Sweden as well. In Norway, the Savings Banking Act of 1887 established heavier public control mechanisms over savings banks with regard to both management and financial security. Until then, governmental supervision had mainly consisted in approval of plans for the foundation of any new savings bank. However, as in Denmark, in step with the success and proliferation of savings banks, there was a rising awareness of the need for security and control. The state enhanced its control to secure savings banks as institutions that could be trusted, although it did so gently, to keep them independent (O. Svendsen, 2014).

For all practical purposes, the Norwegian law gave savings banks the opportunity to continue as commercial bank substitutes. However, in Sweden, the Savings Banking Act of 1892 was supposed to create a “natural order”, with commercial banks focusing on the need for credit in commercial life and savings banks focusing on the safe management of the public’s savings. Savings banks were supposed to provide safe investments for small-scale depositors in locally limited areas, and they were proscribed from engaging in speculative investment (Pettersson, 2001).

These legislative changes in the Nordic countries happened in a context where Nordic savings banks had become institutions with important roles in granting credit, not least in rural areas (Berner, 1898; Sjölander, 2003; O. Svendsen, 2014). Lending had become important, while the original aim of educating the poor was practiced less than it was preached. The Nordic savings banks had established themselves as savings and loan institutions with close connections to local businesses and local authorities. They contributed to the development of local and regional loan markets, and to economic growth generally. This change was described explicitly in a Danish centenary publication dating from 1910. In this publication, the state-employed savings bank inspector stated outright that the philanthropic aim that had been prevalent in the early days was no longer the savings banks’ most important role. The savings banks had long had economic rather than philanthropic power, and they had become economic rather than philanthropic institutions (Bisgaard & Schiødt, 1910).

The legislative efforts to contain and control the business of savings banks in order to maintain trust in the institution did not prevent scandals. Carl Christian Alberti was the chair of the Zealand Peasantry’s Savings Bank for 33 years before he was replaced by his son, Peter Adler Alberti. In 1901, the latter became the Danish minister of justice, but in 1908, he stepped down after rumors about his economic affairs and misleading accounts at the savings bank. Shortly thereafter he confessed to fraud, embezzlement, and forgery. For more than a decade, he had misused his position, among other things speculating in shares in African goldmines. For the savings bank, the consequences were huge. Both guarantors and depositors lost money and trust in the institution. The savings bank only survived with help from the state and a group of guarantors who provided new equity (Skrubbeltrang, 1959).

This incident revealed at least two things. Firstly, problems in the savings bank had consequences not only for its 900 guarantors, but also for the thousands of people, associations, and organizations that had trusted it. Savings banks had certainly become important societal institutions. Secondly, the Savings Banks Act had not

prevented the loss of millions due to fraud and bad management. Therefore, after a lengthy debate, new legislation in 1919 set out more detailed rules regarding governance and administration. These rules included efforts to draw a sharper line between commercial banks and savings banks. Savings banks were supposed to exhibit risk-minimizing behavior and focus on savings and private customers, which in practice did not prevent them from playing an important role in financing local industry and agriculture. The status of savings banks as self-governed institutions was retained, despite some politicians' wish to allow state- or municipality-owned savings banks (Rigsdagen, 1919; Skrubbeltrang, 1959).

The next Danish savings bank law, issued in 1937, further enhanced the segmentation between savings banks and commercial banks, such that the former were not allowed to deal in shares or foreign exchange, to discount bills of exchange, or to provide cash credit beyond small amounts (P. H. Hansen, 2007). Thus, the savings banks' actions were contained in accordance with the view that their primary purpose was to receive savings. Their success fluctuated with economic cycles, but generally, they thrived; in 1939, Denmark had three times as many savings banks as commercial banks, and savings banks accounted for 84 percent of all commercial deposits. They were what Per H. Hansen (2007) calls a strong and viable alternative to commercial banks.

So, were the early Nordic savings banks market-focused businesses, or were they a kind of association? At first glance, the answer to that question might seem simple. Their explicitly stated goal was to fight poverty. The main idea was to build nonprofit institutions for the benefit of the common good. Savings banks were locally based, and any surplus could be given back to society as grants. This points in the direction of understanding the early savings banks as community-based associations with nonprofit aims.

However, if some kind of equality and a modern understanding of democracy are part of the organizing repertoire of associations, they are not to be found in the early savings banks. These banks' design and ways of thinking were hierarchical and patriarchal. The elite filled and continued to fill the boards. It was simply unthinkable that the poor should participate in the governance of an institution of public utility (Clemmensen, 1985). Even the farmers' savings banks, which claimed to be more democratic than the city savings banks, fulfilled the needs of a specific group.

In general, the story of Nordic savings banks before 1940 reveals that we would miss an important element of the history of savings banks if we would perceive them only as examples of associating, understanding the latter as a process through which individuals come together in order to solve societal problems and pursue common ends by universalizing their own particular interests. The formation of the savings banks was not a case of a uniform group of individuals uniting for a common purpose, and certainly not in opposition to the state. As associations, the savings banks were built on difference between the founders and the users; the elite who founded the earliest savings banks shared interests with the state and local authorities, and acted as their allies. The poor had to be educated to save, in order to maintain the established order.

In other words, in contrast to the early labor movement (see Chapter 4), the savings banks had close relationships with both local and national authorities from the outset, although this did not prevent repeated discussions about the level of state engagement and control (see e.g. P. H. Hansen, 2001b). What generally happened was a process of incorporation in which the state control of savings banks increased in order to safeguard depositors' interests, while still maintaining the savings banks as independent self-governed institutions.

In line with this, in his history of 19th-century Danish savings banks, Niels Clemmensen (1985) describes them as:

A good example of the intertwinement between public and private, with an emphasis on the private, in a period when the state looked with rising sympathy at private initiatives in relation to the resolution of a number of important social tasks.

(p. 15)

## **Structural problems after World War II**

The savings banks' success did not continue during the decades after World War II, when Nordic societies changed with further industrialization and the rise of welfare. In the 1960s, the Danish savings banks had lost market share to the commercial banks. The latter were increasingly targeting private customers, while small savings banks in particular had difficulty servicing their business customers' rising credit needs as companies generally became larger. These challenges were by the savings banks articulated as a structural problem that was seen as the result of mixed societal processes of urbanization, industrialization, centralization, and improved welfare.

In light of the societal changes, the Danish Savings Bank Association set up a committee to look at the future tasks for savings banks. In 1969, the committee wrote a confidential report with a clear message: change was necessary in order to stay competitive. As Morten Boding from the Danish Savings Bank Association said during a course for Nordic savings bank employees in 1970:

It is my impression that in the last years, the savings banks have not paid enough attention to societal developments. In almost all countries, there has been huge economic growth, with several consequences – greater industrialization, accelerating development in the service industry, recession in agriculture and the old trades, changing living standards and consumption habits, etc.

(Boding, 1970)

One of the challenges faced by savings banks was that commercial banks had more favorable private customers, a better branch network, and better marketing. Outside of the challenged agricultural sector, commercial banks had a better hold on business customers, and the societal changes were working to their advantage.

The 1969 report articulated the old objective of savings banks as institutions that worked for the common good by receiving the public's savings; partly to finance investments in small businesses, partly to fulfill depositors' needs when they became sick or old. But this objective was no longer regarded as adequate by the people at the biggest savings banks, and they set the tone within the Danish Savings Bank Association. Just as the savings banks had been formed in response to societal changes, and had contributed to those changes, the authors of the 1969 report argued that new societal changes required a new objective. Profitability became a keyword (Danmarks Sparekasseforening, 1969).

In reaction, many savings banks saw a way forward in mergers and the removal of the formal differences between commercial banks and savings banks. According to Hansen's account of the background to the 1969 report, decentralized institutions were a nice democratic idea, but they were considered economically irrational at a time of growing businesses and a decreasing market share. As a consequence, the number of Danish savings banks fell substantially between the end of the 1950s and the middle of the 1970s, mainly thanks to mergers (P. H. Hansen, 2001a). A first wave of mergers ended with two nationwide savings banks and four regional savings banks plus still many local savings banks. The two nationwide banks soon accounted for half of all savings banks deposits (P. B. Nielsen, 1997).

However, the savings banks were not unanimous in their views. The discourse of necessary change and the Danish Savings Bank Association's active work for mergers was criticized by representatives of small savings banks, who still claimed they played an important role in the countryside (see, e.g., Danmarks Sparekasseforening, 1964). An example is Hjarne Petersen, the director of a small parish savings bank. In 1962, he argued that all the punched cards and electronic brains in the world could not outcompete a savings bank that had no building of its own but operated from a classroom once a week, where the service consisted of cheap credit and a cozy chat in a smoke-filled room at a time of day when nothing would be happening in a big savings banks (P. B. Nielsen, 1997, p. 20). Petersen represented the small savings banks that – even in the 1960s – were open for only a few hours per week and were insignificant in economic terms. The debate was not only driven by economic arguments; it was also about what a savings bank should be. As Per H. Hansen (2000) writes, at this time savings banks “in some instances ... were still considered a mixture of social and financial institutions. They were not – so to speak – profit-oriented in the same way as commercial banks” (p. 223).

H. P. Nipper, director of Sparekassen Nordjylland (the Savings Bank Northern Jutland), is an example of a director expressing a business-oriented standpoint very different from Hjarne Petersen's views. In 1973, Nipper was involved in a controversy about a merger between his savings bank and a big commercial bank. This merger was canceled after pressure from politicians and colleagues. In defense of the merger, he argued that the only thing modern savings banks still shared with the original savings bank idea was the name. Since the surrounding environment barely differentiated between commercial banks and savings banks any longer, a change of name and status was not really the issue. What came first was serving

the local area, and this did not necessarily mean remaining a savings bank. The important thing was not to lose

Our identity, that we, for the benefit of the province, can fulfill our place in the northern part of Jutland alone or in collaboration with other forces. Inherited traditions or acquired aversion to this and that should not stand in the way of resolution.

(P. B. Nielsen, 1997, pp. 26–27)

What Nipper did was to go all in on one element that was often claimed to be an important part of savings banks' identity and purpose: their role as the community's bank. He was supported by the local mayor and board member, who thought a merger between the savings bank and a big commercial bank would prove to be sensible regarding regional development. As he said, "he at least had tried to think northern Jutlandish in this matter" (P. B. Nielsen, 1997, p. 154).

In the history of savings banks, this canceled merger has been seen as a key event, because it shows that in 1973, the perception that savings banks were the opposite of commercial banks was still making mergers between the two unacceptable (P. H. Hansen, 2007). This situation changed profoundly in subsequent decades.

Unlike the unacceptable idea of mergers with commercial banks, mergers between savings banks were encouraged by the Danish Savings Bank Association. Nonetheless, it could still be hard to convince local guarantors to give up their local institution. However, one way to convince guarantors and preserve a sense of loyalty to the local area was to establish a donation fund as part of the merger agreement. This was the case in 1967, when a local savings bank in Lyngby merged with Bikuben, one of the two savings banks that had become nationwide through mergers. On the one hand, the donation fund assured local guarantors that retained earnings from equity would stay local. On the other hand, the foundation became a local public relations instrument, ensuring honorable mentions of the savings bank in connection with the giving of annual gifts (e.g. to local sports clubs) and thus bestowing the savings bank with special status in the local community (P. B. Nielsen, 1997).

In Norway and Sweden too, mergers and the discourse of necessary change were common in the 1960s and 1970s. A representative from Norway told, for example, a Nordic conference in 1976 that Norwegian committees had suggested a new savings bank structure based on mergers in order to resolve problems with insufficient credit supply. However, there was also skepticism. Some people in small savings banks did not like what they perceived as centralization (see, e.g., Danmarks Sparekasseforening, 1976).

### ***Removing legislative differences between savings banks and commercial banks***

Mergers were not the savings banks' only reaction to the challenges caused by structural problems. Another solution was lobbying for legislative change. At the end of the 1960s, the Danish Savings Bank Association perceived the restrictions



imposed by the Savings Bank Act as an obstacle to fair competition (P. H. Hansen, 2000), and in the end the drama around the canceled merger boosted new legislation, allowing savings banks to conduct the same business operations as commercial banks from 1975 onward (P. H. Hansen, 2001a, 2014). This ended all attempts to maintain a legally based distinction between commercial and savings banks where savings banks as nonprofit institutions were not allowed to conduct high-risk banking. Only the difference in ownership structure now remained: savings banks were self-governed institutions; commercial banks were joint stock companies.

Again, the developments ran in parallel in the Nordic countries. In Sweden, new rules abolished the distinction between savings banks and commercial banks in 1969, and as in Denmark and Norway, savings banks went through a process of transformation, including mergers, resulting in fewer and larger savings banks (Pettersson, 2020a). In Norway, legislative changes in 1977 removed the regulatory framework that had aimed for a lower-risk profile in savings banks, and in some local areas, mergers changed the tradition of close connections to the local community. Generally, competition from commercial banks – and among savings banks – rose. This included a break from the previous tradition that Norwegian savings banks – like their Danish and Swedish counterparts – would divide areas between them (Thue, 2014).

In Denmark, the new legislation introduced “customer democracy” in all savings banks. As the Social-Liberal Party’s Dagmar Andreassen said in parliament, the self-selected boards that were common in savings banks may have done well in the past, but they were no longer in tune with the spirit of the age (Folketinget, 1974). Savings banks could now choose between depositor democracy, guarantor democracy, and a combination whereby a board of representatives would be elected by depositors, guarantors, or a combination. A guarantor was now defined as one who had invested a minimum of 1,000 Danish kroner in a guarantor certificate.

The lawmakers’ intention was to democratize, and the Danish Savings Bank Association told its members to take this seriously. Savings banks should not only plan their elections in compliance with the letter of the law; they should also develop real democracy. Otherwise, the association feared a situation like that in Norway, where politicians were considering a system with 50 percent municipal representation on the boards because of low turnout in the depositor democracy (Danmarks Sparekasseforening, 1975).

To sum up, in reaction to societal changes and a decreasing market share, many savings banks felt a need to change to become more competitive through mergers and through the removal of legislative differences between savings banks and commercial banks. This development in the savings bank sector mirrored broader societal trends toward bigger entities, deregulation, and internationalization – which in Denmark included compliance with European legislation after the country joined the European Community in 1973. However, the changes in the sector were also causing tensions. At the core of the discussion were different perceptions of what a savings bank should be. Anders Forssell, a researcher interested in organization, has studied this from a Swedish perspective.



*Modernization – but not everywhere*

In the early 1990s, Forssell (1992) became interested in why savings banks had taken on new values, norms, and attitudes from the 1950s onward, a process he called *företagisering*, meaning “becoming more businesslike”. Writing against the backdrop of the Nordic banking crisis, he pointed out that the traditional image of savings banks – as someone promoting saving through, for example, children’s books about characters called Spara and Slösa (Saving and Sloppy) – had become barely recognizable. It seemed that some savings banks were now providing credit under the motto “expansion whatever the cost”. Many savings banks had become more market-oriented, businesslike, and professional.

However, not all savings banks had followed this trend, and Forssell identified two ideal types. On the one hand, there was the big, modern, merged, and competition-focused regional savings bank, with a wide range of banking products and focused on extending its market share. On the other hand, there was the small, old-fashioned parish savings bank, which took a local perspective emphasizing things such as cohesion, interdependence, and personal relationships. Forssell talked of different mental images and conceptions, and he presented a modern savings bank vocabulary including words such as “businesslike”, “deregulation”, “competition”, “cost-effective”, “customers”, “market”, and “professional” – words that would seem foreign to a small parish savings bank. Forssell concluded that savings banks had changed from associations to business corporations, with competitiveness as the general argument at the expense of philanthropy and general education as goals worth preserving. He saw these changes as examples of a more general process whereby ideas and conceptions from the business world were spreading to all parts of society, including parts that had not formerly been perceived as commercial businesses (Forssell, 1992). This development mirrored the heyday of neoliberalism and belief in the free market.

In Denmark, neoliberalism was also on the agenda, and marketing, profitability, and competition were among the new buzzwords in savings banks. And Denmark too had savings banks that took the kind of attitude toward risk-taking formerly linked to commercial banks’ behavior (Danmarks Sparekasseforening, 1968; P. H. Hansen, 2001a). However, this development was not embraced by all, and some of those who believed that savings banks should stick to risk-averse banking talked of degeneration, accusing specific CEOs of not being “real savings bankers” (P. H. Hansen, 2001a, 2014). In contrast to the dominant, competition-focused narrative that change was necessary, a minority was issuing a counternarrative about the degeneration of nonprofit associations into only-for-profit businesses.

This clash in perception is interesting because the two narratives represented different perceptions of the role of savings banks in society. The dominant narrative represented a view of savings banks as financial intermediaries parallel to commercial banks. The counternarrative represented a view of savings banks as different from commercial banks, including ascribing them a specific role in local and regional development, and describing them as more democratic and morally sound.

### **Contemporary debates and changing ownership**

While in practice it was becoming harder to see the difference between big savings banks and commercial banks, one legislative distinction was still in place: commercial banks were joint stock companies, and savings banks were self-governed institutions. Different Nordic countries handled this issue in different ways.

In Denmark, the law-based difference was removed in 1989 when savings banks were allowed to give up their self-governing status and become joint stock companies. Interpreted as a voluntary act and as the last detail in a longer process of change, and lobbied for by the Danish Savings Bank Association, this move might have been expected to be uncontroversial. However, as I showed in the introduction, the transformation caused debate. For some people, a savings bank becoming a joint stock company symbolized popular culture's final genuflection to big business and urban life, according to Per H. Hansen (2001a). It symbolized the end of ideas about economic democracy and profit-sharing. However, the biggest issue in the debate was not the change to become a joint stock company per se, but the decision about what to do with the retained earnings equity accumulated in the savings banks. Who should control the money?

Westh and others with him perceived retained earnings equity as the local community's money, and there was general consensus that it should not be given to the savings bank's future shareholders. One solution was to transfer the money to a savings bank foundation as shares in the new savings bank joint stock company. In this way, the foundation would become the biggest owner of the savings bank. Another solution was to encapsulate the money in the joint stock company as un-touchable equity that should be used for the common good in case of solvent dissolution (Folketinget, 1988). Once the savings bank was up and running, the money could be used to ensure that the capital adequacy ratio never went below the eight percent required by law. In cases of insolvency, the money should cover deposits and creditors' claims.

In the end, the legislation left room for both solutions, and nine of the 11 savings banks that became joint stock companies during the first years after the new law chose the foundation model. Those who changed ownership structure were the big savings banks, including the two nationwide banks. However, in most of Denmark's 135 savings banks, a transformation was considered irrelevant (J. A. Hansen, 2013; Larsen, 2009).

As mentioned above, savings bank foundations were in part a familiar solution. However, the existing foundations were not commercial foundations but nonprofit gift-giving foundations, and the new construction opened a controversial issue: who should sit on the foundation's board? Should it be dominated by the savings bank that was partly owned by the foundation? Or should the board majority represent people other than the shareholders – for example include representatives from the region?

The Danish parliament ultimately passed a law that meant that the board majority should represent the savings bank. The majority of politicians had been convinced by the savings banks that considered it vital to retain control over the capital

in the new foundations. The whole idea behind the transformation was to gain easier and cheaper access to capital, not to lose control of the capital already available. Therefore, in the words of Lars Eskesen, chair of the Danish Savings Bank Association, the foundation and the joint stock company should be like conjoined twins. Anything other than the joint stock company's full control over the foundation was unacceptable. The primary purpose of the foundation was to work for the benefit of the savings bank by investing in shares when shares were issued. In addition, it could have philanthropic aims as its secondary purpose and work for the common good (Danmarks Sparekasseforening, 1988; Skyggebjerg, 2021). In the end, not all of the new savings bank foundations chose to have an additional philanthropic purpose. Among those who chose not to have such a purpose was the foundation created when Amtssparekassen Fyn (the County Savings Bank Funen) became a joint stock company in 1991.

In Sweden, some savings banks became joint stock companies, while others remained trustee savings banks. As in Denmark, the savings banks' argument for change was based on a wish for easier access to capital and more freedom to engage in new activities – in short, better possibilities for growth. Also as in Denmark, the preservation of essential savings bank traditions and characteristics was stressed in the debate, although that may have meant different things to different people. The big difference between Sweden and Denmark was the formation of Swedbank, which cooperated with and provided services to other savings banks. Swedbank was the result of a merger of 11 regional savings banks – themselves the results of earlier mergers – into one joint stock company in 1990. It became one of Sweden's four largest commercial banks (Petersson, 2020a, 2020b).

The Swedish joint stock savings banks came to be partly owned by foundations, as in Denmark. However, the Swedish foundations had a statutory obligation to prioritize the promotion of the local economy and social development, and to guarantee that profits made through banking remained within the local community (Petersson, 2020a). In Denmark, it was up to the board of each foundation to decide whether to maintain a local focus.

In Norway, savings banks experienced the same challenges as in Denmark and Sweden, with a decreasing market share. However, unlike its Danish sister organization, the Norwegian Savings Bank Association was against the idea of savings banks becoming joint stock companies. As an alternative, it came up with another solution: equity certificates (*grunnfondsbevis*), implemented in 1988. These certificates could be traded on the stock exchange like shares, the owners expected dividends, and the owners were represented on the boards. For an outsider, it might be hard to comprehend the difference between these equity certificates and shares. The important differences were that the equity certificates did not carry the same symbolic for-profit meaning as shares, and that the solution formally allowed savings banks to keep their status as self-governed institutions without owners.

A few Norwegian savings banks issued equity certificates straight away, but the Nordic banking crisis soon destroyed the market. Instead, equity certificates played a significant role in rescuing some savings banks from trouble, and in the

end, the certificates were a success. In the long run, this did not prevent a bank commission from suggesting in 1998 that savings banks should be allowed to become joint stock companies. At that time, the Norwegian Savings Banks Association was still fighting the idea; but a few years later, a major savings bank asked for special legislation to become a joint stock company to ease its merger with an insurance company. It wanted to avoid a complex ownership structure with equity certificates as the basis of the savings bank part and an assurance part based on shares (O. Svendsen, 2014; Thue, 2014; Zachariassen, 2014).

In the end, a foundation model was also established in Norway in 2002, but contrary to the Danish version, it created a clear division between foundations and joint stock companies. And only three Norwegian savings banks became joint stock companies. Many still perceived becoming a joint stock company to be at odds with their values. As for the savings bank that had asked for the legislative change, it soon merged with a commercial bank and became DNB. Based on its roots as the country's first savings bank, DNB (n.d.) today presents itself as Norway's oldest – and largest – private bank.

### *The distinguishing marks of savings banks*

This transformation in ownership structure paralleled a shift in the understanding of what it meant to be a savings bank. Among other things the shift meant that it was no longer a key characteristic that a savings bank should be without owners. This can be seen in the argumentation by the Danish Savings Bank Association in the 1980s, and also in a Norwegian report from 1995, both of which stated that a savings banks' identity could be preserved regardless of institutional form (Thue, 2014). However, this view was not uncontested, and it clashed with the views of those who saw savings banks as part of a culture built around solidarity, and who perceived them as nonprofit institutions that should not be owned by people who would profit from that ownership. Human beings and their democratic rights should be the focus, not speculation and profit (Larsen, 2009).

Generally, as mentioned in the introduction, many talked of customer democracy as a key characteristic worth preserving. In remarks on the proposed Danish law in 1988, it was stated that the current guarantor, depositor democracy, or combination should continue in the form of a shareholder democracy, which presupposed many shareholders, including former guarantors (Folketinget, 1988). Another way democracy should be upheld was through voting restrictions to limit the influence of big shareholders. In general, it was considered important that no single interested party could gain a decisive influence, although this did not prevent the Danish Savings Bank Association from hoping for big institutional investors (see, e.g., Danmarks Sparekasseforening, 1989).

At around the same time as the Danes were debating the new law, Forssell (1988) was talking of the huge changes in Swedish savings banks as a kind of liberation – from traditions, from local geographical limitations, from local social and economic contexts, from local personal networks, from local interests, and from the local world in general. Instead of maintaining these old

“ties”, the savings banks had set off to market, where they obtained resources in competition with other financial institutions. In other words, many savings banks were following broader societal trends in the heyday of neoliberalism and deregulation.

However, according to Forssell (1988), some were still talking about the idea of the savings bank as something that was specific, unchanged, and unique. He concluded that the savings bank idea was much talked about but seldom given any distinctive content. It included a form and a purpose, and its core could be described more or less in terms of savings banks owning themselves and being managed by representatives of society in their users’ interests – in opposition to the commercial banks, which were owned by people and managed in the owners’ interests. Forssell (1998) saw a dilemma in this for modern savings banks, which would experience a discord between how they were conceived and what they did.

To sum up, despite much talk about the savings bank movement, the savings bank tradition, and the savings bank idea, by around 1989 there was no consensus about what a savings bank was or should be. For some, its distinguishing marks were the absence of owners and its status as a nonprofit institution; for others, the marks were local attachment and close customer contact, and for still others, a kind of democracy. However, these features were debatable and changing. As a result, the main distinction was no longer between savings banks and commercial banks. Rather, the main distinction was increasingly between small, local, and regional institutions on the one hand and large national ones on the other, according to Per H. Hansen (2007). The primary dichotomy was no longer commercial banks versus savings banks, but big banks versus local banks.

### ***Growth out of sight of the church tower: after the millennium***

That not all savings banks were doing risk-averse banking became obvious in 2008, when the financial crisis hit. In Sweden, Swedbank stepped in to rescue a number of trustee savings banks (Petersson, 2020a), and in Denmark, the state orchestrated rescue efforts, took over problematic engagements, and liquidated institutions. In Norway, the crisis was not as deep as in Denmark, where it had been exacerbated by some regional savings banks whose focus on growth and risky lending practices had gotten them into trouble when the real-estate bubble burst. Their behavior had deviated very far from the low-risk profile that had formerly been anchored in savings bank legislation and underlined in centenary publications that boasted of no credit losses throughout decades.

After the crisis, a committee investigating the reasons for the deep crisis in Denmark and legal inquiries into collapsed savings banks pointed to the underestimation of risks, insufficient credit management and control, and substantial lending growth. Among the financial institutions that were terminated between 2008 and 2013, there were 30 Danish savings banks – both guarantor savings banks, such as Løkken Sparekasse (Løkken Savings Bank), and savings banks that had changed into joint stock companies, such as ebh bank (Bergenser, 2014; Rangvid, 2013; Skipper-Pedersen & Stenbjørre, 2009, 2010a, 2010b).

One problem in some savings banks had been the close connection between the savings bank joint stock company and the foundation, often with identical boards. As one of the bank directors had explained the rules for the board, the bank had a free hand to invest foundation assets in whatever it liked. In his view, this had included using the foundation as a parking lot for projects that could not be contained in the bank's account books (Fode, 2009). This was not the viewpoint of the authorities, and it turned out that problems in drawing the line between legal and illegal support for savings banks had been widespread among the savings bank foundations. In the aftermath of the financial crisis, several savings bank foundations were blamed for having paid for costs such as directors' bonuses, information technology equipment, board study trips, and branding (Svaneborg, 2010).

This was serious, but the biggest problem had been high-risk behavior in banks acting far from their local areas. Ebh bank can also serve as example of this nonlocal behavior, which was very different from the traditional behavior of savings banks that historically had divided local areas between them, often using the expression that they only covered the land that could be seen from the top of the church tower. As the result of a merger between a savings bank founded in 1858 and a bank founded at the end of the 19th century, ebh bank had indeed traditionally been a local bank with a great impact on its local area, its citizens, and its businesses. For many years, it had focused only on servicing local customers. However, in 2001, it had launched a new strategy with the aim of turning what the management had come to consider a sleepy local bank into a preferred partner for big customers outside of the local community. They had turned the local savings bank into a niche bank focusing on mortgage deeds and property investors (Iversen, 2013; Sandøe & Svaneborg, 2014; Skipper-Pedersen & Stenbjerre, 2009).

This did not mean that working for the local community had disappeared. As late as 2007, the ebh foundation, which owned almost half of shares in the bank, established a project department in order to become a more active local resource. As the chair of the bank and foundation explained, the aim was to work for the benefit of the future local community – to create something to be proud of locally, and to encourage discussions around the questions “what do we want for our region, and what do we wish for the future?” However, much bigger sums went into supporting the bank's growth strategy outside the local community and taking over problematic engagements, rather than into local grants. In 2008, the foundation suspended its payments because of the collapse of the bank (ebh bank, 2011).

Another financial institution that ended its life in a rescue takeover by a state-owned company established in 2008 to clean up after banks in trouble was the guarantor savings bank in Løkken. Like ebh bank, it had seen high growth in lending outside of its traditional area, and a focus on property investments. Huge loans had been provided without proper security checks, and without the local knowledge on which decisions had previously been based (Iversen, 2013; Sandøe & Svaneborg, 2014).

In Løkken, the collapse of the savings bank came as a shock to many local guarantors, just as the collapse of ebh bank shocked many locals and shareholders around Fjerritslev. Some of the local guarantors in Løkken had not understood



what it meant to be a guarantor and had not been aware they could lose their investment. Other guarantors had never imagined that an old and trusted institution like the local savings bank might go bankrupt. For almost 140 years, the savings bank had been perceived as the local community's robust financial institution. The collapse in Løkken was later explained as the result of excessive self-confidence and poor-quality work. Whatever the reason, many customers had trusted the savings bank and invested in guarantor certificates, sometimes in return for advantages such as higher interest rates or free Mastercards, sometimes because they wanted to support a local institution or be part of events in the local community. A guarantor investment of 1,000 Danish kroner was nicknamed "the dinner ticket" because it gave access to an annual dinner with unlimited wine, entertainment, music, and dancing (K. Andersen et al., 2018; Iversen, 2013).

Generally, it seems that some institutions' status as villains of the financial crisis was independent of their form of organization or their historical traits as either commercial or savings banks. General trends of neoliberalism and financialization, which had removed limitations on the conduct of commercial and savings banks alike, were more important. The old idea of risk-averse banking was no longer prevalent in most savings banks, whether they had become joint stock companies or not.

Considering the risky and dispersed lending strategies of certain savings banks before the financial crisis, it would be easy to conclude that the local had lost its importance as the primary area of business for the Nordic savings banks. However, some savings banks maintained close relationships with their regions, not least in Norway. In 2014, when the Norwegian Savings Bank Association celebrated its centenary, its managing director saw the characteristics of savings banks as societal responsibility and work for the common good, the personal relationship between savings banks and their customers, and savings banks' strong bonds with society at large. He pointed to savings banks' crucial role in the development of trade, industry, and growth in local communities and regions, as well as their importance in making better lives for the general public possible through savings, interest, and loans (Thue, 2014). The same year, another book about Norwegian savings banks concluded that local attachments had changed but not disappeared, and that many bigger regional savings banks both acted and perceived themselves as region builders (Zachariassen, 2014). As shown above, even in cases where savings banks (such as the Danish ebh bank) were acting far from home, the development of the local area was still a matter of concern.

At this time, there were three types of Norwegian savings bank, greatly differing in size and local attachment. In the first type, joint stock companies, at least ten percent of the shares had to be owned by a foundation that was obliged to safeguard the savings bank tradition and secure long-lasting and stable ownership. This rule meant the DNB from 2013 could no longer call itself a savings bank, because Sparebankstiftelsen DNB (the Savings Bank Foundation DNB) then owned less than ten percent. The second type was equity certificate savings banks, while the third type was mainly small self-governed institutions. The Savings Bank Foundation DNB was by far the biggest savings bank foundation, and it interpreted its



duty to safeguard the savings bank tradition of working for the common good by giving gifts, mainly in the formative operating areas of the 100+ savings banks that had merged to become the DNB (Thue, 2014). Besides DNB, several savings bank foundations were established after Norway in 2009 adopted a legal framework for savings bank foundations based on the ownership of equity certificates.

Many Norwegian regional savings banks cooperated in the Sparebank 1 Group (launched in 1996), while the Eika Group (formed in 1997) consisted of small savings banks that regarded themselves as continuing the old savings bank tradition with strong ties to the local community (Thue, 2014). However, the image of the Eika Group – or as it was then known, the Terra Group – came under pressure when a subsidiary connected to it sold risky financial products to municipalities. In a nutshell, municipalities that trusted the subsidiary's advice sold a future income and invested some of the money in US subprime derivatives. Their investment failed, resulting in the bankruptcy of several municipalities in 2007 (Løding, 2019). The Terra scandal revealed that small local savings banks could encourage high-risk behavior. It damaged the image of Terra, which later changed its name back to Eika (Thue, 2014).

Generally, and despite the scandal, Norwegian savings banks retained a strong position in the financial market after the millennium; they have even been called the winners of the 1990s and 2000s. In 2014, in his centenary book, business historian Lars Thue wrote that the Norwegian savings banks' form of organization and their strong local and regional anchoring seemed to have been a competitive advantage. However, the Nordic banking crisis around 1990 has also been described as sunset for savings banks in northern Norway, which was severely affected (O. Svendsen, 2014).

Compared with Denmark, Swedish savings banks also seem to have remained truer to the mission to facilitate the long-term development of local deposit and loan markets, serve the public, and support small- and medium-sized businesses. The history of Swedish savings banks has therefore been interpreted as an alternative to the general process of demutualization and financialization. However, since the millennium, the number of Swedish trustee savings banks – which are concentrated in demographically and economically stagnating rural areas – has diminished, while the number of joint stock savings banks has grown (Jonker, 2020; Petersson, 2020a). In Denmark, it has been claimed that the savings banks had already lost their *raison d'être* and distinguishing marks long before some of them became joint stock companies around 1990, due to growth, mergers, rising competition, for-profit goals, and the removal of legal limitations on their business (Møller & Nielsen, 1997).

National differences aside, these interpretations represent different and debatable readings of the savings banks' complex history. Today, there are still institutions called savings banks in all the Nordic countries. It seems that savings banks have survived better in Norway in comparison with Sweden, and even more so in comparison with Denmark. However, to some degree it is a matter of how one defines a savings bank. What are the essential characteristics? A self-governed institution with no owners? An institution focused on savings? A small institution

focused on private or local customers? An institution based on customer democracy and close customer contact? An institution that works for the common good? Or something else entirely?

If a “real” savings bank is a self-governed, nonprofit institution without owners, savings banks have largely disappeared from all the Nordic countries, particularly when it comes to large and economically significant savings banks. If a savings bank can be a bank whose main goals are profit and competitiveness, but which tries to include more-than-for-profit goals in its work in line with some kind of savings bank tradition, the sector is still alive. No matter the definition, savings banks have changed significantly since the first institutions were founded more than 200 years ago.

Generally, there is not much left of savings banks as small local institutions. On the regional level, there are still strong institutions that claim a democratic tradition and focus their work on their region. They sometimes walk a tightrope between commercial and nonprofit aims, but their main focus is on banking as a business. Regionally, they have been supplemented by savings bank foundations of various sizes that play a role in local and regional communities. Many of these foundations retain close connections to the savings banks.

On the national level, many savings banks have become plain commercial banks, and there seems to be little left of the savings bank tradition apart from now-independent foundations such as the Savings Bank Foundation DNB in Norway and Nordea-fonden (the Nordea Foundation) in Denmark. The latter inherited “the family silver” from the country’s biggest savings bank and is today one of the top ten Danish distributing foundations (Fondenens Videnscenter, 2020), contributing to numerous purposes under the slogan “we promote good living” (Nordea-fonden, n.d.). The Savings Bank Foundation DNB presents itself as an independent foundation whose objective is to contribute to philanthropic causes in Norway. It sees itself as continuing the Norwegian savings banks’ tradition of donating “a percentage of its profits to the local communities in which it has operated” (Sparebankstiftelsen DNB, n.d.).

## **Conclusions**

To sum up, during the 19th century, the savings banks’ original goal of educating the poor to become savers was soon supplemented with an important role as credit providers, and savings banks became important institutions not only for their customers but also in society more broadly. Savings banks contributed to the creation of modern capitalist society by fulfilling a role as financial intermediaries (see, e.g., P. H. Hansen, 2001b). The first savings banks were formed before industrialization took off in the Nordic countries, but their development mirrored – and contributed to – a huge transformation of society, both on a very concrete level (e.g. by financing local businesses, infrastructures, and later cooperatives) and by adapting – and contributing – to changing institutional frameworks.

In the second half of the 20th century, societal developments and a rising focus on efficiency, profitability, and growth meant that commercial banks increasingly

became the market winners. In this context, many players in the Nordic savings bank sector felt they had no choice but to change if they were to survive. A process of modernization began with mergers and debates about structural problems, followed by new legislation that removed legally based differences between savings banks and commercial banks, except for the difference in ownership. However, the focus on competitiveness could still arouse strong feelings, and a more business-oriented way of thinking sometimes clashed with the view of savings banks as associations working for the common good in small rural communities.

However, as Forssell (1988) stated at the beginning of the 1990s, the market came more sharply into focus, and some of the ties to the local community weakened. This was not only a question of changes in the savings bank sector but also reflected how the sector had changed alongside society. Savings banks had originally developed in response to the early 19th-century market society and to resolve the so-called social question. That context was very different from the kind of capitalism to which savings banks had been responding in the 1980s, when neoliberalism dominated the financial discourse, and demutualization and a focus on growth and competition had broad appeal.

In response to societal changes, self-government ceased to be a core feature of savings banks. In Norway, however, many efforts were made to avoid turning savings banks into joint stock companies, and in all the Nordic countries, the big savings banks' transformation into joint stock companies was for some symbolizing the end of the savings bank idea because of the focus on profit and shareholder value. Others did not see any important difference between a governance structure based on guarantor democracy and one based on shareholders, and the result was the coexistence of different types of savings banks, albeit with a clear trend toward big corporations focused on commercial aims. Generally, the savings bank sector became divided between what in practice became ordinary banks – sometimes still called savings banks – and small savings banks in rural areas that perceived themselves as alternatives. Especially after 1989, these banking institutions were supplemented by savings bank foundations, to which the task of working for the common good was outsourced to some extent.

On the surface, the history of Nordic savings banks, as described above and outlined in Table 7.1, can be interpreted as a story of degeneration from community-based associations to market-based businesses; from locally based nonprofit institutions with the well-being of the local community at their heart, to risk-seeking businesses with competition, profit, and growth on their mind – sometimes regardless of societal costs, as became perceptible during the financial crisis of 2008. However, there are at least two problems with this narrative. Firstly, working for the common good was never the only goal. The initial aim of help to self-help was always intertwined with other goals, including lowering taxpayers' expenditure on poverty relief and resolving the social question, which in practice meant ensuring the poor would not become a societal problem that might destabilize society. In the farmers' savings banks, the political goals of the farmers' movement were important. Secondly, it is also possible to take a more positive approach and interpret this history as a story about modernization securing savings banks as competitive and

Table 7.1 Savings bank timeline in Denmark

<i>Generation</i>	<i>Triggers and key events</i>	<i>Purposes</i>	<i>Common type of governance</i>	<i>Role of the state</i>	<i>Example</i>
First generation (city savings banks). 1810s onward	Societal changes weakening the social safety net for the poor. Import of savings bank concept based on the idea of educating the poor to save	To solve the social problem by educating the poor, help to self-help	Self-selected boards (patriarchalism)	Distant support	Odense City Savings Bank
Second generation (parish and farmers' savings banks). 1850s onward	Political farmers' movement from 1840s onward	To provide credit for customers in rural districts, independence for farmers	Self-selected boards or guarantor democracy (one person one vote)	Distant support	Zealand Peasantry's Savings Bank
Mature institutions	Savings bank legislation in 1937, emphasizing differences between banks and savings banks	To take care of private customers' savings, risk-averse banking, local/regional focus	Self-selected boards or guarantor democracy (one person one vote)	Control through legislation	Zealand Peasantry's Savings Bank (before it began merging in 1968; part of Savings Bank SDS from 1973)
"Modern" savings banks. 1960s onward	Mergers from the 1960s onward, and new legislation in force from 1975 onward providing equal possibilities for savings banks and banks	The full range of banking. Size perceived as pivotal for fulfilling customers' needs	Guarantor and/or depositor democracy	Liberalization	Savings Bank Northern Jutland
Savings banks limited. 1989 onward	New legislation removing the last difference between banks and savings banks from 1989 onward by allowing savings banks to become joint stock companies	The full range of banking, including profit for owners. Emphasis on growth and competition	Shareholder democracy, or (if still self-owned) guarantor/ depositor democracy	Liberalization	Savings Bank SDS (soon merged to become Unibank and later Nordea)

viable institutions. As stated above, the savings banks' primary motive for changing from self-owned companies to joint stock companies was to avoid being driven out of business.

In addition, it is important to keep in mind that savings banks were never a uniform body and that the line between commercial banks and savings banks was always blurred. The understanding of savings banks as community-oriented associations and commercial banks as market-focused businesses is a dichotomy that simply breaks down when we study the history of savings banks. Savings banks have always been an example of intertwinement and mixture between nonprofit and for-profit goals, albeit with an increasing emphasis on the latter from the 1960s onward.

If we zoom in on the organization of the Nordic savings banks through history, we see that three organizational repertoires have dominated and sometimes overlapped. The first was the elite model. In this repertoire, savings banks were managed by the local elite, often with close ties to municipalities, while the state was a distant supporter. Over time, a process of incorporation took place, and during this process, legislation increasingly emphasized the difference between savings banks and commercial banks. Risk-oriented for-profit behavior was supposed to be left to the latter in a context where the state's key role was to provide a legal framework to maintain trust in the savings banks. This incorporation peaked in Denmark with the 1937 Savings Bank Act.

The second organizational repertoire was the customer democracy model. In Denmark, this was generalized in 1975, although its historical roots went back to the first farmers' savings banks and their system of one person one vote. Despite its democratic aims, it might be argued that this model de facto constituted another elite formation. At any rate, we have to think very carefully about what it means to claim that savings banks were democratic institutions in contrast to commercial banks. In principle, the guarantors, depositors, or a combination via the customer democracy had an influence over the management, but in reality, more often than not the people who got elected were candidates proposed by the management.

The third organizational repertoire was the shareholder model, which after 1989 coexisted with the customer democracy model and was perceived by some as its continuation – with the difference that the board was no longer elected by customers or guarantors, but by shareholders. In both voting systems, voting rights restrictions were thought of as a tool to prevent big investors from wielding decisive influence. However, shareholder democracy is no longer the buzzword in all big Danish savings banks, as became clear in 2021, when two Danish savings banks merged to become Sparekassen Danmark (the Savings Bank Denmark). One of the merging partners had guarantors, the other shareholders. Surprisingly in light of the 1980s debate, the new savings bank chose to continue as a guarantor savings bank. On its new website, the Savings Bank Denmark stated:

From a societal perspective, there is also something “politically correct” – in the best sense of the word – about an organizational structure where there can be no owners that live far away from our local area and earn money in the form of dividends from our local operations.

(Sparekassen Danmark, 2021)

The savings bank thus emphasized the fact that no one outside the local community could make money from it as a positive feature.

When it comes to the Danish savings bank foundations, they can be interpreted as a kind of elite institutions resembling the elite model. In contrast to the Danish foundation Realdania, which inherited a fortune from a former mutual mortgage bank, and the Norwegian Savings Bank Foundation DNB, there is generally no democratic tradition connected to Danish savings bank foundations. Self-selection has again become the norm, and in this respect, they mirror the old savings bank tradition from the days before customer democracy became compulsory. Thus, these foundations do not constitute examples of associative democracy in Paul Hirst's (1994) sense, despite their praiseworthy goals and their work in the public's interest. The foundations have economic power and influence on many levels, and they supplement the state by developing projects for the common good, from playgrounds to museums. However, they are not democratic institutions, despite their goal to give back to society.

Interestingly in this context, Hirst (1994) makes a plea for associative democracy, even though he considers that this form of organizing can favor "the self-interested, the rich and the resourceful ... because they can make most use of the principle of voluntary association" (p. 61). Indeed, Hirst argues that this problem can be overcome. However, his argument is criticized by Veit Bader (2001), who points to a general weakness regarding equality in Hirst's emphasis on voluntary associations. In the history of savings banks, this weakness can be found in the fact that they were formed by an elite and built on the difference between that elite and the savings banks' users, as well as in the way that customer democracy in practice never meant that the common customer or guarantor had substantial influence over the management of the institution.

While neither savings banks nor savings bank foundations can be interpreted as examples of associative democracy, it is worthwhile to return to the broader question of savings banks as examples of associative governance. My discussion above has made clear that savings banks and savings bank foundations have supplemented the state in resolving societal problems and fulfilling changing societal needs, from the provision of trustworthy credit institutions and care for citizens' savings to the giving of gifts to help develop local communities. However, at the same time, they have also caused trouble, as seen in the Alberti scandal and much later during the financial crisis and the Terra scandal, when many savings banks had become proponents of the neoliberal focus on growth and the financialization of society. More than once, the state had to step in with support and rescue operations to secure institutions that had become central to society.

If we look at this entanglement with the state, it is clear that it makes little sense to talk of the state, market, and civil society as separate – and antagonistic – spheres (see the introductory chapter and Chapter 9) when it comes to the history of Nordic savings banks. Unlike the early labor movement (see Chapter 4), savings banks were always in a form of partnership with the state, most often with coinciding goals, and it might therefore be more fruitful to talk of intertwinement, co-development, and co-construction, rather than antagonism, tension, and conflict. The state did not only support savings banks generally; when savings banks got into trouble, the state also stepped in and tidied up after them. Despite their status

as self-owned or shareholder-controlled, savings banks had become too societally important to simply be left to their own devices. The role of the state and the level of state regulation shifted over time, and there is no doubt that savings banks sometimes feared and fought a higher level of state intervention. But the relationship has never been antagonistic.

This means that a fruitful definition of associative governance must emphasize mutual interests, common goals, cooperation, and dialogue among diverse social actors, instead of focusing on conflict. Indeed, the history of savings banks exemplifies the Nordic countries' often-close relationship between the state and associative institutions. To mention just one practical example, the Savings Bank Act that Westh so fiercely debated in the introduction to this chapter was mostly drafted by the Danish Savings Bank Association in close dialogue with politicians and public servants. Negatively, this might be called highly successful lobbying. More positively, it can be interpreted as expressing a common interest in resolving specific societal tasks.

Finally but importantly, the savings banks' story shows that we must avoid a normative interpretation of associative governance as more democratic or sympathetic than other forms of governance. Associative governance is a form of governance with its own advantages and disadvantages, including the lack of control mechanisms that made it possible for some savings banks to engage in risky lending practices, leading to huge financial losses around 2008. However, on a more positive note, savings banks and savings bank foundations have taken on many societal tasks over the years, from providing credit to local business to contributing to sports facilities, community centers, and other local amenities. In this way, they have contributed positively to the development of Nordic welfare societies.

## Notes

- 1 In using this term, I am inspired by the work of Charles Tilly (1993). Although my use here differs greatly from his use of the term “contentious repertoires”, we share an interest in how repertoires of collective action develop and change over time.
- 2 Other countries are also part of the Nordic region. However, for practical reasons, I have excluded them from the history provided in this chapter.
- 3 If we were to include the duchies, the list would include a handful more savings banks established during 1815–1820.

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# 8 Governing economic life

## Organizing large business corporations in Denmark

*Mathias Hein Jessen*

### Introduction

A joint stock Corporation is understood in this law as any business Company in which none of the Participants (Shareholders) are personally liable for the Obligations of the Company, but where each participant is only liable for a commonly produced joint capital (Share Capital). A Company is considered to be a Business Company when its purpose regardless of Form is to gain economic profit for the distribution between the Participants.

(Danish corporate law, 1917, para. 1, as cited in Herschend, 1917, p. 1)<sup>1</sup>

This chapter focuses on governance in and of economic life in Denmark, and particularly on the development, governance, and organization of large business corporations. The chapter holds that the corporation, and the corporate form, is the central organizational driver of capitalism due to its ability to concentrate capital and to distribute and limit risk and liability. For my purposes, a “corporation” is a juridical person (distinct from the natural persons that make it up, such as employees, investors, managers, board of directors) whose investors or participants enjoy *limited liability*, and whose primary purpose – as the epigraph highlights – is to secure economic profit for its participants. Limited liability and economic profit are centrally linked, as limited liability makes the individual investor liable only for the quantity of shares in which they have invested, not for the venture as a whole.<sup>2</sup> This makes it possible to distribute risk and liability, and hence to amass large sums of capital for risky – but potentially very profitable – endeavors.

I focus in this chapter on the large corporation, specifically the publicly listed, limited liability joint stock corporation. This is one of the organizational or corporate forms that are known in Denmark as “capital companies” (*kapitalselskaber*) and are regulated by the corporate law (*selskabsloven*). Capital companies are business entities where trust is placed in the corporation’s *impersonal capital* – as opposed to *personal companies*, where trust is placed in the *persons* who make up the company (Werlauff, 2019, pp. 28–29) – and where investors or members (*kapitalejere* or capital owners, in Danish legal terms) enjoy limited liability (Schaumburg-Müller & Werlauff, 2020, p. 188). Thanks to limited liability, willingness to do

business with a capital company is dependent upon trust in the *company itself* and its assets (as an impersonal structure), rather than on trust in its *personal owners*.<sup>3</sup>

I focus on large business corporations because in my view they not only are central to economic development but also wield significant political influence, and as such, they are part of the associative governance of Danish society. I define large corporations as companies that have more than 250 employees (Iversen, 2022, p. 17) and take the corporate form. This definition also covers large publicly listed corporations where a foundation holds the majority of controlling shares, as well as cooperative corporations with limited liability (*andelselskab med begrænset ansvar*) that in practice have become multinational enterprises (Lundkvist, 2017, pp. 220–222). Many of Denmark’s biggest corporations are controlled by families or foundations that hold the majority of controlling shares in the corporate structure (p. 246).

With regard to Denmark, Lundkvist (2017) argues that it is precisely because the corporation is focused on profit maximization that it is a good measure for the development of capitalism (p. 18). As Lundkvist shows, capital companies went from constituting 46.8 percent of the total turnover of the Danish (private) economy in 1958 to 72.1 percent in 2014, with a corresponding drop in sole proprietorships and cooperative companies (p. 220, Table 8.1). If we include cooperative corporations, in 2014 corporations represented 90 percent of the total turnover, making Danish capitalism a thoroughly “corporate capitalism” (pp. 220–221). This trend continued during the period from 2009 to 2019, with capital companies dominating Danish business, and a corresponding drop in other business forms (Poulsen & Skovrind Pedersen, 2022, p. 31). However, as mentioned above, some of these companies are subsidiaries of conglomerates where the parent company is either a foundation (such as Mærsk, Novo Nordisk, or Carlsberg), a cooperative, or a cooperative with limited liability (such as Arla Foods or Danish Crown) (Poulsen & Skovrind Pedersen, 2022, p. 31). These entities have taken on the corporate form, or control central subsidiaries that are publicly listed corporations, in order to attract investor capital and compete in international markets.

This chapter therefore challenges a number of myths and common conceptions about Danish economic life, particularly the idea that it is dominated by cooperatives and small- and medium-sized enterprises (SMEs). Especially since the middle of the 1990s, Denmark has been characterized by some very big, globally leading businesses that employ a large percentage of the workforce and make up a dominant fraction of Danish exports (Iversen, 2022, p. 17). In narratives and self-understandings of Denmark and Danish economic history, the history of the cooperative movement has strongly prevailed. However, this focus on the cooperative economy tends to omit or neglect the importance of corporations for Danish economic development. The focus on cooperatives and on Denmark as a country dominated by SMEs overlooks the centrality of corporations (Boje, 2020; Iversen, 2022). For instance, the cooperative economy has benefited enormously from investments by corporations. Precisely because of their specific *form*, corporations are much better suited to risky investments and to attracting foreign loans, capital, and investment. The Danish economy in general has moved from what Mordhorst

(2008) terms “decentralized cooperation” toward multinational enterprise. The cooperative economy has moved from locally and decentrally organized cooperatives to national and even global conglomerates, and from cooperative *associations* (*andels-foreninger*) to cooperative *corporations* (*andels-selskaber*). I therefore focus on large, publicly listed corporations, including those controlled by cooperatives (with a multitude of members and investors) and foundations (with boards of directors and investors). Many smaller corporations are formally organized as joint stock corporations but in reality controlled by either a family or a small, tight-knit circle of investors, and are not the focus of this chapter.

After 1990, and especially following Denmark’s entry into the European single market in 1993, the Danish business structure underwent a “dramatic development” toward the dominance of a few big global companies (Iversen, 2022, p. 21). From the 1990s, the corporation became a “universal solution” (Kolstrup, 2022, p. 384): state-owned enterprises turned into share-issuing corporations and were later privatized; the financial sector was corporatized; cooperatives started to issue shares and became corporations, albeit controlled by cooperative entities with limited liability and not necessarily publicly traded (Kolstrup, 2022, pp. 378–475).

It is important to note that this is not the *whole* or *correct* history of Danish economic development. The corporation is nonetheless my focus and prism in this chapter because it has become both the dominant business form and a “universal solution” to a number of governance issues. This has had consequences for the associative governance not only of business entities, but also for society as a whole. I take “associative governance” to mean a form of governance based on “organizational concertation” and characterized by negotiation between mutually recognized parts, which requires reciprocity and mutuality (Streeck & Schmitter, 1985, p. 120, 124). Because the corporation is characterized by the *power of capital* (influence lies with the capital owners, who have a say according to their share of the capital) and *externality* (in principle, both the capital owners and the board are *external* to the corporation), the corporate form contradicts the principles of associative governance. Corporations in this sense denote a form of power or influence based on *economic capital* (Poulsen & Skovrind Pedersen, 2022, p. 31), and Danish business life is dominated by a few dominant shareholders. In the Danish business structure, the dominant shareholders of the biggest corporations also have a lot of influence on many other corporations, meaning a high degree of concentration of economic power. With reference to Piketty (2014), the political influence that comes with this is thus dependent upon wealth and economic possessions (Poulsen & Skovrind Pedersen, 2022, pp. 33–34). This means that since the beginning of the 2000s in particular, there has been a “clear tendency to replace stakeholder capitalism with shareholder capitalism, that is, a sole focus on profitability” (Lundkvist, 2017, p. 15; see also Boje, 2020, p. 44).

Furthermore, Denmark is a small, open economy (Katzenstein, 1985) characterized by a small, tight-knit power elite (Ellersgaard et al., 2015). The large corporations are closely connected to the rest of the power elite, and they are thus central to the general concertation and associative governance of Danish society. This chapter therefore also seeks to include large business corporations as part of the



associative governance of Danish society, beyond the politicians and unions that are traditionally focused on. I will return to the notion of associative governance in and of large business corporations in Denmark, as well as their role in the associative governance of Danish society as a whole, in the conclusion. My premise is that over the last 50 years, and especially since the 1990s, the corporate form has come to dominate Danish economic life, and as a result also Danish political life.

The focus of this chapter is therefore on the history and development of large corporations, the corporate form, and joint stock corporations in Denmark, with some references to and discussion of the relationship with other parts of the Nordic region, particularly Sweden. The chapter is structured around four areas: the principle of *limited liability* as a defining feature of the corporation;<sup>4</sup> the increasing dominance of *capital* in the general assembly; the development of the *externality* of the board; and the development from *personal* to *impersonal* governance and economic relations. As it is beyond the scope of this chapter to tell the whole or complete story of the development of large business corporations in Denmark, the discussion is limited to these (not necessarily equally represented) focus points – limited liability, capital, externality, and impersonality – during three historical periods.

The first period is 1732–1807,<sup>5</sup> when the first joint stock corporations appeared in the form of colonial trading companies. Here, I focus on the initial development of limited liability in these companies, as well as the increasing trend toward *impersonal* forms in the economy, especially with regard to the exclusion of the *person* of the king. The associative governance of the general assemblies enabled the increasing self-governance of corporations within a tight-knit economic and political elite. The second period concerns the development of corporations and the debates around corporate law during 1848–1917. Here, I focus on the struggle between the corporate economy and the cooperative economy – a struggle that the latter ostensibly won, although I will argue that this narrative omits a central facet of Danish economic and political development. I also consider the spread of the corporate form and limited liability, and the increasing power of capital as voting rights were decoupled from shareholding. The third period concerns the growing dominance of the corporate form between 1973 and 2022. Here, I focus on the increasing influence of the European Union (EU), the decline of agriculture and the cooperative economy, and the ensuing rise of large corporations. Contrary to traditional conceptions, since the 1990s Denmark has become a country of large corporations (Iversen, 2022). Furthermore, the corporation has become a “universal solution” (Kolstrup, 2022, p. 384), as witnessed in the privatization and corporatization of state-owned enterprises, as well as the corporatization of foundation-owned enterprises and cooperative corporations. Thus, the principle of limited liability, the dominance of capital, and the principle of externality and impersonality have come to dominate economic life. In the final section, I discuss the development and organization of large business corporations in Denmark in relation to associative governance, both internally within corporations and in Danish society at large. I argue that corporatization has gone beyond the economic sphere, but that there are currently also countermovements that seek to re-embed (Polanyi, 2001) economic and corporate relations in more associative structures.

In my concluding remarks, I return to the notion of the corporation as a form of association – a notion that at first glance might seem controversial.

### Colonial trading companies, 1732–1807

This section of the chapter deals with the early history of the corporation in Denmark. I consider this early history to be important for three reasons. First, it demonstrates that the corporation has a long lineage and an imperial heritage, that it has always existed in close relation to state or governmental power, and that it has been central to the achievement of governmental aims. Second, it shows that the corporation – in contradistinction to most of the forms of associative governance discussed in this book – did not start “associatively” and then gradually become “incorporated” into the state. Rather, it started as an instance of state incorporation into which associative aspects were gradually introduced, and which only later became disembedded from societal and associational structures. Third, the early trading companies clearly reveal the relationship between the royal charter (incorporation) and the internal regulation and governance (what I call the “associative” aspects) of the corporation.

The specific focus of this section is the 1732 charter of the Danish Asiatic Company (DAC, Dansk Asiatisk Kompagni). This charter marked a central turning point in the history of the company – and of Danish corporations in general – as it granted the company-wide freedom in its own internal governance and gave the dominant power to the general assembly (Jensen, 1944). This was in sharp distinction from the earlier trading companies, where the king had been the dominant instigator and stockholder. Where the earlier trading companies had represented a clear-cut mercantilist policy of privileging trading companies to enable them to import goods and compete with other European states, the new companies represented the growing influence of the merchants and the desire to keep the king as a person out of the companies’ regulation. On the contrary, the crown still needed these companies to provide goods, stimulate trade, secure employment, and not least create and maintain Copenhagen as a central European trading port. In this respect, we also see a shift from the king *as a person* to the king as the impersonal *crown* in the management of business corporations in Denmark.

Around 1730, Denmark saw the foundation not only of the DAC as the first really viable and durable trading company, but also of a private, joint stock-financed insurance company (Det kongelig oktroierede Sø-Assurance-Kompagni, 1726) and a private, joint stock-financed bank (Københavnske Assignations-, Veksel- og Lånebank, later Kurantbanken, 1736). Crucially, their charters specified a conception of *limited liability*.<sup>6</sup>

Trading companies would be founded by a royal charter (*oktroj*) that stipulated their privileges and duties. The privileges were usually a monopoly on a certain area or branch of overseas trade, freedom from duties and customs, autonomous jurisdiction, and tax exemptions for employees (Gøbel, 1980, p. 539). On the one hand, there were the general principles of the charter laid down by the king, but on the other hand, each company also had its own internal rules, bylaws, or regulations<sup>7</sup>

concerning daily management and governance. The participants or stockholders (*participianterne*) laid down the rules for the internal organization and governance of the corporation (Feldbæk, 1986; Gøbel, 1980). The stockholders elected a board of directors (*direktion*) to manage trade and navigation in accordance with the company's privileges and duties (Feldbæk, 1993, p. 199). The relationship between the royal charter (incorporation) and internal regulation and governance (the “associative” aspect) is especially important to my argument.

In the period after 1730, the crown accepted a higher degree of self-governance among the companies. The overseas trading companies were organized as joint stock companies where stockholders put in capital and wielded influence over governance through the election of directors and in general assemblies, although the amount and character of that influence changed over time. For investors, the companies were attractive because of the large pool of capital and creditworthiness they brought with them, as well as their resilience to economic fluctuations – and of course, the stock dividends. For the state, trading companies were essential to bring in vital revenue and compete with other states in the mercantile and colonial race. The corporate form was therefore central to securing trade strength, not to mention continuity – precisely because the company as a legal subject had an existence beyond the individual merchant. If Copenhagen wished to secure a position as a central market for Asiatic goods in Europe, ships needed to be sent off and regular auctions held. For that reason, the companies were granted extensive monopolies and privileges, and they had a great effect on trade, turnover, employment, production, and wealth, especially in Copenhagen (Feldbæk, 1993, pp. 86–87).

### *Associative governance in the DAC*

The first joint stock corporation – or at least, the first business enterprise that was juridically organized as a joint stock corporation<sup>8</sup> – was the Danish East India Company (Ostindisk Kompagni), which was founded in 1616 for a period of 12 years on the initiative of the king (Dübeck, 1991, p. 17). The history of Danish corporate law begins here (Jensen, 1944; Werlauff, 2019, p. 38; Willerslev, 1944). The company changed charters, was dissolved, and was chartered again, but it more or less kept its privileges and monopoly rights – albeit under different guises and names – until the dissolution of the DAC in 1844.

As stated above, the DAC was chartered in 1732, and it was the first durable trading company. The accords of 1720 had inaugurated the longest period of peace in the history of Denmark (and the Nordic region), leading to increased economic optimism and the flourishing of a number of joint stock companies. In 1735, a viable Board of Trade (General Landets Økonomi- og Kommercekollegium) was created (Feldbæk, 1993, pp. 91–99). In 1742, the Copenhagen Chamber of Commerce (Grosserer-societetet) was also founded. It consisted of the greatest merchants and shipowners and had an advisory function in relation to state commercial policy, but it was also an interest organization or association for trade and navigation.

The crown offered trading companies very long licenses and franchises on navigation and trade – in the case of the DAC, the license was for 40 years – making it more attractive for such companies to invest in facilities and ships. The crown needed the companies to sail regularly and continue their trade and auctions, but the state intervention seen during the 17th century was no longer considered desirable, and the companies wanted to keep the crown and the state from interfering. In the charters, the king had to expressly guarantee that he would not intervene in the company's internal governance or regulations, and that he would not use his voting rights on stocks that he and the royal family had bought. Both Danish and foreign investors wanted security in their investments (Feldbæk, 1986, 1993). To interest merchants in these companies, it was necessary to change their organization in the direction of greater autonomy and less state intervention.

The DAC provides a good demonstration of the emerging centrality of the new bourgeoisie. Its stockholders were primarily royal family members, courtiers, nobles, and civil servants, but they also included great merchants (Asmussen, 2018, p. 50).<sup>9</sup> The company's funds were protected to a greater extent than had been the case with the earlier companies, and this offered more security in investments and more continuity in the running of the company. As mentioned above, the company was also given a large amount of freedom to create and manage its own internal organization and devise its own regulations. For instance, the company's managers were elected by the stockholders. At the top of the management was a president (*præses*), who came from the higher nobility and had ties to the government. This close-knit group of higher nobles was central to most such companies, and they also held powerful positions within the state (Rasmussen, 1952, pp. 50–51). In this respect, Boje's (2014) notion of *court capitalism* seems fitting.

Dübeck (1991) argues that the charter of 1732 represented a shift in the direction of greater democratic freedom (p. 19). However, for the purposes of this chapter (and indeed this book), it is more proper to say that the governance of the company became more associative, insofar as it required negotiation between a number of people and a form of concertation.

The stockholders determined company regulations by majority decision in the general assembly. No stockholder could have more than three votes, either for themselves or as a principal. There was a limitation on voting rights: one stock equaled one vote; three stocks equaled two votes; five or more stocks equaled three votes; a holding of more than five stocks could not be translated into more votes (Dübeck, 1991, p. 21). In light of later developments in corporate governance, this is interesting, as it – at least formally – set a limit on power and influence according to capital by embedding decision-making power within an associative structure, thereby forcing negotiation or concertation.<sup>10</sup> There is an interesting problematic here regarding ownership, control, and the relationship between capital and influence, and it appears relatively early in Denmark by comparison with the more general history of corporate law (p. 21). In practice, stockholders – as members of a small, privileged network – were probably influenced to vote for certain things that the most powerful or dominant stockholders wanted.

**Concluding remarks**

In this section, I have argued that the colonial trading companies instigated and initiated by the king during the 17th century gradually became more *associative* during the 18th century in the sense that they determined their own internal regulations and governance. What started as top-down *incorporation* became characterized to a greater degree by *associative governance* in the sense that stockholders were allowed to negotiate and agree their own bylaws and regulations. Indeed, from 1732 onward, general assemblies in Denmark gained significant autonomy in the governance of their own affairs – in many ways more so than in England or France (Asmussen, 2018, pp. 51–53; Dübeck, 1991, pp. 17–23).

It is important to underline that this was in many ways a necessity, because investors wanted more independence from the state and security in their investments – which needed to become more independent, at least from the person of the king. The granting of associative freedoms to these corporations can therefore be seen as a condition of their support for the central governmental aims they were designed to serve. However, central elements of incorporation – limited liability, durability, monopoly, exemptions, etc. – were still also needed to secure those governmental aims.

It is also important to state that participation was far from freely accessible or open. Although in theory one needed only economic capital to participate, in reality the trading companies' investors and stockholders comprised a very closed and limited network of rich merchants, nobles, and state officials. Here, we can perhaps already see the early contours of a tight-knit power elite that needs concertation, which Katzenstein (1985) describes as characteristic of small nation-states in open economies, and which still characterizes Denmark (Ellersgaard et al., 2015). As I will argue in the next section, this association, formed in the boardrooms of the colonial trading companies, became central to the development of capitalism in Denmark. Moreover, this phenomenon was not confined to colonial trading companies, as I have already hinted with my mention of banks and insurance companies.

In the course of the 18th century, the joint stock form became increasingly used as the legal and economic structure for factories or companies of a certain size, with a certain production apparatus in buildings or machines, and with a certain number of workers (Dübeck, 1991, p. 9). However, it was during the 19th century that the joint stock corporate form became dominant and the power of capital became the dominant principle of governance in corporations.

This too was an observable phenomenon. The Swedish East Indian Company (Svenska Ostindiska Companiet), founded in Gothenburg in 1731, was destined to be the most viable of the Swedish trading companies. In the course of the 18th century, a number of Swedish companies emerged – in banking, insurance, and infrastructure – and they all seem to have been based on the principles of corporate law. In 1848, Sweden became the first Nordic country to institute a formal corporate law. In line with the French model of the Code de Commerce, it codified both royal authorization and limited liability. The only condition was that the capital must be divided into stocks issued to the bearer or a specific person, and

that the corporation must be authorized by the king. Up until this point, the practice had been to privilege or charter companies, and it was increasingly the case that companies' regulations distinctly stipulated the limitation of liability. This was the situation with Södertälje kanal- og sluseværk (1806), Østersøkompagniet (1815), and Östgöta Bank (1837), for example, and what these businesses had in common was that they concerned public utility or the common good. The reasons for the limited liability should be sought in this background and in their special privileged position. The 1848 law remained in effect until 1895, when it was replaced by a normative system in which joint stock corporations were freely constituted as long as certain formal conditions were fulfilled (Dübeck, 1991, pp. 15–17).

### Toward a corporate law, 1857–1917

In their chapter on Denmark in the edited volume *Creating Nordic capitalism*, Iversen and Andersen (2008) characterize Danish capitalism as “cooperative liberalism”. They argue that the early capitalist period in Denmark had two separate economies: on the one hand, a “capitalist profit-oriented economy with industries, limited liability corporations and private banks, and on the other, a co-operative economy that aimed to produce for national and international markets” (p. 270). The first side of the system had a strongly liberal nature – in many ways much more liberal, and more influenced by British ideas and dependent on British markets, than Sweden and Norway. For instance, there was no special legal framework, despite permission from the national bank, which regulated private banks in Denmark until 1919 (see Chapter 7). In this period, Danish corporate law was “extremely liberal” (Iversen & Andersen, 2008, p. 276), and a specific corporate law (*aktieselskabslov*) was not introduced in Denmark until 1917 – very late by international standards. In contrast, as mentioned above, Sweden instituted the Nordic region's first corporate law (*aktiebolagslag*) in 1848.

In Denmark, the “liberal” part of the economy was mainly situated in the towns, particularly Copenhagen, where a number of private banks emerged in the latter half of the 19th century and became increasingly active in industry, industrial firms, and board representation. The “cooperative” part of the economy centered on agriculture;<sup>11</sup> central to this were savings banks, credit associations, cooperative dairies, and factories (Iversen & Andersen, 2008, p. 280) (see also Chapters 5 and 7). This division can also be seen in the terminology and choice of organizational and associational forms. At the end of the 19th century, there was a schism between the “democratic” economy of the cooperatives, which were mainly rural and agricultural, and the “capitalist” economy of the joint stock corporations, which were mainly urban and in industry and trade.

For my purposes here, I will follow Boje (2020) in distinguishing between corporate capitalism (*selskabskapitalisme*) and associational capitalism (*foreningskapitalisme*) (p. 154). However, it is important to stress that these are *ideal types*: in practice, the distinction was not always clear-cut. The central distinguishing feature was that in corporations, the profit was distributed according to the size



of each individual investment, whereas in cooperatives, the returns were distributed according to the businesses of the individual members. In corporations, voting rights and influence were allocated according to the number of shares, whereas cooperatives observed the principle of one person one vote. Finally, corporations enjoyed limited liability, whereas cooperatives had joint liability (*solidarisk hæftelse*) (pp. 147–154). In practice, however, there could be limitations on the joint liability of cooperatives, just as there could be limitations on voting rights in joint stock corporations – although this practice increasingly disappeared (pp. 147–154). The disappearance of limitations on voting rights is a central focus of this section because it led to the dominance of capital in the general assembly.

The cooperative movement especially championed the idea that these two company forms represented two different economic forms, one “capitalist” and the other “democratic”. From the 1880s onward, there was tension and struggle between these two associative forms with regard to which should dominate the Danish economy (Boje, 2020, p. 146). On the face of it, the cooperative movement won this struggle, and economic history has therefore conceived of Denmark as an agricultural country with a cooperative economy. By the same token, a corporate law was introduced, but there was never a law for cooperative businesses, even though such a law had been demanded by merchants and industrialists during the struggle over the corporate law. The cooperative movement managed to sell an image of itself as voluntary, self-governing, and democratic, in contradistinction to the impersonal capitalist corporations. The cooperatives argued that they should not be subject to democratic state control because they were democratic already. However, as I have already argued, the focus on cooperatives in Danish economic history misses the importance of the corporation for Denmark’s economic development. Denmark introduced a corporate law relatively late, and that law was very liberal by international comparisons; even the revised law of 1930 remained very liberal. Corporations were much better at risky investments, and at attracting foreign loans, capital, and investments, just as foreign corporations played a central role in the economic modernization of Denmark through investments and loans. As Boje argues, cooperatives had benefited enormously from earlier investments by corporations (pp. 53–54).

While there are obviously many differences between the Nordic region’s various economic and capitalist systems, they share some fundamental characteristics. For instance, the financial system has traditionally been credit-based, as in France and Germany, where banks have played active roles as investors, owners, and board members in various corporations, although in Denmark, this was prohibited in 1930. The Anglo-Saxon systems are generally more capital market-oriented, and therefore, the role of banks is more limited, and shareholders and institutional investors play a larger role (Iversen & Thue, 2008, p. 8). Historically, the capital market has played a smaller role than banks in financing business in the Nordic countries. However, in more recent years – the “neoliberal” period – there has been a strong tendency, at least in Denmark, to replace “stakeholder capitalism” with “shareholder capitalism”, with a shift from multiple stakeholders toward a clear focus on shareholders and profit, which in many ways has been imported from



the Anglo-Saxon systems (Lundkvist, 2017, p. 15). I will return to this later in the chapter.

*The evolution of a capitalist economy in Denmark, 1807–1857*

In the history of Danish economic development, 1778–1807 is traditionally described as “the flourishing period” (*den florrisante periode*). It was made possible largely by Denmark’s neutrality in the context of wars among other European powers, the French Revolution, and the American War of Independence. According to Boje (2014), this period of increasing prosperity was interrupted, if not halted altogether, by the Napoleonic Wars, the bombardment of Copenhagen, the secession of Norway, and the 1813 currency reform known as the “state bankruptcy” (*statsbankerotten*), which caused price instability, deflation, and skyrocketing interest rates, resulting in a huge number of bankruptcies among the biggest merchants and manors (*godser*, the largest economic organizations of the day) (p. 237). For these reasons, the revival of Denmark’s economic prosperity is often linked to political changes and the abolition of absolutism in 1848. This gives rise to two problems. The first is that the liberal market economy is coupled rather unproblematically with the rise of liberal democracy, and the second is that this view tends to obscure continuities in the liberal market economy between the end of the 18th century and its rise of prominence in the latter half of the 19th century. According to Boje (2020), the conditions for a capitalist economy had already long been present: the legal protection of private property, well-defined ownership of the means of production, access to capital, and the ability of market actors to act within the framework of a market economy (p. 45). These had all been instituted and guaranteed under absolutism. There is no doubt that business, trade, agriculture, and industry suffered one of their worst crises during the period after the conclusion of the Napoleonic Wars. However, even though reforms and movements toward a market society slowed or halted during the period after 1807, there was still a general trend toward a more liberal market economy, that is, capitalism (Boje, 2014, p. 263).

The old trade dynasties – rich individual merchants and their families – still had significant advantages thanks to their remaining (albeit heavily diminished) capital, and not least their personal and family networks. In the terminology of Pierre Bourdieu (1986), the former business elite still possessed economic capital, or at least more so than others, and they also still possessed the important social capital that was central to the rebuilding of their fortunes and empires after the crisis (Boje, 2014, p. 200). They had built this social capital at the end of the 18th century through their networks among the small, tight-knit elite of nobility, civil servants, manorial lords, royalty, and big merchants. Alongside economic capital, this social capital was central to the rise of capitalism and offered a bridge from the earlier period of colonial trade.

According to Lundkvist (2017), Danish capitalism was “lethargic” insofar as there was a period of about 100 years between the agricultural reforms at the end of the 18th century and the breakthrough of capitalism with industrial production in the 1890s (p. 13). Although Denmark was “liberated” from the land at the end

of the 18th century, it was not until the 1870s that the country saw major urbanization and the shift from countryside to city that led to a growth in the number of industrial workers and therefore also of corporations, which took off especially in the 1890s (Iversen & Andersen, 2008, p. 274).

In many ways, it was through networks of corporate boards that the economic elite rebuilt its capital at the end of the 19th century.<sup>12</sup> After the crisis, there was “significant continuity” of the old business elite, but many new trading endeavors also emerged, again very much as a result of state support and subsidies. Indeed, the state had supported the modernization of business since the end of the 18th century, not only through top-down absolutist decisions in favor of the business elite, nobility, and manorial lords in Copenhagen, but also by supporting increased competition and broader economic growth, thereby opening a space for economic initiatives from the middle of society – a space that increased after the crisis (Boje, 2014, pp. 255–263).

In many ways, war, secession, and crisis were what paved the way for the new economic reality, acting as a form of “creative destruction” in the Schumpeterian sense. The break in the business economy around 1814 must therefore not be over-emphasized (Boje, 2014, p. 238).<sup>13</sup> The constitution of 1849 provided even more momentum for capitalist and corporate development:<sup>14</sup> it abolished old privileges and monopolies, granted the right to free assembly, and heralded the economic liberalization that would arrive with the Free Trade Act (*Næringsfrihedsloven*) of 1857, which came into effect in 1862 (p. 265). The year 1857 saw a central shift in the Danish economy, with a number of key events from mercantilist protection to liberal free trade. The Free Trade Act created the liberalization of trade that had been promised in the constitution, thus fulfilling the constitution’s economic dimension. The same year also saw the founding of the first private bank in Copenhagen – somewhat unoriginally named the Private Bank – and the appointment as its director of C. F. Tietgen, “perhaps the most influential business tycoon in Danish history” (Iversen & Andersen, 2008, p. 267).

### *Tietgen: the great mogul*

The Private Bank was established as a private deposit and lending bank. From the outset, there were concerns that it would become a *Crédit Mobilier*-style bank that would participate in the founding and management of corporations, thereby wielding great influence over economic life (Iversen & Andersen, 2008, p. 269). Indeed, that was exactly what happened. Thanks to his business empire, Tietgen was one of the most powerful players in the shaping of Danish business and especially in the use of the corporate form.<sup>15</sup> Under his guidance, the Private Bank “developed from a traditional, careful deposit bank into a modern, bold business bank – a *Gründerbank* or *Crédit Mobilier* under foreign inspiration” (Lange, 2006, p. 135).

An obituary of Tietgen published in 1901 in *The Social Democrat* (*Socialdemokraten*, as cited in Lange, 2006) – not exactly an ally of his cause – said that he “knew the significance of the capitalist associations, joint stock corporations, for trade, industry, and navigation [...]. He was a brilliant organizer on a large scale,

representing the mercantile and capitalist development of the time” (p. 18). Tietgen had been an apprentice in England, and like the British, he was very interested in railroads. From the middle of the 19th century, railroads revolutionized the transport of goods and thus also market relations. The railroad companies were also the site of some of the greatest innovations in the corporate form in Great Britain and the US. This was mainly because of the risk, long returns on investment, and great capital demands that their endeavors required. But it also meant the creation of bigger joint stock companies, not to mention unlimited voting rights according to shares in general assemblies (p. 151).<sup>16</sup> It is in this respect that Tietgen is central to this chapter.

In the middle of the 1860s, Tietgen started the transformation of the Private Bank. He established companies in navigation, transportation, and communications (especially the telegraph), creating a “transport- and communications-industrial complex” (Lange, 2006, p. 157) through the bank. By 1886, the Private Bank controlled 35 percent of the share capital in Denmark (Lundkvist, 2017, p. 40). He especially pioneered corporations with unlimited voting rights. In 1865, he created both the Greenland Cryolith, Mining, and Trading Company (Det Grønlandske Kryolith-, Mine- og Handelsselskab) and the Danish Navigation Company (Det Danske Søfarts-Selskab). He introduced unlimited voting rights in both companies. The bylaws of the Danish Navigation Company stated that “any shareholder has the same number of votes as he owns shares” (Lange, 2006, p. 159). As Tietgen’s biographer Lange states, this meant that “a new principle of organization for corporations was introduced in Denmark. In this way, the power of a company was placed with capital. This was going to set a trend” (p. 159).

Tietgen was thus one of the (if not *the*) key player(s) in the shift from limited to unlimited voting rights in the general assemblies of joint stock corporations. As we have seen with regard to the trading companies, there had been limitations on votes so that in principle a few wealthy stockholders could not dominate the general assembly (although in practice they often could). With the introduction of unlimited voting rights, a further associative governance principle was removed from the general assemblies of corporations, which began more and more to be dominated by the power of capital.

### *Toward a corporate law*

As I mentioned in my introduction, Danish corporate law today regulates what are termed “capital companies”. The two defining features of a capital company are its *separate juridical personality* and its *limited liability*, meaning that investors are not personally liable for the company’s debts. I will delve more deeply into this in the final section of the chapter, but here I wish to draw attention to the distinction between a capital company (*kapitalselskab*) and a personal company (*personelskab*). As explained earlier, trust in a capital company lies in its *impersonal capital*, whereas trust in a personal company relies on the *persons* who make up the company. This means that one’s willingness to do business with a company is dependent on one’s trust in the assets of either the *company* (as an impersonal

structure) or its *personal* owners (Werlauff, 2019, pp. 28–29). What characterizes the corporate form is precisely its impersonal nature as a separate entity from the natural persons involved. The late 19th century was a key period in the development from a *personal* to an increasingly *impersonal* way of organizing business corporations.

Nonetheless, it is important to stress that personal capitalism was still the dominant ownership form during this period. While many new corporations and foundation-owned enterprises emerged in the latter half of the 19th century, in reality they were often controlled by one person or a few persons in very close relationships, similarly to the corporations of the previous era (Boje, 2020, p. 53). Thanks in particular to its limited liability (and entity-shielding), the corporate form was well suited to mobilize capital for bigger and riskier investments. As a result, the extended use of the corporate form also resulted in a number of scandals and frauds. The ensuing discussions about the role and regulation of corporations culminated in the introduction of a corporate law in Denmark in 1917.

Since personal ownership remained dominant, business financing came either from the personal capital of the owners or through their personal credit and loans. However, personal ownership became increasingly challenged by companies with big capital demands and investments with big risks attached (Boje, 2014, pp. 267–268).<sup>17</sup> While the corporate form was characterized (at least formally) by the separation of ownership from control, in reality there was often a great overlap between the two, as the circle of ownership remained heavily limited to big merchants, civil servants, shipowners, royalty, nobility, and manorial lords.

After the constitution, it became much easier administratively to establish corporations, and practices and laws developed that specified the uses and abuses of the corporate form. Paragraph 92 of the Free Trade Act stated that monopolies and concessions must be based on law, not given by express grant. In practice, corporations had to be registered and provide public information about themselves, although they only needed to seek explicit approval if they wanted to obtain certain concessions or privileges.<sup>18</sup> Generally, there was a distinction between anonymous and named companies, and over the course of the century, the term “corporation” (*aktieselskab*) was increasingly applied to anonymous commercial partnerships. This meant that the term “corporation” came to be more and more associated with limited liability (Dübeck, 1991, pp. 41–51). Two points are important here. First, the registration of corporations was a matter of law, not administration. What and who could act as a corporation was an issue of codified law, formalized and rule-bound; it was not a decision to be made by the will of the administrators. Second, the distinction between anonymous and named companies mirrored the distinction between capital and personal companies. In anonymous companies, what mattered was not the individuals or persons but only the capital of the company itself, as a juridical entity.

As already mentioned, it was not until as late as 1917 that a corporate law was introduced in Denmark. Both before and after this, corporate legislation in Denmark was very liberal – for instance, only registration was necessary to establish a corporation (Boje, 2020, p. 146; Iversen & Andersen, 2008, pp. 276–277).

Throughout the 19th century, and particularly in the last part of it, there were discussions about the regulation of corporations. A committee established in 1899 made the first suggestion for a corporate law in 1901. This suggestion tried to take new legislation in Sweden and Norway into account and aimed for shared or harmonized legislation across the Nordic region (Dübeck, 1991, p. 123).<sup>19</sup>

During the debate about the regulation of corporations, there was generally no desire for express approval from the state; the establishment of corporations was conceived as a matter for the market, contract, and law, not for state and administration. In our terminology, we can say that corporations had to be established associatively, bottom-up, and not top-down through state incorporation. However, many of the associations in trade and industry – including the Chamber of Commerce – wanted better regulation of corporations. There had been many scandals, and one of the main motives was to secure shareholders and creditors against fraud. In this respect, state incorporation and control was necessary to guarantee the security, transparency, and investments of individual investors. One of the measures suggested was more effective registration, and registration became a “condition of the existence of the corporation, which meant the exclusion of personal responsibility” (Dübeck, 1991, p. 62). This meant that the corporation became equated with limited liability, and also that registration was necessary to obtain the rights or obligations of a corporation, which did not have the status of a person and could not be a subject in a court of law (p. 63).

The corporate form was increasingly used for smaller and not necessarily very capital-intensive businesses from the end of the 19th century. The partnership was probably mostly used in family businesses or between people in other types of close personal relationship (Boje, 2020, p. 155). Again, this underlines that the corporate form was characteristic of a nonpersonal form of business, company, or capitalism. In particular, as we have seen with Tietgen, the associative aspect of the general assembly (the need for negotiation or concertation) was gradually eradicated with the shift from limited to unlimited voting rights. However, it also meant publicity and openness about the company’s affairs and owners.<sup>20</sup> In contrast to partnerships, joint stock corporations had precisely stipulated rules regarding management and its relations with shareholders. At the same time, individual persons could be easily and smoothly replaced (Boje, 2020, p. 156) – again pointing to the impersonal nature of the corporation.

As already mentioned, on the face of it the introduction of a corporate law but not a law for cooperatives was a defeat for industrial and financial capitalism. This was all the more the case because industry and trade had expressly demanded the introduction of a cooperative law. In this sense, the cooperative part of the economy won the struggle, and finance and corporate capitalism lost legitimacy. However, as I have argued, this view misses the centrality of the corporations. The legislation was essential to protect investors and creditors and to ensure that investments were public, regular, and secure. Moreover, the new corporate law was still very liberal and did not necessarily mean tighter regulation (Boje, 2020, p. 340). For instance, the law was not very strict regarding financial reporting or the publication of ownership structures and shareholder agreements.<sup>21</sup> Industrialists and business

owners retained the right to privately regulate the market through monopolies, competition-limiting cartels, and price agreements (p. 340).<sup>22</sup> It was only from the 1930s – very late by international comparisons – that the Danish state started to demand the registration of competition-reducing agreements among private actors. It was also not until the 1930s that bank directors were prohibited from joining the boards of other enterprises, and antitrust legislation was introduced (Boje, 2014, p. 45, 2020, p. 49).

### *Concluding remarks*

Although the corporate law was ostensibly a defeat for the corporations, the law was very liberal. While industrial and financial capitalists lost legitimacy in public, they remained extremely powerful – including during their negotiations of the law – and they received many concessions. The increasing corporatist governance of Danish society after World War I perhaps added to this situation (see also Chapter 4 and Chapter 9). Importantly, business – which is often left out of the narrative, which tends to focus on unions – was and indeed remains a highly significant part of this associative or corporatist governance.

In many ways, the corporate law was a codification of existing Danish practice. In particular, it gave the board far more extensive authority than was the case abroad (Dübeck, 1991, p. 123). This points to another central development: in comparison with the early colonial trading companies, the general assembly now had more extensive autonomy than was the case in companies abroad, where the board had more extensive authority. During the 19th century, the corporation was critiqued for impacting the general public to a greater degree than other company forms – that is, to “ordinary” people with lesser means than those who usually engaged in business endeavors (Dübeck, 1991, p. 109). This was one of the reasons that transparency, openness, and publicity were so important, and the corporation’s lack of those features was central to the critiques. As an 1875 article in *Dagbladet* (as cited in Dübeck, 1991) stated, this lack “excluded or significantly reduced that factor which is called the general assembly” (p. 117). The lack of publicity, transparency, and openness reduced the influence of the general assembly – and hence, we might argue, the possibility of associative governance. Combined with unlimited voting rights in relation to shares and the impersonal nature of the corporation, these aspects point toward the increased power of capital within the corporation. Interestingly, strong shareholder control and board autonomy became characteristic of Nordic corporate governance in the 20th century. Another key critique of joint stock corporations during the 19th century was that they suffocated smaller businesses (Dübeck, 1991, p. 119). This critique continued in the 20th century, as we will see in the next section. The latter part of the 19th century witnessed the founding of many of the corporations that still dominate Danish economic life today, as well as many of the foundations that continue to structure Danish economic life through foundation-owned enterprises.

Although there are many differences between the Nordic region’s various economic and capitalist systems, one common characteristic is that the financial



system has traditionally been credit-based, as in France and Germany, where the banks have played active roles as investors, owners, and board members in various corporations. Denmark had Tietgen and the Private Bank; Sweden had A. O. Wallenberg (1816–1886) and the Stockholm Private Bank (Stockholms Enskilda Bank), established in 1856. With this bank, Wallenberg built a business empire through which his family still controls a huge part of the Swedish economy (Lange, 2006; Larsson et al., 2008; Nilsson, 2005; on the development of the corporation in Sweden, see Broberg, 2006). The Anglo-Saxon systems are generally more capital market-oriented, and therefore, the role of banks is more limited, while shareholders and institutional investors play a larger role (Iversen & Thue, 2008, p. 8). Historically in the Nordic countries, the capital market has played a lesser role in business financing than in bank financing. However, Denmark's business structure underwent massive changes during the 20th century, especially in the latter part.

### **The corporation as a universal solution, 1973–2022**

According to Lekvall (2018), who has overseen a large comparative analysis of Nordic corporate governance models (Lekvall, 2014), there is a distinct and visible Nordic identity with regard to corporate governance – in which, he interestingly claims, the Danish corporate law led the way (Lekvall, 2018, p. 11). However, the background of his comparative study is “an increasing pressure on the governance frameworks of the Nordic countries to adapt to [...] international governance standards based on the Anglo-Saxon common law tradition, primarily in the US and the UK” (Lekvall, 2018, p. 18). For Lekvall (2018), this pressure has two main sources. One is the increasing importance of the international capital market, which today accounts for about 40 percent of the ownership of listed companies in the Nordic region, leading to an increased influx of international capital market actors, investors, advisers, analysts, and board representatives, usually with Anglo-American professional backgrounds. This means that Nordic companies and regulators have adapted internally to the governance practices of the US and UK. The second source is the active corporate governance harmonization agenda pursued by the EU Commission from the end of the 20th century onward, a strategy based predominantly on UK corporate governance principles (p. 18).<sup>23</sup>

Denmark entered the European Economic Community (later the EU) in 1973 and the European single market in 1993. In Denmark, as in many places all over the world, the 1970s were a decade of great political turmoil. Huge discussions about “economic democracy” (*økonomisk demokrati*) and later “surplus-sharing” (*overskudsdeling*) were led by the unions and social democrats. Although they ultimately failed, in many ways these discussions were an attempt to introduce more associative – in this case, explicitly democratic – principles into the governance of corporations. Their failure led the social democrats to abandon the democratization of business and focus on the welfare state (Toubøl & Gielfeldt, 2013).<sup>24</sup> In a sense, this can be seen as a precursor of the social democratic turn to the “competition state” in the 1990s, with the embrace of corporate growth and exports as the foundation of the modern welfare state. In this period, the corporation became a



“universal solution” with an increasing “corporatization” of economic enterprises (Kolstrup, 2022, p. 384).

In 2002, a new contribution to business and corporate governance was made by Magtudredningen, a large-scale project on the state of power in Danish society. The project’s authors characterized the Danish corporate governance model as a “market economy without capitalism” or “personal stakeholder capitalism” because the capital market did not play a very significant role in financing, and because worker representation on boards and cooperative companies resulted in the strong prioritization of stakeholder interests (Thomsen et al., 2002, as cited in Lundkvist, 2017, p. 15). It is outside the scope of this chapter to evaluate the degree to which this was true at the time. However, for the period since 2002, this conception is difficult to sustain. Since then, as highlighted in the introduction, there has been an increased tendency towards a focus on shareholders and profitability (Lundkvist, 2017, p. 15; see also Boje, 2020, p. 44). At the same time, there have also been clear tendencies toward the increased concentration of capital and ownership within tight networks and the dominance of a few big global corporations, meaning that the narrative of Denmark as a country of SMEs is no longer adequate (Iversen, 2022). Following the 1970s and especially the 1980s, the Danish business sector became “corporatized” to a large degree. Foundations control big corporations (such as Mærsk and Carlsberg) that rank at the top of their respective fields, while the cooperative sector is dominated by two entities (Arla and Danish Crown) that are formally cooperatives (with limited liability) but in practice are multinational enterprises (Lundkvist, 2017, p. 221).<sup>25</sup> Danish capitalism – like modern capitalism in general – is a “corporate capitalism” (p. 220). Thus, as Iversen (2022) states, a “dramatic development” occurred in the Danish business structure between 1990 and 2010 (p. 21).

### *From cooperation to corporation*

Cooperatively organized agricultural production was a dominant part of the Danish economy from the last decades of the 19th century onward, but it started to lose its significance from the end of the 1950s, and today, it represents only a small fraction. In 2014, cooperative associations accounted for only four percent of Denmark’s national turnover (*omsætning*), while corporations accounted for 72 percent (Lundkvist, 2017, p. 68). However, massive changes have occurred in relation to the cooperative sector, where mergers and acquisitions have resulted in the dominance of two entities, Arla and Danish Crown, which in practice are multinational enterprises (Lundkvist, 2022, pp. 220–222). As mentioned in the introduction, the percentage of the total turnover represented by corporations in the Danish economy increased immensely from the post-WWII period to today, with the corporate form increasingly edging out other enterprise forms (Lundkvist, 2017, pp. 220–221; Poulsen & Skovrind Pedersen, 2022, p. 31).

Crucially for my argument in this chapter, the cooperative sector has become more and more “corporatized”. As Mordhorst (2008) puts it – with particular reference to Arla – the Danish economy has moved from “decentralized cooperation” toward multinational business, and the cooperative economy has shifted from

locally and decentrally organized cooperatives to national – and increasingly global – enterprises. This development is also traceable semantically: the entities have changed from cooperative *associations* (*andels-foreninger*) to cooperative *corporations* (*andels-selskaber*) with limited liability. The centralization into large national entities, and the increasing gap between a few big members and many small ones, has also put pressure on the cooperative sector’s defining principle of one person one vote. Thus, two of the guiding focus points of this chapter – limited liability and externality – have become increasingly prevalent as the economy has become corporatized.

This development is indicative of broader changes in Denmark, the Nordic region, and the world in general in the 1970s and 1980s. In Denmark in 1974, savings banks were allowed to function like traditional banks, especially concerning trade in securities (*værdipapirer*); in 1989, savings banks were allowed to organize as corporations (Lundkvist, 2017, p. 71; see also seven). Indeed, according to Danish corporate law, banks have to be organized as corporations (*aktieselskaber*) (Schaumburg-Müller & Werlauff, 2020, p. 187).

The same can be observed in relation to the credit associations that were established in the 1850s as locally and democratically governed associations. They were central to the shift from tenancy to freehold in agriculture, as they made it easier for farmers to access credit and thus buy the land they farmed for the manorial lord (Lange, 2006). In 1989, they became corporations, both of their own volition and due to the demands of the European single market. This meant that the mortgage credit and finance sector, which in Denmark had long been governed locally and democratically – that is, associatively – was radically liberalized and corporatized (Lundkvist, 2017, pp. 71–72). Like banks, credit associations (*realkreditinstitutter*) had to be organized as corporations (*aktieselskaber*) according to the law (Schaumburg-Müller & Werlauff, 2020, p. 187). In terms of governance, as Lundkvist (2017) highlights, they moved from “democratic associations by way of state-regulated enterprises to free capitalist corporations” (p. 72).

### *The rise of the large corporation*

As recounted earlier, the 1930s ushered in an era of a larger degree of state regulation and corporatist governance, including with regard to business, as exemplified by the corporate law and monopoly and antitrust legislation. The 1930s was also a turning point in that industry experienced rapid growth but also saw the emergence of public and political (and democratic) support for and restraint of corporate capitalism (Lundkvist, 2017, p. 101). In general, as I also argued above, the Danish economy was very liberal in the latter half of the 19th century and the beginning of the 20th century. Thereafter, the economy became much more planned and regulated up until the 1980s, when the active role of the state declined once again (Boje, 2020, p. 37; Lundkvist, 2017, p. 103). In the 1990s, Denmark became a strong advocate of free trade (Iversen, 2022, pp. 16–17).

In many ways, 1957 marked an important turning point in Denmark’s economic development. Between 1957 and 1970, Denmark developed from being one of the

slowest-growing economies in the West to one of the best performing. During this period, many smaller, unlisted joint stock corporations were created, mainly for tax reasons; similarly, many enterprise-owning foundations were created, often to avoid inheritance tax in relation to generational change. In 1961, Danish industrial exports exceeded agricultural exports for the first time, leading to a marked change in the nature of the economy, which had previously been dominated by agriculture but now came to be dominated by industry, and later by the service sector. This also entailed the increased importance of corporations and an increased concentration of capital (Iversen & Andersen, 2008, pp. 304–311; Lundkvist, 2017, p. 81).

This economic boom lasted until 1973, when the first oil crisis occurred. The crisis brought great political changes. Most importantly, the hegemony of the social democrats and the welfare state – which had lasted since the 1930s – was ended by the conservative-liberal government of the 1980s. It was not only a new political regime but also a new focus on economic development, and the internationalization of the Danish business environment became permanent. Denmark now focused on growth based on private initiatives, the securing of low inflation, a fixed currency policy, an active trade policy, and an active labor market policy (Iversen & Andersen, 2008, pp. 315–317). The Danish economy began a fresh upswing in 1993, coinciding with the advent of a new social democratic government and Denmark's entry into the European single market. The latter linked the Danish economy even more tightly than before to the EU, which had been an increasingly central market for Danish exports since the 1980s.

Interestingly but perhaps not surprisingly, it was under a social democratic government that the process of neoliberalization really took hold (Mudge, 2018; Peck, 2010). This occurred not only with the continuation and intensification of active labor market policies, but also in policies on income, currency, budgets, and competition, not to mention a program of privatization and deregulation that resulted in the multinational ownership of enterprises formerly owned by the Danish state, especially in key infrastructural sectors (Iversen & Andersen, 2008, p. 319; Kolstrup, 2022, pp. 378–465).<sup>26</sup> The social democrats were also behind the substantial new public management reforms of the public sector (which had been initiated in the 1980s), which aimed to debureaucratize the public sector and make it more efficient by introducing competition and other principles from the private business sector. Danish companies too underwent a great transformation between the early 1980s and the 2000s, with numerous mergers, acquisitions, and internationalization. The largest Danish export-oriented corporations experienced huge growth in the 1990s, a few large corporations in many ways acting as drivers of the economy and other companies in general – again, contrary to the traditional narrative of Denmark as a country of SMEs. These decades also saw huge mergers into multinational corporations, not just in the cases of Arla Foods and Danish Crown, but also with international and inter-Nordic bank mergers and general internationalization. Denmark went from having only a very few global multinationals to having some very large multination corporations (Iversen, 2022; Iversen & Andersen, 2008, pp. 320–324).

In Denmark, this decisive policy shift, especially on the part of the social democrats, has been dubbed the “competition state” (Pedersen, 2011).<sup>27</sup> The general idea is that the private business, company, or corporation is the central driver of economic development and therefore becomes the central subject of governance (Jessen, 2021). In the 1990s, all parties in government viewed liberalization and privatization as key to growth and prosperity (Kolstrup, 2022, p. 382). In the 2000s, there was a big drive to ease the administrative burden on businesses and attract foreign investment in Danish corporations. This drive gave large corporations and the financial sector great influence to keep their shareholders anonymous (in opposition to Norway) and facilitate their dividend tax refunds. As a result, the Danish tax authorities and the Danish state were defrauded of around 12.7 billion Danish kroner (Tynell, 2022). As in many other cases, this case also revealed the great influence of individual industrialists and corporations – especially Mærsk, a corporation that had so much weight that the mere threat to move its headquarters out of Denmark won it permission to pay the much more lenient tonnage tax rather than corporate tax. This is also an example of the huge power wielded by a few shareholders over large parts of the Danish economy (and as a result, over politics) – a characteristic of the Danish model of corporate governance.

### *The concentration of capital and power*

According to common conceptions, Denmark is a welfare state or welfare society that is strongly based on egalitarianism and where the business sector is dominated by SMEs and cooperatives. However, Danish business life is in fact dominated by what Poulsen and Skovrind Pedersen (2022) call “individual ownership based on capital shares” (p. 33), which denotes a form of power based on economic capital. At the same time, and with reference to my discussion above regarding the Danish model of corporate governance and strong shareholder domination, there are generally very few shareholders that hold large blocks or controlling shares. (The most powerful of them include enterprise foundations such as Mærsk, which also has a large controlling stake in Danske Bank, one of the Danish banking and financial sector’s two leading institutions.) There is a high degree of concentration of shareholding in Danish businesses, which means that the largest shareholder – which in many cases is also the sole owner – on average controls more than 80 percent of the company (pp. 33–34). This is in contrast to the situation in the Anglo-Saxon regions, where shareholding is much more dispersed. Danish corporate governance also grants shareholders wide-ranging rights and influence (p. 31).

In this section, as well as in the chapter as a whole, I attempt to challenge two myths about Danish economic life, namely that it is dominated by SMEs on the one hand and by cooperatives on the other. As shown above, the cooperatives have largely been “corporatized”. The myth about SMEs has also been hard to sustain since at least the beginning of the 2000s.

It is true that the vast majority of Danish businesses – 99.5 percent, in fact – are small- or medium-sized. However, that figure is still smaller than in other

Scandinavian and European countries, and it is on that basis that Iversen (2022) questions the traditional conception of Denmark as a country of SMEs. Especially since the middle of the 1990s, Denmark has been characterized by some very big and globally leading businesses (p. 17). In 2003, the 1,000 biggest Danish companies employed more than 20 percent of the workforce and represented almost 70 percent of total exports, a tendency confirmed in 2015. According to Iversen, there was a “dramatic development” in Denmark’s business structure between 1990 and 2010: the turnover of the ten biggest corporations doubled from 19.5 percent of gross domestic product in 1990 to 46 percent in 2010 (pp. 20–21). Moreover, most of them were among the top five enterprises within their respective business sectors, including the leading shipping company (Mærsk), the leading producer of insulin (Novo Nordisk), Europe’s second-largest brewery (Carlsberg), and two of Europe’s leading food and dairy producers (Arla Foods and Danish Crown) (p. 21). The first three of these are foundations or foundation-owned enterprises (where the foundation owned the majority of controlling shares); the last two are formally cooperatives.

Denmark has a high concentration of foundation-owned enterprises, and many of the biggest corporations are foundation-owned (Thomsen, 2017). At the end of the 19th century, many enterprises were created as or turned into foundations, primarily due to the tax advantages this provided, but also to ensure the future running of the enterprise. Today, foundations own the majority of controlling shares in publicly listed companies. Foundations are technically “self-owning institutions”, and their boards of directors have a fiduciary duty toward the foundation itself that overrides other interests, including those of shareholders. A foundation’s charter is very difficult to change, as are the charitable causes the foundation is obliged to support. This arguably gives foundation-owned enterprises more stable and longer-term interests than mere publicly listed corporations. But the biggest of the foundations are themselves also publicly listed, and the corporate form makes it possible for them to attract investments and capital in order to expand into big enterprises. This is the case of Novo Nordisk, which went public in 1974 (when it was still simply Novo) in order to raise capital for expansion. Interestingly, another reason for Novo’s move was to give employees the opportunity to become co-owners of the corporation through shareholding – a reaction to or accommodation of the demands set out by the movement for economic democracy (Iversen, 2022, pp. 22–23).<sup>28</sup>

Thus, contrary to common conceptions, Danish business life is characterized by individual ownership based on capital, with the biggest dominant shareholders wielding great influence over other corporations, meaning a strong concentration of economic power. Nevertheless, as Poulsen and Skovrind Pedersen (2022) highlight, what they call “collective and institutional ownership forms” (p. 32) play a big role in the Danish economy because they are the formal owners of subsidiaries, which are capital companies – which in this chapter I have therefore treated as corporations. The authors therefore state that more and more economic activity is now based on collective or institutional ownership (with the important caveat that the biggest corporations based on the individual ownership of capital have become

larger and thus have just as much or more power than before) (p. 37). As a consequence of the increased concentration of capital, political power and influence is also increasingly dependent upon wealth and economic possessions (pp. 33–34).

## **Conclusions**

As I mentioned in the introduction to this section, Lekvall (2018) argues that there is a distinct and visible Nordic identity with regard to corporate governance, and Danish corporate law led the way in this regard (p. 11). While the Danish corporate law was strongly inspired by those of Norway and Sweden (among others) (Hansen, 2018) – indeed, one of its explicit aims was to increase the harmonization of corporate laws in the Nordic region – the Danish law came to lead the way in the conceptualization of corporate governance. This means that the Nordic region has largely shared corporate legislation and corporate governance practices, which are mainly self-regulated and noncodified. The 1950s and 1960s saw substantial coordination among Nordic company laws, which led to the introduction of similar corporate laws in all the Nordic countries in the 1970s. While these laws have drifted apart since that time, the corporate governance provisions remain similar, and according to Lekvall (2018), this has produced a uniquely Nordic corporate governance model. For Lekvall, this model is characterized by three main pillars: (1) a generally high degree of ownership concentration in listed companies; (2) a unique – and strictly hierarchical – governance structure; and (3) a strong minority shareholder protection system. With regard to the first point, a large number of listed companies in the Nordic region have one shareholder that owns a large number of shares, unlike in Anglo-Saxon models, where there is a wide dispersion of shareholders. With regard to the second point, this means that the shareholder majority in the general assembly has great power to control the company, and also that there is a strict separation between the CEO and the chair of the board, since boards are entirely (in Denmark and Norway) or predominantly (in Sweden and Finland) nonexecutive. With regard to the final point, there is a strong tradition of minority shareholder protection.

This has a number of consequences for the associative governance of Nordic corporations. First, the governance model leads to concentrated shareholding. This means that a few shareholders wield strong influence in the general assembly and hence, due to the structure's hierarchical nature, strong control over the corporation. Therefore, it is not necessary to include or develop associative structures, but minority shareholders are still respected (albeit mainly on the basis of tradition and noncodified principles). We can thus see that the strong influence of the general assembly, which we first encountered in the early period, in some ways remains very prevalent. It is open to discussion how associative this situation is if a single shareholder has the greatest influence and in practice can overrule the others. However, it could also be argued that there is an associative principle behind minority shareholders' rights, according to which even a single share allows the shareholder to add an item to the general assembly's agenda, participate and vote on all resolutions, and pose questions to management (Lekvall, 2018, p. 16).



In this respect, if this principle is taken seriously, there is at least an element of concertation and negotiation. On the contrary, as I outlined in the second section of this chapter, the board is quite autonomous and separate from management, and managers thus have little influence over company decisions. In addition, following a 1927 revision of the corporate law, the boards of some Danish companies include workers' representatives. At least in some respects, this amounts to an element of associative governance as the latter is understood in this chapter: the dealings of the corporation are not entirely separated from those directly affected by it, and decision-making on the board is not entirely a matter of capital (although it is still often controlled by one or a few owners). However, a result of all this is the concentration of capital, shares, and control over corporations.

### *Concluding remarks*

In this chapter, I have attempted to trace the development of the large corporation, primarily focusing on publicly listed, limited liability joint stock corporations in Denmark. I have done so through four focus areas: the principle of *limited liability* as a defining feature of the corporation; the increasing dominance of *capital* in the general assembly; the development of the *externality* of the board; and the development from *personal* to *impersonal* governance and economic relations. I have also focused on three time periods: the first joint stock corporations in the colonial trading companies; the struggle between the cooperative and corporate economies in the run-up to the first corporate law in 1917; and the rise of the large corporation as a universal solution to a number of different governance problems.

I have argued that the first period saw the initial emergence of (a kind of) limited liability and an increasing move toward an *impersonal* economy, especially concerning the exclusion of the person of the king. Furthermore, whereas the first colonial trading companies were state-initiated, the 18th century saw the gradual introduction of a number of principles of associative governance, in particular the restriction of voting rights in relation to shares, and thus a restriction of the power of capital. However, this association was conducted within a small, tight-knit economic and political elite. In the second period, the restriction of voting rights in relation to capital became loosened, and so power in the general assembly became predominantly tied to capital. In the same period, the cooperative economy ostensibly won the struggle for power over Denmark's economic landscape, but as this chapter has highlighted, large corporations were nonetheless extremely important. In the third period, the dominance and importance of large corporations became even more prevalent, especially from the 1990s onward, thanks to international capital mobility and EU harmonization, which streamlined the governance of large corporations. This led to the increasing power of capital on the Danish economic and corporate landscape, a power that also translated into political power and influence, as well as the associative governance of large corporations and Danish society at large.

In general, the history of the corporation mirrors Danish economic history in that it moves from state-coordinated and state-initiated corporate capitalism in the



first period, to privately regulated market capitalism in the late 19th and early 20th centuries, to corporately coordinated capitalism in the period from 1930 to 1973, and then again to (somewhat) state-regulated market capitalism or the competition state in the most recent period (Boje, 2020, p. 41). While there is some veneration for a certain Nordic corporate governance model, since at least the last decade of the 20th century there has been an increasing focus on shareholder value (p. 44). As explicated in this chapter, this development has sprung mainly from the Anglo-Saxon financial markets, and from the European single market and EU corporate governance harmonization. It is important to note that despite the narrative of Denmark as an egalitarian welfare society, corporate law in the 19th and early 20th centuries was very liberal, and there has been a big focus on free trade and trade liberalization since the 1990s (Iversen, 2022, p. 16).

I have argued that the Danish economy has become more and more “corporatized”. An example of this, recounted in the introduction, is how the cooperative sector – once an associative and (self-declared, at least) “democratic” economy – has moved from decentralized cooperation to multinational enterprise (Mordhorst, 2008). The same can be said of the previously cooperative financial sector, which has also become corporatized. In the decades since the 1980s, there has been a large degree of internationalization and centralization, which means that cooperatives have developed into enormous national (and multinational) entities, putting pressure on their associative elements. At the same time, with respect to corporations, we see a concentration of capital and shareholding. This means that the two central principles of the corporation that stand in contrast to the principles of associative governance – limited liability and externality – have become increasingly prevalent as the economy has been corporatized. Again, this highlights the central narrative of this chapter: corporations – especially cooperatives and the associatively governed aspects of the economic sector – have moved from “democratic associations by way of state-regulated enterprises to free capitalist corporations” (Lundkvist, 2017, p. 72).

A further question to be asked is whether not only economic life but societal life in general has become “corporatized”, or at least been subjected to some of the same developments as the corporation, especially the principle of externality. Since the 1980s, the Danish public sector has undergone massive transformations based on the ideals of new public management and new public governance, which seek to import principles from the private business sector in order to make government more efficient. At the same time, a number of institutions, notably universities and hospitals, have moved away from being governed relatively “associatively” – for instance, by professors, students, and doctors – to being governed by administrators and having external boards. The same can be said of a number of other institutions and organizations that are governed by external boards that are not in principle connected to the enterprise at hand.

Perhaps counterintuitively, this chapter has considered the corporation as a form of association, specifically that “form of association which stands apart from its individual members, with a distinct identity of its own [...], an association capable of action in its own right, or at least of having action undertaken in its own name”

(Runciman, 2000, p. 91). Under this very wide conception, the “corporation” is not limited to business entities but is a more general form that allows individuals to associate – to become one entity or body (“corporation” comes from the Latin *corpus*, meaning body) that can own property, engage in contracts, sue and be sued, and generally be an object and subject of law, not to mention its potential immortality. The corporation is characterized first and foremost by its *contracting individuality* (Ciepley, 2013, pp. 143–144), which in the European (including Danish) context is more akin to the *legal personality* or *personhood* shared by many entities ranging from states to pension funds, foundations, municipalities, universities, civil society associations, etc. However, the *business corporation* is endowed with some specific privileges. Chief among these is *limited liability*, which I have focused on here, although they also include entity-shielding and capital lock-in (Blair, 2013; Ciepley, 2013; Hansmann et al., 2006). It is these privileges – and they are precisely *privileges*, granted by government (see Barkan, 2013; Ciepley, 2013) – that have made the corporate form so essential for risky endeavors that need big capital.

The corporate *form* is central here because it institutionalizes the pursuit of profit. The corporate form establishes the corporation as a legal subject that is independent of managers, directors, and shareholders (and other stakeholders). Crucially, the joint stock corporate form is a legal mechanism that endows shareholders with *limited liability*, making them liable only for the number of shares in which they have invested, not for the venture as a whole. It is this “masterpiece of legal technology” that has made the corporation “global capitalism’s main engine” (Baars, 2019, p. 3). The joint stock company’s core features shield individual investors from liability and risk exposure, thereby enabling the concentration of huge amounts of capital. These mechanisms have helped to make the corporation “capital personified”, institutionalizing the drive and pursuit of profit (p. 11). It is often claimed that Danish corporations are less driven by profit and shareholder returns than US corporations, for instance, and that there is no formal requirement for Danish corporations or managers to maximize profits. However, Danish corporate law states that “capital owners have a right to a share of the profits of the capital company in relation to their ownership share” (Schaumburg-Müller & Werlauff, 2020, p. 185), which sounds like legally granting shareholders a *right* to profit. Even though it might be true that Danish corporations are less exclusively focused on the profit motive than their US counterparts, the point of this chapter has been to show that the power of capital is increasingly dominant in the Danish economy via the corporate form.

The central question for this chapter is what all of this means for *associative governance* in and of economic life in the Nordic region. A corporation is a kind of association, within this book’s understanding of the latter as a group organized for the pursuit of common interests or the attainment of certain ends, based on voluntary membership and formally independent of state government (see Chapter 1 and Chapter 9). *Organizational concertation* is the “guiding principle of interaction and allocation” in associative governance (Streeck & Schmitter, 1985, p. 120). While Streeck and Schmitter (1985) are mostly concerned with this associative model

at the societal level (and seem more or less to equate it with neocorporatism's associational and interassociational regulation of conflict), the central principle of organizational concertation is negotiation between mutually recognized parts (p. 124), which requires reciprocity and mutuality. Within the corporation – at least in its ideal-typical form – it is capital that regulates (or dominates the regulation of) these interactions. The principle of negotiation is based on the unequal possession of shares. Crucially, both the shareholders and the board are *external* to the corporation itself, so the people affected by the decisions are often not part of the concertation, except perhaps in a limited form. While employees are represented at the board level in most of the larger corporations in Denmark and the Nordic region, their power is for the most part very disproportionate to the power of capital.

While associative governance does not necessarily entail democracy, it requires organizational concertation based on reciprocity, recognition, and mutuality between (formal) equals. This does not mean that power is not exercised or that inequalities do not exist; instead, there needs to be formal negotiation and concertation, such that a minority cannot push their decisions through. Associative governance, as I understand it in this chapter, requires the (institutional) participation, influence, and recognition of the governed, in a way that is at least able to counter and influence the decisions that affect them, if not necessarily to balance them. In this way, associative governance in economic life mirrors what Karl Polanyi (2001) terms the economy's "embeddedness" in society. In its pure or ideal-typical form, the corporation represents a completely disembedded economic relationship, whereby the main object is the pursuit of profit, and decision-making power is based on individual ownership and input of capital. What I call the *associative governance* of economic life concerns instances where this pursuit of profit and power according to capital is embedded in associative structures that institutionalize concertation, recognition, and negotiation with those who are governed and affected by the decisions. This can happen in a number of ways – for instance, through the institutionalized concertation of the state, stakeholders, foundations, limitations on votes according to shares, general assembly voting rules, cooperative ownership, employee representation. Because of the principles of *power through capital* and *externality*, which are inherent in the corporate form, in principle – in its purest form – that form contrasts with associative governance, or at the very least denotes what one might regard as a controversial form of associative governance.

However, especially in the last ten to 15 years, and probably due to the occurrence (or greater visibility) of multiple crises, there has been increased interest in curbing the power of capital. Attempts have been made to do this through what we might call *associative aspects* that seek to *re-embed* the corporation in associative structures. As I have already briefly mentioned, in Denmark there was a big campaign in the 1970s for *economic democracy*, which ultimately failed (Toubøl & Giefeldt, 2013). In many ways, this campaign can be seen as an attempt to introduce associative structures, negotiation, and concertation for people who were very closely affected by business, namely workers. As discussed above, there is both a strong tradition and a legal basis for workers' representation on the boards of Danish corporations, although they can always be overruled by the power of capital.<sup>29</sup>

In recent years, and especially on the left, there has been increasing interest in reviving the allegedly Danish or Nordic heritage of a *democratic economy* (Dragsted, 2021). It might be more interesting to analyze this economy not as democratic, but rather as *associative* – as a movement that attempts to introduce the associative principles of concertation and negotiation between a number of different stakeholders into the governance of corporations.

## Notes

- 1 All quotes from non-English sources in this chapter are my own translations.
- 2 It also endows the corporation with *entity-shielding*, meaning that the corporation's assets are protected from individual debtors (Baars, 2019; Ciepley, 2013; Hansmann et al., 2006).
- 3 The Danish *aktieselskab* can be translated into a number of different English terms, including “limited company”, “private (limited) company”, “public (limited) company”, “joint stock company”, “limited liability company”, or simply “corporation” (Ordbogen.com, search “aktieselskab” (accessed 13.03.2023)). “Capital companies” can be *aktieselskaber*, which are either publicly or privately traded, or *anpartsselskaber*. While the word is often translated as “private limited liability company”, an *anpartsselskab* differs from an *aktieselskab* in that the start-up capital requirements are smaller (40,000 Danish kroner vs. 400,000 Danish kroner), there is no requirement for a board of directors, and it cannot be publicly traded. An *anpartsselskab* is therefore smaller in scope and less suitable to attract large (external) investors.
- 4 However, it must be mentioned that even though limited liability is often portrayed as the defining feature, other privileges are equally central. Chief among them are capital or asset lock-in and entity-shielding (Blair, 2013; Ciepley, 2013; Hansmann et al., 2006).
- 5 Studies of capitalism and business history in the Nordic region traditionally start around the middle of the 19th century (Fellman et al., 2008; Lundkvist, 2017), and the early joint stock trading companies are usually treated in isolation from later corporate developments (Feldbæk, 1986; Gøbel, 1980).
- 6 The charter stated that no stockholder was required to put in more than the denomination of the original share. Both Jensen (1944) and Dübeck (1991) take this to mean there was a conception of limited liability, both internally and externally.
- 7 In Danish, *konventionen* or *interne ledelsesregler*. I translate *konventionen* here as “regulations”.
- 8 Dübeck (1991) calls the first joint stock companies *aktieselskabslignende kapitalassocationer* (p. 17).
- 9 For an analysis of the networks of people engaged in the company and their close relations with power, see Asmussen (2018).
- 10 Another example is that directors had to own stocks – that is, they had to be part of the organization they governed.
- 11 It is important to note that the workers' movement in the big cities in particular had its own cooperative economy (Mulvad & Hansen, 2021). Interestingly, the workers' movement cooperatives were organized to a large degree as corporations (Dübeck, 1990).
- 12 For instance, in 1801 the grand merchant Frédéricic de Coninck wrote an extensive manual for his sons instructing them how to act and comport themselves on the stock exchange, again stressing the need for social and cultural capital.
- 13 In fact, this broad economic growth paved for the way for the expansion of the economic elite and thus for the creation of the national bourgeois elite later known as the National Liberals (De national-liberale), who were at the forefront of the 1848 “revolution” that

- ended absolutism. This new elite was broader, both socially and geographically, in comparison with the narrow Copenhagen elite centered on the king.
- 14 In 1849, Denmark gained what was in many ways a very liberal and democratic constitution. However, it was rolled back in 1866, and Denmark was not properly democratic until the advent of parliamentarianism in 1901, voting rights for women and domestic servants in 1915, and the Easter crisis (Påskekrisen) of 1920, when the king recognized the power of parliament. For a detailed account of these events, see Karpantschof (2019).
  - 15 The epithet “the great mogul” comes from Tietgen’s biographer, Ole Lange (2006).
  - 16 Tietgen was very involved in projects to develop railroads and tramways in Denmark, but ultimately, the state decided to take charge of these projects.
  - 17 As early as the 1840s, there was a stock boom in Copenhagen, and joint stock corporations with a broader set of owners were introduced. This was especially supported by the National Liberals, who saw it as part of the process of liberation from absolutism and the tight power and business elite that had characterized it. The mobilization of capital was supported by the argument that democracy and common ownership were mutually reinforcing. The National Liberals – who were to become the most powerful political group after the abolition of absolutism – viewed joint stock corporations with a wide range of shareholders as a form of democratic capitalism that could unite citizens through shared interests, contribute to their democratic education, and hand power to the people rather than to the state. However, the joint stock corporations established during the final years of absolutism were not successful, and experiences of fraud robbed the form of its legitimacy, slowing down the introduction of joint stock corporations in Denmark during the following decades (Boje, 2014, pp. 110–112; Lundkvist, 2017, p. 28).
  - 18 For instance, if the business was related to a public good (such as railroads) – or interestingly, if a partnership wanted limited liability.
  - 19 Before the corporate law of 1917, a number of company laws were introduced in 1862 and 1889, which required only registration, the names of the responsible persons, and (from 1889) information about the size of the share capital and a description of the articles of association. The company law of 1862 was introduced to clear up a number of issues around liability and responsibility. The initiative for the law came from the committee of the Chamber of Commerce. The basic premise was that any company would have joint liability, unless there was an exception or it was an anonymous company. Many of the new joint stock corporations established after this law were initiated by Tietgen, such as the Private Bank, DFDS, Københavns Sporveje, Store Nordiske, B&W, Cikoriefabrikken, Tuborg, De danske sukkerfabrikker, KTAS, and many more (Dübeck, 1991, pp. 52–60).
  - 20 The registration of a corporation had to be accompanied by a public announcement and public access to information. Entrepreneurs often chose a personally owned business because it allowed them to remain closed to the public, even though the corporate law was still not very strict about financial reporting (*regnskabsaflæggelse*). Some of the biggest companies remained personally owned for various reasons, such as price or tradition. For instance, J. C. Jacobsen, the founder of the Carlsberg brewery, was strongly against corporations (Boje, 2020, p. 156).
  - 21 Another central concession was that cooperative companies that enjoyed limited liability and traded with nonmembers should also be subject to regulation. The corporate law was revised in 1930 on the initiative of the Chamber of Commerce, the Federation of Danish Industries (Industrirådet), and the Provincial Chamber of Commerce. The revision created more openness and control, but it was still very liberal by international standards (Dübeck, 1991, p. 130).
  - 22 Mergers, cartels, and price agreements became increasingly common toward the end of the 19<sup>th</sup> century and continued long into the 20<sup>th</sup> century. From the 1890s onward, a wave of mergers led many companies to change their name to include the words “United” or

- “Danish” (*forenede* or *danske*). One of the central persons behind these mergers, cartels, and monopolies was Tietgen. An example is the breweries, which had a price agreement on the beverage market that lasted from 1899 until 1988 (Iversen & Andersen, 2008, p. 277).
- 23 According to Lekvall (2018), this agenda largely disregards the wide diversity of governance models that exist across the EU (p. 18).
- 24 The same tendency can be seen in the movements for economic democracy in Sweden and Norway, which – as in Denmark – resulted in the introduction of laws regarding board representation.
- 25 During this period, private equity funds (*kapitalfonde*) also became a growing feature of the Danish business landscape (Lundkvist, 2017, p. 259).
- 26 The most (in)famous examples are the sale of Copenhagen Airports and the telecommunications company TeleDanmark in the 1990s, as well as the 2014 sale of DONG Energy (later Ørsted) to international investors including Goldman Sachs. For more examples from the 1990s, see Kolstrup (2022, pp. 378–465).
- 27 Of course, the competition state is not unique to Denmark, and the term is taken from international literature (see in particular Cerny, 1997).
- 28 However, the idea that shareholders are the “owners” of a corporation is neither theoretically nor practically correct, which is why I refrain in this chapter from referring to “shareownership” or “shareowners”. For a critique of the notion of shareholders as owners, see Ciepley (2013) and Jessen (2022).
- 29 Another point made by some Danish sociologists is that workers’ representation still excludes other stakeholders, such as consumers, the environment, and society at large. Their suggestion is that all major Danish corporations should have not only workers’ representatives but also societal representatives, drawn by lot, in order to include the interests of society in the governance of corporations (Grau Larsen et al., 2017).

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## 9 Premises and promises of associative governance

*Søren Christensen, Anker Brink Lund, Haldor Byrkjeflot, and Benjamin Ask Popp-Madsen*

### Lessons from Scandinavia

The poet, Henrik Ibsen, once wrote that “a community is like a ship; everyone ought to be prepared to take the helm”. [...] In their own region and with the world, the Nordic countries are a model of cooperation.

(Barack Obama, May 13, 2016)

While it is hardly surprising that Barack Obama should honor the Nordic countries as “a model of cooperation” during the welcoming ceremony at a Nordic leaders’ summit, it is by no means uncommon for these countries to attract fascination and praise in both research and international journalistic portrayals. *New York Times* headlines such as “The Nordic model may be the best cushion against capitalism” (Goodman, 2019) and “This is how Scandinavia got great” (Brooks, 2020), *Guardian* features describing Sweden as “the most successful society the world has ever known” (Toynbee, 2005), and *The Economist’s* famous front page story from February 2013, which hailed the Nordic countries as the next “supermodel” (2013) – a story that itself referred to Fukuyama’s (2011) description of Denmark as a “mythical place” of democracy, stability, peace, and inclusivity (among other virtues) – all bear witness to the proliferation of positive and oftentimes utopian “external stereotypes” (Hilson, 2020) of the region.<sup>1</sup>

Today’s recurrent praise of Nordic exceptionalism is not a novel phenomenon. Indeed, we began this edited volume’s historical journey into Nordic landscapes of associative governance by quoting Graham Wallas (1914), the co-founder of the London School of Economics, who romanticized the “harmonious” society of the Nordic region at the beginning of the last century.

Although external utopian stereotypes and depictions of “the Nordic miracle” (Jones, 2014) are indeed mythical, and critiques of romanticized and idealized images of the Nordic countries deconstruct how they have taken – and continue to take – part in (post)colonial processes (Keskinen et al., 2012), it *is* true that international research routinely highlights the Nordic countries as comparatively successful in countering both economic (Human Developments Report, 2023) and gender inequalities (Larsen et al., 2021), offering welfare, security, and well-being for the majority of their residents (Scruggs & Ramalho Tafoya, 2022), and ranking at the

top of international comparisons regarding the population's happiness (World Happiness Report, 2023) and social trust – the latter being referred to as “the Nordic gold” (Andreasson, 2017).

As Haldor Byrkjeflot argued in the second chapter of this volume, the capacity for self-organization, the relationships and combinations among associations, and the state of social mobilization have all played a vital role in the development of the Nordic model.<sup>2</sup> Indeed, as Per Selle, Kristin Strømsnes, and colleagues contend in their recent important contribution to the mushrooming research highlighting the importance of the *Scandinavian organizational landscape*:

To understand Scandinavia, one must understand the structure and role of their civil society organizations. In this part of the world, we can identify an ‘organizational syndrome’; that is, it is assumed that everything that is important should be – and actually is – organized.

(Henriksen et al., 2019b, p. 33)

Accordingly, this volume has historically explored how governance by associations is conducted not only through *bottom-up processes of self-organized and voluntary participation*, but also to a large extent through *top-down processes of authoritative incorporation through government* – and not least in the entangled and manifold interstices in-between.

There is, to be sure, a burgeoning corpus of research and historical analyses of *how* the Nordic countries *became* the Nordic countries emphasizing the role of associations and people's movements (*folkkrörelser* in Swedish, *folkebevegelser* in Norwegian, and *folkebevægelser* in Danish) (e.g. Alapuro, 2010; Alapuro & Stenius, 2010; Árnason & Wittrock, 2012; Enjolras & Strømsnes, 2018a, 2018b; Hilson, 2010, 2018a, 2018b; Kettunen, 2007; Kuhnle & Selle, 1992; Mikkelsen et al., 2018; Stenius, 2010; Strang, 2015, 2016; Stråth, 2004; Torpe, 2003; Trägardh, 2007; Vyff et al., 2017; Wollebeck et al., 2010).<sup>3</sup>

Accordingly, our approach and empirical explorations of associative governance in Scandinavia have been inspired and nourished by the works of Stein Kuhnle and Per Selle (1992) and Risto Alapuro and Henrik Stenius (2010), and more recently by the work of Bernard Enjolras and Kristin Strømsnes (Enjolras & Strømsnes, 2018a).

However, while we share the ambition of Kuhnle and Selle in seeking to generate a more “general theoretical understanding of the dynamic relationship between the state and organizations” employing a historical-contextual approach in the Nordics (Kuhnle & Selle, 1992, p. 3), and of Alapuro and Stenius in exploring the Nordic model through a lens of associational activity (2010), they overridingly concentrate on *voluntary organizations* and *nonprofit* sectors, while we also include savings banks and business organizations in our endeavors. Furthermore, although we share the aspiration of Enjolras and Strømsnes to advance a conceptual framework and empirical analyses of transformations of civil society organizations, they are similarly predominantly focusing on “the voluntary sector”.<sup>4</sup>

Accordingly, while there is a rich landscape of research concerning associative aspects of societal developments in the Nordics, explorations of community

and commercial life through a lens of associative governance and accordingly the insights provided in this book have previously only been partially explored and theorized.<sup>5</sup>

Furthermore, we have endeavored to animate and explore “the associative” further in a broader, more theoretically coherent, and more dynamic sense than has been commonplace in monographs on specific associations, corporations, and social movements.

By unpacking exemplary manifestations of the dynamic processes of associative governance in Denmark and the rest of Scandinavia over the last 200 years, this book has identified a variety of drivers of the formation of political order. Based on a digest of multidisciplinary research, we have *empirically* grounded our historical analyses of the governance of religious life, cooperative farmer organizations, labor markets, housing provision, savings banks, and business corporations. Accordingly, the book provides original knowledge about and insights into the critical role of associative governance in the Nordic region.

Our aspiration in this concluding chapter is to elaborate on our associative governance approach in light of the book’s empirical explorations and analyses. We do not claim that Scandinavia or the rest of the Nordic region are world champions in this field. However, we do believe – as the chapter’s analyses hopefully bear witness – that the knowledge gathered here offers useful lessons, both empirically and theoretically. We will end by offering some reflections on the future potentials of associative procedures as a supplement to other kinds of governance.

### **Empirical lessons: from voluntary associations to anti-corporatism**

Rather than employing a rigid comparative methodology, the contributors to this volume have conducted exemplary analyses within the broad framework sketched out in the book’s introduction. We strongly believe that this broad approach and concept of *associative governance* is better suited to capturing the diverse and historically fluid forms of state-society relations than the “sectoral understanding” that arguably dominates social research currently being conducted in the Nordic region and elsewhere on relations between state, market, and civil society (Egholm & Kaspersen, 2020; see also Götz, 2016). Thus, in view of the book’s empirically grounded exemplars of a plethora of organizational forms and repertoires, we suggest that our associative governance approach captures the processual co-constitution and continual intertwining of state, market, and civil society.

As we stated in the introduction, a ready-made concept of associative governance does not adequately exist in and of itself “out there”, waiting to be applied to the analysis of empirical cases. Instead, the meaning(s) of different aspects and dimensions of associative governance can only be excavated through the study of empirical cases of historically developing organizational forms.

As we explained in the introductory chapter, we have found it productive to approach governance through the analytical prism of “the associative”. Understood as the art of “combining together” – *l'idée de s'associer* (Tocqueville, 1835/2012, p. 217) – this phenomenon has been studied empirically since the days of Alexis

de Tocqueville.<sup>6</sup> However, taking a stand well beyond neo-Tocquevillian research, we have not simply focused on the voluntary aspects of *bottom-up* organizing. All the chapters in this book also take a closer look at how local and national government agencies institutionalize partnerships with associations by recognizing them as co-governors, thereby highlighting aspects of *top-down* official incorporation. Accordingly, the book as a whole offers insights into “the associative” not only perceived as a particular *form of organization*, but also manifested in *organized institutionalized procedures*.

Although associations as formal organizations exist in almost all countries across the globe, Scandinavian research indicates that associative governance as an institution is particularly well developed in the Nordic countries. Long before “governance” was fashionable as one of the most widely employed concepts in political science and organization studies (Peters, 2011), associative governance became institutionalized through compromise and negotiation between a rich plurality of associations and the state. According to the institutional understanding of the concept, associative procedures are distinguished from market-oriented and state-based forms of governance by virtue of recognition and incorporation. In this respect, associative procedures offer a vehicle for social institutionalization that supplements contract-dominated market competition and legislative procedures performed by government agencies.

### *Three phases of associative governance*

While there are obvious variations across the chapters, and the historical periodization varies, we consider it both possible and meaningful to digest and synthesize a general outline of the historical transformations of associative governance in Scandinavia across different policy fields:

- Anti-corporatist emergence of associations around 1850–1900
- Development of neo-corporatism around 1900–1970
- Processes of neoliberalism and anti-corporatism thereafter

Each of the three periods contains a governance regime that includes particular relationships between governments and associations. The first period may be characterized as a gradual breakdown of estate-based society and traditional corporatism, and the beginning of what might be called “associative liberalism”. Crucial to this development in Scandinavia were the popular movements’ struggles for liberal constitutions that would grant citizens the freedoms of assembly, association, speech, and contract – as well as introducing anti-corporatism and the liberalization of economic production, commerce, and the labor market. This “Age of Associations” saw the bottom-up establishment of many of Scandinavia’s long-standing civil society organizations, such as trade unions, housing associations, savings banks, and farmers’ cooperatives. At the same time, the remnants of estate-based society – for instance, the village community and the guild system – were gradually dissolved, leaving room for self-organized organizations.

As Chapter 3 documents, *religious associations* drove the 19th-century revival movements, thereby challenging the orthodoxy of Nordic state churches. These struggles resulted in the state recognition of a *folkekirke* that was exclusively run neither by private sects nor by the bureaucratic state. The *labor movement* transformed workplace governance by terminating the privileges and monopolies of the corporatist guild system. Instead, trade unions and employer organizations all over Scandinavia interacted associatively during the latter decades of the 19th century. In *housing governance*, similar changes manifested themselves in the building of housing-related voluntary cooperatives of workers and cotters – a belated response to the demolition of traditional village communities wrought by late 18th-century agricultural reforms. Similar community-oriented functions were associatively governed by *savings banks*, understood as a social-liberal answer to “the social question”. With regard to *agricultural development*, the transition from traditional estate-based society to associative liberalism became particularly salient in the proliferation of farmers’ cooperative associations in the latter decades of the 19th century. With regard to the governance of economic life, it has been maintained that the late 1800s in Denmark were “extremely liberal” (Andersen & Iversen, 2008, p. 276), with minimal regulation of corporate forms with limited liability. According to Nilsson (2010:24), however, “The heyday of early Nordic liberalism (1840–1870) was thus not an era of completely free capitalism. Officials and entrepreneurs themselves wanted to develop the economy through government interventions for communications, science and in education”.

While the role of the nation-state in Scandinavia changed during the latter decades of the 19th century, novel organizational forms and voluntary associations developed into what in retrospect might be termed “neo-corporatism”.<sup>7</sup> All over the Nordic region, central governments and local municipalities interacted with people’s movements and organized interests, offering the incorporation of various arrangements for collaboration and conflict resolution. International political events, such as the two world wars and the severe economic crisis of the 1930s, further increased the Nordic trend toward the more statist regulation of society, which was not based strictly on top-down commands but rather on institutional procedures leading toward negotiated order. Political alliances between social-liberal and social democratic parties facilitated the development of the universal welfare states, which applied Keynesian economics as the guiding political-economic governance regime (Przeworski, 1985).

On the *labor market*, collective bargaining was recognized first by the Danish government and some years later in Norway and Sweden too. Concerning *savings banks*, the public authorities regarded these financial institutions as self-organized and community-oriented actors that were both willing and able to assist in the maintenance of law and order. With regard to *cooperative associations*, the first half of the 20th century saw the creation of agrarian neo-corporatist structures that connected local farmer cooperatives and wider rural networks of associations with the state through centralized umbrella organizations. With regard to



*business corporations*, the period was marked by the advent of formalized legislation that regulated corporations in order to guarantee security, transparency, and investments for individual investors. Vital innovations such as limited liability and entity-shielding were legally secured and harmonized across Scandinavia. Thus, enjoyment of the privileges of juridical personhood required the statist control and regulation of business corporations. The period also saw the development of corporatist structures related to *housing governance*. A municipal form of corporatism was established that regulated the local implementation of policy and delegated decisions to mediating bodies comprised of representatives of tenants' and homeowners' associations. Finally, the revivalist *religious associations* channeled their energy not only into political parties directed toward state power, but also into philanthropy as the latter developed in tandem with the Nordic welfare states.

Between 1914 and the early 1970s, the Nordic region witnessed mergers and the federalization of civil society organizations, resulting in umbrella associations in all the policy areas studied in this book. Along with this centralization, state and municipal agencies increased regulation, control, and subsidization. Through neo-corporatist procedures of this kind, certain associations and associative networks were privileged, while others were excluded from formal policymaking. As welfare state provisions and macroeconomic governance increased, a select group of state-authorized interest organizations were offered formalized roles in policy formulation and implementation. The ways and means of this collaboration were primarily procedures of associative governance.

From the 1970s onward, neo-corporatist arrangements in Scandinavia matured into routine procedures of formal bargaining and mutual understanding. This in turn weakened the bottom-up legitimacy of associative participation by the rank and file. Furthermore, critical voices on the center right of the political spectrum voiced concerns about invasive government and organizational tyranny over individual rights and liberal politics. Gradually, neoliberal market logics of competition and free choice challenged the strongholds of neo-corporatist governance. Structural economic conditions – such as the 1970s energy crises, rising unemployment, inflation, and large budget deficits – were shared by all the Nordic countries, putting pressure on established decision-making structures. More fundamentally, economic and political transformations blurred traditional class cleavages and made the Scandinavian party systems unstable. Neo-corporatism – understood as an institutional exchange arrangement in which political and administrative decision-makers trade influence over decisions for information and political support – turned toward less formal consultation processes in what has fittingly been characterized as “a more post-neo-corporatist flexible mode” (Christiansen, 2017, p. 43).

In most of the policy areas studied in this book, the institutional mechanisms of compromise and collaboration between the state and associations that had emerged throughout the 20th century were mixed with governance logics that rested increasingly on market competition. On the *labor market*, European Union law limited the space for associative bargaining, and the Danish state's overarching program of neoliberal reform, inaugurated by the Joint Declaration of 1987, created the



conditions of possibility for a neoliberalization of the collective bargaining system, decentralizing and individualizing negotiations to a greater degree than previously. *Housing governance* went through similar processes of neoliberalization: from the mid-1980s onward, the deregulation of housing markets weakened long-standing interest groups that had been established after World War II and had dominated associative housing governance. Policy participation by umbrella organizations was not abandoned altogether, but it was reorganized through mergers, professionalization, and the delegation of tasks to local tenure representations acting in tandem with municipal agencies.

With regard to the *cooperative farmer movement*, international economic pressures and shifts in national political interests from the 1970s onward led to a structural transformation of Danish agriculture, resulting in the dissolution of rural culture and organizations. While cooperative farmer organizations survived this transformation by creating increasingly large multinational enterprises, their former associative aspect was lost as their business aspect became disembedded from the declining rural culture, and agrarian (neo)corporatist structures disintegrated. During the 1960s, Danish *savings banks* had lost their market share to the commercial banks. In response to this, many savings banks now saw mergers and the removal of the formal differences between commercial banks and savings banks as the way forward. Marketing, profitability, and competition thus became new buzzwords in the savings banks, which began to adopt an attitude toward risk-taking that had previously been linked primarily to the behavior of commercial banks. At the beginning of the 1990s, the market came more sharply into focus, and savings banks' ties to local communities weakened in the wake of the neoliberal financial discourse and the emphasis on growth and competition. Historically, an internal tension between market aims and local community orientation had characterized both cooperative associations and savings banks. For both of these associative forms, market aims now supplanted the community orientation, and both cooperative associations and savings banks lost their associative distinctiveness. These effects of neoliberalization were epitomized in the development of *business corporations*.<sup>8</sup> The joint stock corporation became the hegemonic model for organizing a host of associative forms, and cooperative associations, credit associations, and savings banks (among others) were increasingly transformed into joint stock corporations. Thus, the Nordic economies became "corporatized" to a large degree from the 1970s onward, and the two central principles of the corporation as opposed to associative governance – that is, limited liability and externality – became more prevalent.<sup>9</sup>

### *Associative governance in decline?*

To sum up, the relationship between states and associations over the last two centuries in the Nordic countries can be captured by three broad and – as our empirical chapters have amply demonstrated – partly overlapping historical phases. First, the 19th century was to a large extent characterized by anti-corporatist processes. Hence, the second half of the 19th century can be captured by what contemporaries called

“the Age of Associations”. This period of associative liberalism was followed by a gradually emerging neo-corporatism, or what Katzenstein (1985) specifically in relation to the Nordic variant of corporatism coined as “social neo-corporatism”, particularly focusing on the strong position of unions, which reached a peak in all the Scandinavian countries by the 1970s. Umbrella organizations, that is, organizations of organizations, governed most of the policy areas analyzed above in tandem with state agencies and municipalities. Finally, the years from around the 1970s onward contain new waves of anti-corporatist sentiment politically and businesswise. The negotiated orders of 20th-century Scandinavia were remodeled, and many influential associations lost their privileged access to political decision-making due to processes of marketization, privatization, liberalization, and decentralization. Nonetheless, “the associative” still played a formative part in governance across the Nordic region.

The chapter on *labor market associations*, for instance, argues that apart from a short period during the late 19th century, relations between employer and employee organizations have always been mediated and institutionalized associatively. More specifically, the historical development of Danish labor market governance has been thoroughly shaped by the shifting relations between labor market associations and the state, primarily through the latter’s incorporation of the former. In a similar vein, the chapter on *housing policy* reveals that voluntary associations across the Nordic region filled the institutional gap left by the demolition of village communities, and that housing associations were later incorporated by the state, resulting in less vibrant and less grassroots-based housing activities and housing associations. The chapter on *cooperative farmer associations* also demonstrates how the dissolution of village communities and the estate society created the conditions for the emergence not only of new rural associations related to agricultural production, but more fundamentally led toward a corporatist institutionalization of governance. Hence, to a large extent the industrialization of agriculture in Denmark happened through associations.

The chapter on *religious associations* demonstrates that in addition to the fact of Lutheran monoconfessionalism, the relative lack of politicized religious cleavages in the political culture of Denmark – and to a lesser degree of Sweden and Norway too – is the result of a social order negotiated between state authorities, revival leaders, and religious associations. In the Nordic countries, the religious field has been associatively governed through compromise and negotiation between mutually recognized parties. The chapter on *savings banks* shows how a vital part of 19th- and early 20th-century organizations of this kind gradually became a central element in the development of the market economy. This could be interpreted as a weakening of the original community-based organizations changing institutionally into less associative-governed intermediaries. At the outset, local saving banks worked in tandem with the state and the municipality, and thereby became heavily embedded with government institutions too. As was also the case with cooperative associations, the business element of the Nordic savings banks became amplified and institutionalized at the expense of their associative organization. This tendency is even more prevalent in the chapter on *business corporations* demonstrating how one dominant organizational form of economic activity, the joint stock corporation, gradually grew into a position of institutional dominance, placing competing forms of organizations at bay.

With the exception of religious associations, all the policy areas studied have formed institutional links to an expanding market economy based on commercial norms. Labor market associations, savings banks, cooperative associations, housing associations, and joint stock corporations all emerged as part the development involving de-corporatization of estate-based society. The historical analyses in our book thus demonstrate that the particular form of institutional business and politics that emerged in the Nordic countries by the end of the 19th century was an *associatively mediated form of capitalism* from the outset. Associations were co-responsible for setting the rules of the labor market, providing loans to new business ventures, delivering affordable housing, industrializing agriculture, and running business in an associatively organized fashion.

The empirical body generated in the previous chapters documents how processes of associative governance in Scandinavia are closely related to corporatism, defined as “the institutionalized and privileged integration of organized interests in the preparation and/or implementation of public policies” (Christiansen, 2017, p. 36). Corporatism is thus *one modality* of associative governance: a snapshot, so to speak, in the processual development through which associations emerge, form organizational ties, establish arenas of conflict and cooperation, seek to influence the state, become incorporated into the state, and are supported or supplanted by other governance logics. Certainly, not all associations or policy areas go through all of these processes, but associative governance as an analytical approach nonetheless encompasses the various intra-associational, inter-associational, and state-association-oriented processes of formation, combination, conflict, incorporation, diffusion, and transformation. We have captured many of these processes through the concepts of *bottom-up associating* and *top-down incorporating*. In addition, associative governance also refers to the *intra-associational* processes through which associations govern themselves and their policy fields.

In the chapter on *labor market associations*, for instance, we see many of these processes at play, shaped by shifting relations between associations and the state. In the chapter on *housing associations*, we are confronted with similar processes, combining bottom-up associating with top-down incorporating: the historical development of Nordic housing governance can be captured analytically in the emergence of an associatively governed housing sector after the demolition of the village community and the subsequent incorporation of peak associations into the state regulation of the housing sector. In the labor market and housing governance, transformations since the 1980s have added more market-based governance logics as umbrella organizations were being weakened, and stakeholder involvement was delegated to individual workplaces and local tenant organizations.

The chapter on *religious associations* analyzes the relative lack of politicized religious cleavages in the Nordic countries from an associative governance perspective by exploring how different modes of interaction between religious associations (and their leaders) and the state resulted in different state-church relationships. The analytical premise of the chapter, as well as its analytical strategy, is to demonstrate that the specificity of Lutheran state-church relations in the Nordic countries can be understood as the result of processes of interaction among associations and

between associations and the state. The chapter on *cooperative associations* also demonstrates how associative governance functions as an analytical prism to elucidate the historical development of the farmers' movement, especially in Denmark. The Danish farming and working classes came to self-consciousness during the 19th century through processes of associating that ranged from religious organizations to economic associations, political parties, and coops. The chapter thus demonstrates that if we wish to understand political and economic developments – and the particular role played by agriculture – our analysis can focus productively on the organization of associations, their shifting relationships to each other, and their incorporation into neo-corporative state relations. As the chapters on labor market associations and housing governance also demonstrate, the logics of associative governance are supplemented by market logic – or in the case of cooperative associations, displaced by that logic as traditional cooperative associations become multinational corporations disembedded from their rural origins.

The chapter on *savings banks* highlights how conflicts between community-oriented activity and market-focused, profit-oriented activity took place *inside* the savings bank movement, similar to developments in the associative form of the farmer cooperatives. To understand the historical development of savings banks from an associative governance perspective is to understand first how savings and loans became associatively embedded in a network of organizations, and second, how these networks of organizations became a site of struggle for different governance logics. Thus, the chapter demonstrates the salience of the inter-associational perspective – that is, how associations link to each other, and how compromise and conflict between associations become institutionalized – for an analysis of the development of policy areas and organizational fields.

Finally, the chapter on *business corporations* subjects the historical development of the organizational form of joint stock companies in Denmark to an associative governance perspective. The organizational form of the joint stock company developed through the shifting relationship between the internal regulation of individual corporations and the state's regulatory incorporation of the joint stock company form. The joint stock corporation is one of capitalism's primary actors, and the chapter contributes to our understanding of how it was formed, became internally organized, and was legally regulated by the state.

In all the policy areas under study, associations form, transform, combine, collaborate, conflict, institutionalize, and regenerate legitimacy. In so doing, associations appeal to the state, resist the state, and become integrated into the state-authorized institutions, thereby supplanting other governance logics. The exemplary analyses demonstrate the productiveness of associative governance as an analytical approach throughout this book. We have shown how the governance regimes of diverse policy fields and sectors – the labor market, housing, religion, agricultural production, savings and loans, and business life – are the products of diverse processes of intra-associational organization, inter-associational conflict and collaboration, and state-based recognition and integration.

So much on lessons of empirical nature. Our elucidation of associations as voluntary and mandatory organizations, as well as integrated parts of social

institutions, however, also calls for reflections on theoretical contributions related to the history of ideas. In order to position ourselves within the broader theoretical landscape of associational thinking, the authors of the previous chapters have more or less explicitly engaged with central aspects of theories of associative democracy developed by Hirst, Cohen, and Rogers, as well as Streeck and Schmitter's neo-corporatism, and Bell and Hindmoor's contemporary rethinking of governance through associations. And – below the surface – we have also detected constructive inspiration from civil society studies of rather different breeds.

### **Theoretical lessons: revitalizing “the associative” in social and political thought**

Let us begin this lesson by introducing a particularly influential and theoretically ambitious normative aspiration for institutional reform of governance. The main idea behind Cohen and Rogers's (1993, 1995) approach to *associative democracy* is “to curb factions through a deliberate politics of association while netting such group representation to egalitarian-democratic governance” (Cohen & Rogers, 1995, p. 44). Echoing James Madison, they argue that the role of associative governance in curbing suspicions of factions “consists in matching group characteristics with assigned functions and [...] cultivating those characteristics appropriate to functions consistent with norms of egalitarian democracy” (p. 48). If responsibility for governance in a plethora of policy areas is delegated to associations, the latter can potentially function as instruments to achieve good governance, which in turn may improve “economic performance and government efficiency, and advance egalitarian-democratic norms of popular sovereignty, political equality, distributive equity, and civic consciousness” (p. 395).

Hirst's (1994) “associative” democratic reconstruction and “associationalism” expand and develop ideas from the English political pluralism and guild socialism of the 1920s. While Hirst too privileges the role of associations, he forcefully criticizes the “centralized and sovereign state with radical federalist and pluralist ideas advanced as a substitutes” (p. 15).<sup>10</sup> Whereas Cohen and Rogers emphasize the dangers of free group representation for democratic forms such as egalitarian participation, Hirst emphasizes the voluntarism and self-governance of secondary associations. For Hirst, political organization should be restructured so that voluntary self-governing associations “gradually and progressively become the primary means of democratic governance of economic and social affairs” (p. 20). Indeed, Hirst (1990) writes that his conception of associative democracy “offers a way for the state and civil society to interpenetrate, whilst restricting the scope of state power and its capacity to dominate civil society”, and “in this sense [it] creates the space for an active civil society of associations freely formed of citizens and allows those self-governing associations to undertake a greater task of social life” (p. 8).<sup>11</sup>

Similar to both Hirst and Cohen and Rogers, neo-corporatists such as Schmitter and Streeck (1985) reinscribe a vital status and place for associations in contemporary Western welfare states. However, and importantly, they do so in another way and with a different focus than the abovementioned authors insofar as their

theorization is intended to be *praxiological* – that is, empirically motivated and anchored, rather than normatively or ideologically driven (see also Schmitter, 1974). In a widely cited article, Streeck and Schmitter (1985) argue that due to the development of relatively stable and “ordered” systems of corporate interest bargaining in Western European countries in the 1960s and 1970s – particularly in the Nordic countries, where such systems appeared as “collective bargaining” (*trepartsforhandling*) – the usual sociological categories of *community*, *market*, and *state* (or bureaucracy), with their respective principles of spontaneous solidarity, dispersed competition, and hierarchical control, need to be supplemented by a fourth category: the *association*. While any given society at any given time can only meaningfully be analyzed in terms of some combination of community, market, state, and their mutual complementarities (p. 119), Streeck and Schmitter contend that “social order” is possible precisely because of what they call the *association*, the guiding principle of which is *organizational concertation*.

The idea that associations are the basis of a distinctive social order is hardly novel. For example, G. W. F. Hegel (1821/1991) famously gave an elaborate account of the emergence from civil society of *Korporationen* as its “second moral root” (together with the family) and highest orderly expression, which in turn laid the foundations for “the universal, substantial state”. Fichte, Schlegel, von Ketteler, and others followed Hegel by advocating variants of a corporative-organic social order in reaction to the “anomic” structure of the incipient market (Streeck & Schmitter, 1985, p. 120). Saint-Simon’s advancement of the idea of *associationnisme* in the 1830s, as well as Durkheim’s conception of professional corporations as the central institutional basis for the production of “organic solidarity”, is other prominent example where associations were ascribed a pivotal role in a distinctive social order. An important point here is that in mainstream modern social and political thought, in contrast, associations have been considered a source of *disorder* rather than order (Streeck & Schmitter, 1985). Thus, according to Streeck and Schmitter (1985), the history of democratic societies consists of the expansion of markets into preexisting communities during the 19th century, when associations “were seen as impediments to the development of the free market”, and as the interventionist welfare state expanded and intervened in the market economy in the 20th century, associations were viewed “as obstacles to the growth of the (democratic) state” (p. 220).

At the core of the idea that associations are the basis for a distinctive social order is the principle of interaction and allocation among actors, defined by their common purpose of representing functionally defined interests. The central principle is “concertation”, which Streeck and Schmitter (1985) understand as negotiation both within and among interest organizations that “mutually recognize each other’s status and entitlements and [...] are capable of reaching and implementing relatively stable compromises (pacts) in their pursuit of their interests” (p. 124). The “currency” or medium of “the associative model” consists principally of this mutual recognition of status and entitlements. This does not imply, for example, that threats or coercion are necessarily eliminated from an associative order in cases of breakdown of negotiation processes on given issues, but it implies that organizations make mutual demands on each other based on the “intensity and magnitude of their preferences and interests” and their probable courses of action where there is



a lack of agreement (p. 124). However, although analysts of neo-corporatism (such as Streeck and Schmitter) and associative democracy (such as Hirst and Cohen and Rogers) are attempting to revitalize the role of associations, they are far from uncritical in doing so. Indeed, as Streeck and Schmitter (1985) emphasize, “not all social groups and political issues lend themselves equally well to associational self-regulation”, and the market or the community as competing institutions may undoubtedly “offer more appropriate solutions” (p. 136).<sup>12</sup>

While the vibrant, critical debate about endeavors to revitalize the role(s) of associations in contemporary liberal democracies, which particularly flourished in the early 1980s and 1990s, seems to have lost some momentum lately, Bell and Hindmoor (2009) have offered an important theoretical revitalization of governance through associations in their recent “relational state-centric” work. They describe “associative governance” as appearing “when governments or state agencies form governing partnerships with societal organisations or NGOs [nongovernmental organizations]” (p. 162). They categorize it into two forms: first, corporatism, which is where governments jointly construct and implement public policy in cooperation with major peak associations; second, private-interest government, which is where governments or state agencies sanction or encourage the use of private authority in governance arrangements.

Bell and Hindmoor reiterate the widespread example of corporatism whereby “governments formally negotiate with labor associations to establish and jointly implement wage moderation policies in a national economy” (Bell & Hindmoor, 2009, p. 162) – analyzed in this volume in a Nordic context by Benjamin Ask Popp-Madsen. Their example of private-interest government is “when governments allow firms or business associations to set codes of practice or self-regulate their activities in certain sectors” (Bell & Hindmoor, 2009, p. 162). For Bell and Hindmoor, the costs and benefits of governance through association depend on the predominant institutional arrangements, the capabilities of the associations, and – not least – the state’s capacity (p. 163).

Echoing Trevor Matthews’s (1988) recommendation of associations as “vitally important allies” in governing by governments, as well as Hirst’s (1994, 1997) idea of associations as a “vital supplement” in liberal capitalist economies, what Bell and Hindmoor (2009) call “governance *through* associations” requires the state to “share power to a greater degree than (in) any [...] other modes of governance” (p. 174). The state delegates authority to nonstate actors, and this is preconditioned by the state’s assessment of which associations can contribute valuable resources. Thus, associative governance arrangements, such as corporatist and private-interest arrangements, “are created and maintained by the state” (p. 174). This underlines the fact that associations do “not emerge spontaneously” (p. 175) – contrary to Hirst’s conception of associative democracy, which suggests the opposite. Indeed, for Bell and Hindmoor, governance through associations requires the state to provide sufficient incentives for associations to engage in governance activities (p. 176) so that the state can enhance its policy capacities through those relationships.

So far, we have outlined central aspects of “associative democracy”, “associationalism”, “neo-corporatism”, and “governance through associations”. In the next section, we elaborate on the role(s) of “the state” and “civil society” in relation to associative governance. This involves advancing *why* the sectoral understanding of



civil society is unproductive and limited in this context, and expounding a more Hegelian approach to civil society – what Hegel terms *bürgerliche Gesellschaft* – that is more adequate and fruitful for understanding and exploring the delicate relationship between civil society and the state(s) in the Nordic region.

### **A civil society approach to associative governance**

Most of our contributors follow Stein Kuhnle and Per Selle (1992) in questioning the widespread assumption that the state and government on the one hand and associations and organizations on the other “represent two different worlds and thus, implicitly, have prevailed in a state of uneasy competition or even conflict” (p. 3). In their exploration of social transformations and civil society in Scandinavia, Bernard Enjolras and Kristin Strømsnes (2018b) similarly emphasize that “the relationship between the state and the civil society is characterized by nearness and cooperation rather than distance and conflict” and that the relationship between associations and the state in the Nordic countries “is marked by close collaboration and integration, implying nearness in terms of communication and contact, financial support, a high degree of autonomy, and the possibility for influencing politics through the corporate decision-making channel” (p. 2). The supposedly benign and generally cooperative character of the relationship between the state/government and associations/organizations is repeatedly noted by scholars of the “Nordic model” who wish to emphasize that there is no strong antagonism between civil society and the state in the Nordic countries (Alapuro & Stenius, 2010; Enjolras & Strømsnes, 2018b; Götz & Hackmann, 2003; Kuhnle & Selle, 1992; Selle et al., 2018; Trägårdh, 2007). This resembles what Pauli Kettunen (Kettunen, 2012) has aptly called “the virtuous circles” of divergent interests in the Nordic model.

Moreover, both the state and civil society in the Nordic countries can be regarded as particularly strong (Alapuro, 2010; Boje, 2021; Henriksen et al., 2019a; Jepperson, 2002). Indeed, the Nordic welfare states intervene in their populations’ lives in multiple ways, and Nordic civil society has historically been characterized by high levels of mobilization, voluntarism, organization, and participation (Alapuro & Stenius, 2010; Dekker & Van Den Broek, 1998; Enjolras & Strømsnes, 2018b; Henriksen et al., 2019b).

Some researchers – particularly Kuhnle and Selle (1992) – have employed the term “state-friendly civil society” to convey the basic message that the conceptual distinction between the state and civil society, employed by many social scientists and expressed in other political cultures, simply cannot capture the relationship between civil society and the state in the Nordic countries. As Lars Trägårdh (2007) notes, the so-called Nordic model

Challenges the idea that the struggle between state and society is a zero sum game in which a strong state typically undermines popular self-organization and democratic governance, and a large public sector stands in opposition to an autonomous and vibrant civil society.

However, some political cultures may approximate a clear-cut conceptual distinction between civil society and the state. Such political cultures might include liberalism's more dichotomous zero-sum game between individual freedom and state power – expressed in much US political culture, for example – or French republicanism's claim of loyalty to the abstract state community on behalf of individual autonomy, expressed in much French political culture (1995). As this volume undertakes *empirical* explorations of the historical development of associative governance in the Nordic countries, we do not primarily seek to promote a specific (normative) theory of civil society.

Rather, our aim in this section is to offer an approach to civil society that is actually fruitful for comprehending and theoretically elaborating the distinctive features of the relationship between civil society and the state in the Nordic countries. In doing so, we move beyond the influential “sector approach”, which operates with a tripartite distinction between civil society, the state, and the market. This involves moving beyond much of Habermasian critical theory's distinction between “system” – encompassing the state and the market, and dominated by instrumental rationality – and “life world”, dominated by communicative rationality, ideal speech conditions, and individual freedom (Habermas, 1996). Both approaches have contributed to a dominant view that situates civil society and the state as antagonistic spheres dominated by conflicting dynamics and oppositional guiding principles (Cohen & Arato, 1992).

The key conceptual problem with this sectoral understanding of civil society – setting aside its lack of empirical usability in the Nordic context for a moment – is threefold. First, the sectoral approach ontologizes the distinctions between “the state”, “the market”, and “civil society”, thereby ignoring the historicity of those distinctions and the political struggles that produced them. Second, the sectoral approach gives normative priority to civil society as a space where individuals can associate and deliberate as free and equal citizens, thereby disregarding hierarchies and forms of dependence and domination that also flourish in civil society. Third and relatedly, the sectoral approach firmly places the potential for critique and transformation within civil society, thereby ignoring the conservative and “dark side” of civil society (see Byrkjeflot in this volume). If we take the recent upsurge of the concept of civil society into consideration, it is not difficult to locate the origins of these problematic conceptual elements.<sup>14</sup>

As the empirical analyses in this volume have highlighted, the distinctiveness of Nordic societal development and the Nordic model (and its potential role and relative success in creating free, equal, and just societies under “really existing” liberal democracy) cannot be attributed to a strong, independent civil society *in opposition* to the state (bracketing the conceptual question of what that would even mean under conditions of state sovereignty). Instead, it is due to relationships of negotiation, collaboration, compromise, and institutionalized conflict *between* non-state organized interests (i.e. “civil society”) and the state. Indeed, that is precisely what we conceptualize as *associative governance*.

The immense interest since the 1990s in a concept of civil society that subscribes to a sector model (see also Egholm & Kaspersen, 2020) thus stands in the way of

the empirical investigation of historical developments in the relationship between civil society and the state in the Nordic countries because it simply does not fit the empirical reality of Nordic historical development. In other words, the idea of associative governance as a lens for *empirical* analysis requires us to translate the concept of civil society into contexts where there are close state-society relations and a negotiated economy (Amin & Thomas, 1996). By delving into the theory and history of ideas of civil society, we can nourish a concept of civil society – or more specifically, a concept of state-society *relationships* – that does not pit these two spheres of human activity and organization against each other.

The concept of civil society has been part of Western political thinking since Aristotle's idea of *politike koinonia*. Translated into Latin by the Romans as *societas civilis*, this concept designates a political community of free and equal citizens living under some kind of rule of law (Cohen & Arato, 1992, p. 84; Kocka, 2006, p. 66). Two core features are immediately noteworthy in the ancient Greco-Roman understanding of civil society. First, *societas civilis* referred to a sphere of interaction that was fundamentally different from the domestic sphere of home and family (and therefore also from economic life), insofar as the domestic *oikos* was characterized by hierarchy, dependence, and obedience to the household *despot*, whereas *societas civilis* as an ethical-political community was characterized by freedom and equality for all citizens (Arendt, 1958). Second, the ancients knew no difference between “the state” and (civil) “society”, insofar as *societas civilis* referred to an ethical-political community of self-governing citizens. Fundamentally, the ancient meaning of the concept of civil society can be expressed via a fundamental political duality: *societas civilis* refers to an ethical-political community *inside* the *polis* (or within the institutions of the republic), in contrast to the *state of nature* or the life of barbarians *outside* the city walls. This duality continued to characterize the concept of civil society until the early modern period. Even Thomas Hobbes (1671/1651), who was a vehement critic of the ancients' political ideas, equated the modern state with civil society in contrast to the state of nature. It was only with John Locke's (1704/1689) *Two Treatises of Government* that “society” began to be separated from “the state”, thereby providing the germs of the dominant modern understanding of civil society as a sphere of human interaction in opposition to the state and government.<sup>15</sup>

The Lockean understanding of (civil) society only gained full conceptual dominance during the 18th century with the Scottish Enlightenment, when philosophers such as Adam Ferguson and Adam Smith theorized civil society as a distinct sphere of human interaction separate from the state (Ferguson, 1767/1767; Smith, 1776/1776; see also Keane, 1998). Whereas Locke had conceptualized “society” as *one unified* community, these Enlightenment thinkers stressed the multifaceted and pluralized character of civil society, focusing on the different mores, manners, and traditions shaping social interactions. Moreover, thinkers such as Ferguson and Smith included economic exchange and production as part of civil society, thereby transposing economic relations from their ancient position in the private sphere of the *oikos* to a social sphere that existed independently of the family and state power.

Ferguson's (1966/1767) influential *Essay on the History of Civil Society* developed a distinctively modern understanding, replacing a political ontology that stressed human nature, individual rationality, and the social contract (including Locke's concept of society as external to the state) with ontologies that stressed social bonds and associative relationships, thereby highlighting the distinctively social nature of human interaction (Mossin, 2020). This modern concept has two noteworthy features. First, in contrast to the ancient meaning of civil society, this modern concept grasps civil society as a social, semipublic space between the microcommunity of the family and the macrocommunity of the state/nation – that is, as existing separately from both family life and political life. However, second, in accordance with its ancient meaning – particularly the ethical-normative connotations of *politike koinonia* – civil society is understood to be a nonhierarchical, “power-free” sphere of freedom and equality, and to be generally outside the market. If we combine these two elements – civil society's externality to the state and its normative-ethical status as a sphere of autonomy, freedom, and equality – we can understand why late 20th-century post-Marxists, progressive social theorists, and radical democrats turned to a theory of civil society as an alternative to free market liberalism and state intervention (see especially Cohen & Arato, 1992). As a result, the “sector model” began to dominate the social sciences from the 1990s onward.

Having laid out this succinct version of the conceptual history of civil society, we can reiterate more clearly why the concept has been unfruitful and inadequate for empirical analyses of the Nordic model. First, civil society in the Nordic countries did not develop as a social sphere separate from the state. Instead, as the empirical chapters in this book reveal, associations that regulated working conditions, economic activities, religious confessions, peasant lives, and local government were oftentimes largely *structured* by state policy while simultaneously *influencing* that policy. The relationship between the state and civil society in the Nordic countries' organizational repertoires is more fruitfully conceptualized as a process of *co-development* involving both top-down and bottom-up negotiation, compromise, and institutionalized conflict, rather than antagonistic opposition. Second, economic production cannot be deemed to lie *outside* of civil society as the sector model proposes. Throughout Nordic history, households were embedded in economic production by way of associative agencies such as the village community, the craft guild, and the cooperative movement. This diverges from both the ancient republican relegation of family life and economic production to a distinctly private sphere and the sector model's Habermasian categorical differentiation between civil society and economic production. Finally, our exemplary analyses clearly demonstrate that civil society cannot be equated with a sphere of free and equal citizens coming together in deliberation.

Therefore, we argue, it is more fruitful to turn to an approach to civil society that does *not* reproduce the ethical-normative connotations of the ancient concept, and that does *not* categorically separate civil society from the state as the dominant modern conceptualization tends to do. Such a concept of civil society can be excavated from central elements of Hegel's *Elements of the Philosophy of Right*

(1821/1991). In his inspiring attempt to rethink the Nordic (particularly Swedish) welfare state through a neo-Hegelian theory of the state and civil society, Trägårdh (2010) argues that civil society, according to Hegel, “is the sphere in which private interests, needs, and desires are expressed” (p. 230). Similarly, Bernild (2002, 2003) and Nygaard (2007) argue that Danish society from the 1800s onward can be regarded as a Hegelian estate-based society held together by the community dialectics of family, *Korporation*, and the state. Indeed, for Hegel, *bürgerliche Gesellschaft* is based on the market, and this collides with the widespread conceptions of civil society that place it somewhat *in opposition* to the market. In a Norwegian historical context, Slagstad (1998) and Østerberg (1997) have documented the influence of the Hegelian notion of “Sittlichkeit” in Norwegian politics under the regime of professorial politics in the period from 1814 onward.

### *A Hegelian framework around associative governance*

Hegel develops his approach to civil society – *bürgerliche Gesellschaft* – as part of his investigation of the conditions of (for Hegel, modern) freedom. This is explored in the third part of *Elements of the Philosophy of Right* (Hegel, 1821/1991) and its famous discussion of the components of *ethical life* (*Sittlichkeit*), which subsumes both abstract right (the objective legal person) and morality (subjective morality). Morality and abstract right, as Hegel constantly argues, need to be actualized in society’s institutions. Hegel’s discussion of ethical life (paras. 142–360) is subdivided into three logical moments or branches, namely the family (paras. 158–181), civil society (paras. 182–256), and the state (paras. 257–360).

While this division might be regarded as yet another sector model – placing civil society between the “nonpolitical” family and the “political” state, and thereby reproducing civil society’s *opposition* to the state – that is not what Hegel intends. Rather, Hegel’s distinctions should be understood relationally and dialectically, meaning that family life, civil society, and the state are imbricated in complex relationships of co-construction, co-determination, and co-development. Individual freedom, civil society, and the state are thus not opposites for Hegel; instead, membership of the state (i.e. citizenship) is the central precondition for individual freedom. In daily life, however, the possibility of experiencing and actualizing the individual freedom provided by membership of the state community is afforded by civil society, or what Hegel calls the activity of the *corporations*.

These corporations are the associations that otherwise isolated and atomized individuals join in order to pursue their self-interest in union with others. Civil society corporations are *mediating* organs that stand “between the government at large on the one hand and the people in their division into particular spheres and individuals on the other”, thereby “ensuring on the one hand that the power of the sovereign does not appear as an isolated *extreme* [...] and on the other, that the particular interests of communities, corporations, and individuals do not become isolated either” (para. 342, para. 302, italics Hegel’s).

Hegel’s (1821/1991) civil society, or the corporations of which it consists, thus performs the dual task of associating atomistic and isolated individuals – thereby

assuming “the role of a *second* family for its members” (p. 271, para. 252, italics Hegel’s) – and mediating the power of the state through corporative self-organization and self-administration. A way for citizens to experience individual autonomy, and for the state to govern social life, is through civil society and its corporations. As Trägårdh (2007) highlights, “in the very act of joining [a corporation], the individual began the journey to transcend self-interest, forge a social identity, and begin to contribute to the welfare of society as a whole” (p. 13). For Hegel, this means that the state as an abstract community only becomes intelligible to its citizens through civil society’s corporations, and individuals conceive of themselves as citizens by participating in corporative structures. “The proper significance of the Estates”, Hegel (1821/1991) argues, “is that it is through them that the state enters into the subjective consciousness of the people, and that the people begin to participate in the state” (p. 342, para. 301; see also Wiewiura, 2020).

This brief reconstruction of Hegel’s concept of civil society offers an alternative to the dominant anglophone sector understanding of the concept in a number of ways. First, Hegelian civil society does not refer to an autonomous sphere consisting of voluntary, noneconomic associations; instead, civil society is co-produced by the state (“the sphere which has been described in this work as civil society comes *into existence in relation to the state*” (Hegel, 1821/1991, p. 341, para. 301, italics Hegel’s)), and it includes the market economy. Consequently, antagonism between the individual and the state, and between civil society and the state – antagonisms that characterize both liberalism’s and critical theory’s understandings of civil society (Arato & Cohen, 1988), where the state is always a potential threat to individual freedom and civil society’s autonomy – cannot be squared with Hegel’s emphasis on the mediating role of civil society, which simultaneously allows atomized individuals to transcend their self-interest through associative life and institutionalizes the abstract principles of statehood in society through various corporative structures.

Hegel’s concept of civil society, in other words, entails a different form of political representation than is found in much of the contemporary Habermas-inspired civil society literature. Hegel rejects individual representation in the “one person one vote” modality, as such practices abstract citizens from their social corporative structure, thereby extracting the political from its social basis in civil society. Insofar as political opinions and interests are formed in the corporations of civil society, and insofar as individuals only come to think of themselves as citizens in a corporative setting, political representation must also be based on corporations rather than on individual representation. “The idea that those communities [...] can be split up again into a collection of individuals as soon as they enter the sphere of politics”, Hegel (1821/1991) argues,

Involves separating civil and political life from each other and leaves political life hanging, so to speak, in the air; for its basis is then merely the abstract individuality of arbitrary will and opinion, and is thus grounded only on contingency rather than on a foundation which is *stable* and *legitimate* in and for itself.

(p. 344, para. 303, italics Hegel’s)



Politics, according to Hegel, is arbitrary, unstable, and even illegitimate when founded upon individual representation, as the latter dispenses with the all-important social corporative structure within which the individual self-actualizes as a citizen. Hegel thus imagines a form of corporative or estate representation through which organized interests, collectivities, and groups can gain representation in the state. As Trägårdh (2007) argues:

The Hegelian formulation of the ideal social order is one that at least imperfectly “fits” with the actual structure of Swedish society and its political culture, and in many ways constitutes a better theoretical account of the actual ways in which state-civil society relations in Sweden have been historically configured.

(p. 14)

Although Trägårdh is writing specifically about Sweden here, his point also makes sense in Scandinavia at large, as the empirical analyses in this book elucidate. Thanks to Hegel’s theory of civil society, its constituent corporations, and their relationship to the state, we argue, it is fruitful to focus on the (Hegelian) approach and conceptual language of “corporatism” and “neo-corporatism” in order to comprehend the relationship between the state and society in the Nordic countries. So, while Hegel does not explicitly theorize associative governance, regarded from this perspective, the state as an abstract community becomes intelligible to its citizens through corporations. Following this idea of corporate representation, we will further elaborate on the concept of *corporatism*, already introduced and applied by the empirical contributors to this book. This, in turn, leads us back to some final reflections on empirical research directed at present-day governance of the associative kind.

### *Associative governance and corporatism*

Relating to Hegel’s idea of corporative representation, Norwegian political scientist Stein Rokkan (1975, 1981) distinguishes between two different channels of political influence in modern liberal democracies. In the *territorial-parliamentarian* channel, citizens are represented individually by voting in political parliamentary elections. The history of the expansion of voting rights in the Nordic countries – from mid-19th-century restrictions on gender, property, and age that essentially gave only property-owning males the right to vote, to the extension of the franchise to the full population – has been well researched. In the second channel, which Rokkan labeled the *functional-corporative* channel, organized groups – but *not* individuals – are represented by being integrated into legislative and/or administrative processes via negotiation and compromise with the state, thereby gaining certain privileges and operating under certain duties.

To analyze the historical development of these two channels of political influence, their relative strengths vis-à-vis each other, and the social movements, political actors, and associative networks that formed them, are to encounter one of great dramas of political modernity. By dispensing with the traditional rights and



duties of the church, city, estate, and guild during the 18th and 19th centuries, the modern territorial state, with its sovereign powers and capitalist market economy, finally supplanted the multifaceted previous political-economic order, which had consisted of a host of intermediary bodies and corporate communities (Streeck & Kenworthy, 2005, p. 441).

Scandinavian versions of such “corporate communities” have been unfolded throughout this book. As 19th-century liberals across Europe, including in the Nordic countries, ratified liberal constitutions, “liberated” economic production and trade from guild structures, rearranged open-field systems and village communities in the countryside, and reformed peasant life, the “traditional” corporatism of estate society was dissolved. Yet even though “modern liberalism, both political and economic, in turn aimed at abolishing all forms of intermediary organization that intervene between the individual and the state or the market”, as Streeck and Kenworthy (2005) aptly argue, “in the end, however, it failed to eliminate collectivism and had to accommodate itself to both political faction and economic cooperation” (p. 441).

Thus, two oppositional tendencies were in operation simultaneously not only in Scandinavia but across most of Europe during the 19th century. As the representative parliamentary channel was strengthened (i.e. as the right to vote gradually extended to the whole population), *the individual* became the central subject of politics (one person one vote; the dissolution of estates and guilds), but *at the same time*, organized collectivities were gradually represented and reintegrated into the state and recognized *as collectivities* via the functionalist-corporative channel. Whereas the “traditional corporatism” of estate society was gradually dismantled by market society, liberalism, the liberal constitution, free competition, and individualism, a new form of corporatism – *neo-corporatism* – emerged at the beginning of the 20th century as labor unions, employer associations, and other corporative structures were recognized by the state and became co-responsible for the development and implementation of policy in many areas.

In accordance with the Hegelian co-determination of the state and civil society, neo-corporatism describes a mode of political governance in which “churches, farmers, unions, employers, small businesses, and the liberal professions [...] were allowed various forms of self-government in the public domain” (Streeck & Kenworthy, 2005, p. 445). “The resulting blurring of the boundary between the state and civil society”, as Streeck and Kenworthy insightfully argue, “involved a delicate balance between individualism and collectivism, individual rights and group rights, and competition and cooperation” (p. 445). At the most foundational level, this volume’s analyses reveal the *specific ways* in which these opposites were balanced and integrated in the Nordic countries, as we investigate the swing of the pendulum from “old” corporatism before the 19th century, through liberalism in the 19th century, to neo-corporatism throughout the 20th century, ending with neoliberalism in the final third of the 20th century.

One way to explicate further the differences between “traditional” corporatism and neo-corporatism – and thus also indirectly to stipulate some of the consequences of 19th-century liberalism – is to focus on the historical role of associations in the Nordic countries. In the literature on corporatism and neo-corporatism, it

is commonplace to distinguish between what Schmitter (1989) terms “state corporatism” (pp. 18–22), referring to historical authoritarian and fascist regimes’ creation and control of corporations as a way to govern society, and “societal corporatism” (Schmitter, 1974), “liberal corporatism” (Lehmbruch, 1977), or simply “neo-corporatism” (for an overview of different models of corporatism, see Streeck & Kenworthy, 2005, p. 442). In sum, neo-corporatism is a way for the state to govern (civil) society, *incorporating* certain collectivities and groups so that they become *governable* by giving them privileges and exemptions (top-down governance, structuring, and incorporation of society). However, at the same time, it is also a way in which (civil) society can promote its own interests as *organized groups* (bottom-up representation), despite the fact that the territorial-parliamentarian channel has become thoroughly individualized and occupies the dominant position in the modern democratic imaginary.

The concept of neo-corporatism is especially relevant for our exploration of the historical development and political importance of associative governance in the Nordic countries, what Peter Katzenstein – specifically referring to variants of neo-corporatism in the Nordic countries – has dubbed “democratic corporatism” (Katzenstein, 1985, p. 35) and Jukka Pekkarinen, Matti Pohjola, and Bob Rowthorn have termed “social corporatism” (Pekkarinen, Pohjola & Rowthorn, 1992, p. 3).

While the Nordic countries certainly pride themselves on their negative parliamentarism, multiparty system, and tradition of broad intraparlimentary compromise (*det samarbejdende folkestyre*) – that is, in Rokkan’s terms, on the distinctive structure of the territorial-parliamentarian channel – what might be more unique from a comparative global perspective is the distinctive structure and success of the *corporatist* channel in these countries.<sup>16</sup> Moreover, the pivotal political role of organized interests in the Nordic countries is preconditioned on a strong civil society capable of solving collective action problems, strong and well-organized business groups and trade unions, and a tradition of public policymaking and implementation in close cooperation with interest groups (Christiansen, 2017, p. 36). Neo-corporatism might thus be regarded as a fundamental part of the “consensual” (Lijphart, 1999) nature of the Nordic political systems. Nordic neo-corporatism, as one observer has concluded, might be regarded as “an institutional manifestation of the correlates of the consensus-oriented political cultures and strong civil societies” (Christiansen, 2017, p. 39). Neo-corporatism thus signifies the integration and collaboration of organized interests in civil society and the state and, as Bo Rothstein (2001) argues, in “Scandinavian countries [neo-corporatism] is the development of a very close cooperation between the state and the popular movements – without the consequence of the destruction of the autonomy of the movements” (pp. 126–127).

According to recent studies, interest representation on public committees is still common (Binderkrantz et al., 2015; Catt, 2005; Fraussen & Beyers, 2016). As one of the most institutionalized types of corporatist interaction, the establishment of committees with major economic interests has been a crucial element of classic corporatism in many countries (Christiansen et al., 2010). Reforms have been

either corporatist – implying a careful balancing of business and labor interests in arrangements that mirror those created in some Western European nations – or associational, smaller in scale, and more flexible in design. Broader and more flexible set of interests and identities have become recognized by government at the cost of general privileges formerly enjoyed by class-based umbrella organizations. Also, globalization of the economy affected the way Scandinavian welfare states had to communicate and use governing techniques in order to adjust labor market norms and deal with multinational competition. Associative governance as a form of governance did not disappear, however. New formats emerged, and central actors who were formerly deeply involved within the Nordic negotiated economies now shift their attention toward various kinds of technical calculating committees and parliamentary hearings at the national level, supplemented by a growing number of EU and OECD initiatives demanding public consultation processes, stakeholder involvement, and standardization (see also Boje, 2021).

### **Premises for future research**

All in all, we consider the associative governance approach to social transformation particularly fruitful as a theoretically informed tool with which to access and unpack historical developments that have been only partially excavated in previous literature. Specifically, we recommend that exemplary analyses – focusing on bottom-up civil society organizing and top-down government intervention and incorporating – should be studied within a conglomerate of theories and approaches that accentuate both the potentials and the limitations of associative governance. This is not primarily a normative exercise, but it does, of course, have prescriptive potentials.

As we have exemplified in different chapters of the book, associative governance is not a once-and-for-all given or the result of any grand design. Confronted by recent threats – political and financial – to governing by combining together, it is important to know the lessons of the past in order to maintain and if possible *strengthen* associative forms of governance.<sup>17</sup> Unfortunately, we still lack studies systematically comparing Scandinavian traditions of associative governance with other regions across the world that would make it possible to offer more robust conclusions of the particularities of different political cultures in this respect.

It may be, as Lars Skov Henriksen, Kristin Strømsnes, and Lars Svedberg argue in their exploration of civic engagement in Scandinavia,

An irony that at a time when the world is increasingly looking to the Scandinavian countries as a model to learn from [...] in a global economic and political order, it is becoming increasingly difficult to preserve the ‘Scandinavian way’.

(Henriksen et al., 2019c, p. 22)

Bearing this warning in mind, we will offer a few reflections concerning potential generalizations based on our exemplary analyses of associative governance

in Denmark, and to a lesser extent Norway and Sweden.<sup>18</sup> Much more research is needed, however, and as noted in the book's second chapter, there are indeed variations between the Nordic countries in many respects, which may also indicate important differences in associative governance traditions even within the Scandinavian region.

In Norway, for instance, the civil-servant state was of Danish origin, which meant that the mobilization from below was associated with a popular movement organized specifically for national independence. In this fashion, Norway developed a nationalist and radical democratic tradition of self-government that had no parallel to Denmark (Nielsen, 2009, p. 569). Norway also differed in terms of class structure, with a much less developed nobility than the other two nations. Furthermore, center-periphery conflicts were more recognised in the Norwegian political system than in the rest of Scandinavia. Associative governance, in other words, developed as a blended history of popular movements, nation-building, and the overlapping impact of cleavages related to culture, socioeconomics, and geography.

Systems of party politics, another important driver of associative governance, were established much earlier in Denmark and Norway than in Sweden, where, for a long time, mass movements served as substitutes for parliamentary-defined parties. Jansson (1988) argues that this may explain why the word *folkrørelse* is a far more honorable term in Sweden than in any of its neighbors: the word has become a “mythical epithet of honor” (p. 343). Historically, Swedish movements were strongly divided and politicized, and developed a more social democratic and state-centered welfare system than either Denmark or Norway. This, too, may explain why associatively organized civil society-based welfare services are less developed in Sweden than in the rest of Scandinavia in general and Denmark in particular, with a more social-liberal civil society sector comprising a larger share of voluntary organized schools and welfare associations. Recent literature has discussed whether Sweden may actually be skipping important aspects of the Nordic associative governance tradition by introducing private for-profit schools and moving toward private actors having a greater influence on the welfare sector (Enjolras & Strømsnes, 2018a).

Comparatively speaking, Denmark's popular movement tradition was different than those of Norway and Sweden. The Grundtvigian tradition of arms-length principles toward state institutions and crude market forces was an associative inspiration here, with the emphasis on farmers' co-education and a nonstatist relationship to Lutheran religion. The Danish popular movements consequently appear to be less puritanical and moralistic than similar movements in Sweden and Norway (Stråth, 2001, p. 76). In addition, the Danish model of corporatism has developed to be less hierarchical and more craft- and guild-informed.

All things considered, however, an impressive number of historical and contemporary premises and trends can be detected in Denmark and in Sweden and Norway. Currently, a variety of sways from new public management and rational choice scholarship (Hood, 1991; Pollitt & Dan, 2011) appears in a Scandinavian context to a large extent to set the agenda (e.g. Byrkjeflot, 2013; Lapsley & Knutsson, 2017).

Accordingly, political and administrative elites tend to regard associative aspects of governance as old-fashioned ways of organizing social relations that have become less and less relevant over time, in the centralization and professionalizing of modern institutions, rendering voluntary and localized governance procedures antiquated. Furthermore, bottom-up associating and the top-down recognition of such procedures are regarded as less efficient and therefore less suited to highly developed societies.

Such a decline in associative governance may of course be taking place in other parts of the world, but it appears to be somewhat less prevalent in Scandinavia. Accordingly, in line with the chapters published in this book, we have not only witnessed a long history but also a fair amount of current vitality in associative governance in different sectors. Resilience has been detected against libertarian and statist attempts to dismiss these long-standing traditions of associative governance as irrational and obsolete. Specifically, we have demonstrated that actors operating on market terms – for example business corporations, savings banks, and commercial housing providers – to a large extent still employ associative governance as an integrated feature of their organizational practices and repertoires.

As highlighted by Byrkjeflot in Chapter 2, the role of people's movements and bottom-up associating and organizing is largely absent in current discussions on reforming the public sector. Rather, in a discursive landscape with a cornucopia of *co*-compound words in relation to governance (most of which share the Latin root: *cum*; “zusammen” in German and “sam” in the Nordic languages) such as “co-creation” (Torfing et al., 2013), “collaborative innovation” (Sørensen & Torfing, 2011), “co-production” (Ibsen, 2021), “collaborative governance” (Agger & Tortzen, 2015; Allmendinger & Tewdwr-Jones, 2016), in experimenting with and reforming public sectors, a possibly rather narrow framing of these as “third-sector” decoupled from associations' organizational rationales potentially risks throwing out the baby with the bathwater.<sup>19</sup>

However, while the notion and elements of “combining together” may be regarded as outdated, this book has elucidated that they have been and remain transformative variations of associative governance, constituting indispensable premises and promises for democratic governing of Denmark, Norway, and Sweden.

As Pauli Kettunen has argued, the Nordic model is both challenged by globalization and a means to respond to those challenges (Kettunen, 2011). More specifically, and regarding *the rise and fall of popular mass movements* in the Nordic region, as argued by Tommy Tranvik and Per Selle:

Developments – like the expansion, centralization and bureaucratization of government institutions and the professionalization of the popular mass movements themselves – may promote the search for alternative models of organizing; models that, in a sense, bring back the past: the informal and largely non-bureaucratic forms of civic engagement that traditionally characterized the popular mass movements.

(Tranvik & Selle, 2007, p. 66)

However, as discussed by Byrkjeflot in Chapter 2, the people's movements were not necessarily as informal and nonbureaucratic as sometimes argued, particularly compared to the New Social Movements of the 1970s and 1980s. Indeed, some of the reasons for the influence of the people's movements were that they emphasized organizational development and a multilevel hierarchy from below. However, the increasing professionalization, centralization, and bureaucratization of such movements, both the old ones and the new ones, may indeed spur novel forms of grassroots-based civic organizing and associating that again will play a formative role in the development of Nordic societies.

Notably, while we have not detected one particular and infallible Nordic model of associative governance, we have presented exemplary deeply rooted traditions of combining together, demonstrated by exemplary analyses of a wide variety of activities in the private and the public sphere. The research process has not only detected similarities between Denmark, Norway, and Sweden, but also highlighted differences between the three Scandinavian countries. Potential generalizations to the Nordic countries as a whole, however, have been limited by the simple fact that we have not systematically engaged in comparative data on the state of associative governance in Finland, Iceland, and the autonomous regions of Norden: the Faroe Islands, Greenland, and Åland.

Despite these limitations in scope and scale, we shall conclude by echoing Obama's characterization of the Nordic countries as "a model of cooperation". We do not proclaim, however, that associative practices in Scandinavia automatically offer a stable diet of democratic, peaceful, prosperous, and inclusive governance, as Fukuyama (2011) has suggested in his rather rosy vision of "getting to Denmark". Rather, the book should be regarded as an invitation to undertake further research on *l'idée de s'associer*. More specifically, we call for further theoretical and practical attention on "the associative", not only regarded as bottom-up social movements, but also as top-down processes of incorporation of voluntary associations by government agencies. In so doing, we strongly believe that Scandinavian traditions of governance may inspire social researchers and political actors far beyond the Nordic countries themselves.

## Notes

- 1 Somewhat balancing the overall picture, it should be acknowledged that while external and utopian stereotypes have been prevalent, they have also been accompanied by fiercely critical commentaries and articles in the very same newspapers, such as *The Guardian's* feature "Dark lands: The grim truth behind the 'Scandinavian miracle'" (Booth, 2014). As Hilson and Hoctor notes in a recent analysis of changing rhetoric of the Nordic model in Britain, it is not uncommon that positive stereotypes have been counterbalanced by more negative ones: "The Nordic countries have been described as dystopian warnings against the perils of high taxation and an all-powerful state, sometimes caricatured with references to high levels of drunkenness and suicide." (Hilson & Hoctor, 2021, p. 81, see also Hale, 2006).



- 2 See also Henrik Stenius (2010), who provides a rich analysis of the formative period of the Reformation, the nation-building period after the French Revolution, and the role of people's movements (*folkrørelser/folkebevægelser/folkebevegelser/følagsleg hreyfing/kansanliikheet*) as the origins of the state(s) as "meta-associations".
- 3 The Scandinavian term "folk" (*kansa*) arguably combined elements of the democratic concept of "the people" with the national romantic *Volk* concept – people's movements have been understood as being rooted in the specific national histories of each of the Nordic countries, but simultaneously they have also been analyzed as a central element in a specific Nordic path to modernity (Götz et al., 2015; Sørensen & Stråth, 1997; Stråth, 2004).
- 4 Furthermore, Enjolras and Strømsnes are focusing on the case of Norway (Enjolras & Strømsnes, 2018a).
- 5 It is beyond the scope of this concluding chapter to elaborate the recent landscape of research on the Nordics highlighting the importance of associations and people's movements in the development of Scandinavian societies (see, in particular, Byrkjeflot's chapter and exploration of three approaches to the Nordic governance model: the resource mobilization approach, the cultural construction approach, and the associative governance approach). However, it may be noteworthy that – like this edited volume (as so many others) – Flemming Mikkelsen and Stefan Nyzell begin their enlightening anthology on *Popular Struggle and Democracy in Scandinavia* by discussing Fukuyama and his highlighting of the comparatively less conflictual and violent development of democracy in Denmark and Scandinavia, arguing that "Fukuyama is certainly right in his assertion that collective violence was less common in Scandinavia as compared to many other European countries" (Mikkelsen & Nyzell, 2018, p. 1). However, and importantly, Mikkelsen and Nyzell dispute the less conflictual development toward democracy, and accordingly that "popular struggle was an essential part in the overall political processes and instrumental in the formation of democracy in Scandinavia" (Mikkelsen & Nyzell, 2018, pp. 1–2). As is evident in the book's empirical explorations, associative governance in processes of bottom-up associating and top-down incorporating in varying degrees and in distinct contexts *also* involves historical struggles and conflict of course, in particular focusing on processes of *institutionalized* struggles and conflict.
- 6 In translations of the original *De la démocratie en Amérique* (Tocqueville, 1993), the idea of "combining together" has been translated from different wordings in the original French text. For example, in the classical translation by Henry Reeves (Tocqueville, 1835/2012), the English phrasing "combining together" is both derived from the French *s'unir* (uniting) and *l'idée de s'associer* (the idea of associating). See especially Chapters V and VII in both the original French text (1835/1993) and the translation by Henry Reeves (1835/2012).
- 7 While the "neo" prefix in neo-corporatism is meant to distinguish contemporary incarnations of corporatism from its former relation to fascism from the 1920s to the 1940s, the hyphen in neo-corporatism arguably supports this extrication (see also Christiansen, 2020, for a clear depiction of the origins of corporatism and more contemporary neo-variants).
- 8 In a broader context, the Danish economy in particular has undergone a transformation, as also described by Mordhorst (2008), from "decentralized cooperation" toward a more multinational enterprise, which is elaborated in Mathias Hein Jessen's chapter on *Governing economic life*. The cooperative sector has transitioned from its initial structure of more localized and decentralized cooperatives to larger national and international conglomerates, which is also evident in the transformation from cooperative associations (*andels-foreninger*) to cooperative corporations (*andels-selskaber*).



- 9 *Limited liability* ensures that individual investors are held responsible solely for the number of shares in which they have invested, rather than being liable for the venture as a whole. This enables the distribution of risk and liability, allowing the accumulation of significant capital for ventures that carry inherent risks, yet holds the potential for substantial profits. *Externality* here means that both the owners of capital and the board exist outside the corporation. For further elaboration, see Mathias Hein Jessen's chapter, as well as Iversen and Thue (2008) and Kolstrup (2022).
- 10 Without digging deeper into the history of these theoretical developments, we note that Hirst's revitalization of "associationalism" has deeper historical roots in different strands of 19th- and early 20th-century European social and political theory, including de Tocqueville, Proudhon, and Durkheim in France, G. D. H. Cole, J. N Figgis, H. J. Laski, and F. W. Maitland in England, and von Gierke in Germany. For reflections on Danish civil society in terms of associationalism, see also Kaspersen and Ottesen (2001).
- 11 Furthermore, Hirst describes associations as spontaneously arising "from below" within civil society and as democratically self-governing, and he especially stresses their voluntary character (Hirst, 1993, p. 12, 1995, p. 19). Indeed, Hirst comments that relations between authorities and associations take place on the local or regional level, omitting the national state level wherever possible (Hirst, 1994, p. 39), and argues that the functioning of such groups might offer a solution to the shortcomings of both the liberal capitalist economy and majoritarian representative parliamentary democracy. He considers associative democracy to be a "vital supplement" – rather than a substitute – for the latter (Hirst, 1994, p. 42, 1997, p. 24).
- 12 Hence, the very idea "of a comprehensive corporative-associative social and political 'system' is therefore fundamentally misleading", even though there are policy areas where "institutions of group self-regulation may produce more socially adjusted and normatively acceptable results" than the state, the market, or the community (Streeck & Schmitter, 1985, p. 136).
- 13 Lars Tråghård's analysis of Nordic (civil) societies' Hegelian legacy is part of his broader attempt to capture the Nordic, in particular Swedish, ideology with a twofold accentuation of social equality and individual autonomy. In particular, Tråghård famously coined the concept of "statist individualism" to capture the alliance between state and individual autonomy that is embodied in the institutions of the Swedish welfare state as a catalyzer of individualization where individuals are set free from traditional collectivities and families (Tråghård, 1997, 2010).
- 14 As the hegemonic theories and concepts of the left (such as "revolution", "communism", and "the proletariat") gradually lost their appeal in the decades after 1968, influential political thinkers such as Jürgen Habermas, Claude Lefort, Pierre Rosanvallon, Ernesto Laclau, Chantal Mouffe, Andrew Arato, and Jean Cohen started to envision civil society as a sphere of radical democratic activity that would deliver an alternative to both the communist dictatorships of Eastern Europe and the hypercapitalism of Western Europe and beyond (Adloff, 2021). These theoretical interventions were bolstered in around 1990 by the fall of the Berlin Wall and the "velvet revolutions" of Eastern Europe, when social movements and a politically mobilized civil society successfully overthrew autocratic regimes – events that clearly increased the "society against the state" approach to civil society (Arato, 1981). After the "end of History", when Marxist ideology lost its traction as revolution and emancipation came off the menu, the left still interpreted "the state" and "the market" as domains of bureaucratic domination and economic exploitation. The earlier emancipatory dreams were therefore deradicalized and transposed to the only sector left in the sectoral model: the "third sector" of civil society. No one expressed this conviction more directly or influentially than Cohen and Arato (1992) in the opening paragraphs of their magnum opus *Civil society and political theory*: "It is our thesis, however, that the concept of civil society indicates a terrain in the West that is endangered by the logic of administrative and economic mechanisms but also the primary locus for the potential expansion of democracy under 'really existing' liberal-democratic regimes" (p. viii).

- 15 According to Locke (1975/1689), and in contrast to other influential social contract thinkers such as Hobbes and Jean-Jacques Rousseau, the multitude quit the state of nature and entered civilization not through one contract, but through two. The first Lockean contract created a “society” or “community”, and it was only the second contract that created a “state” and a “government”, thereby designating society’s externality to and separation from the state. Locke’s conceptualization of (civil) society’s externality to the state, and its ability to resist the existing government without fully resorting to a state of nature (Locke’s famous “call to the heavens”), proved extraordinarily influential, not only because it epitomized an earlier theoretical tradition of Calvinist resistance (Skinner, 1979, pp. 302–338), but also because Locke pointed toward a conception of (civil) society as the origin of political legitimacy that came to shake absolutist governments in France and America (pp. 349–360).
- 16 Negative parliamentarism is understood here as governments in Nordic countries only being able to remain for as long as a parliamentary majority accepts them, implying that they do not need a majority of the parliament to actively *endorse* them; they simply need the majority not to actively *oppose* them (Bergman, 1993).
- 17 This is, by and large, also (some of) the recommendations in recent analyses (e.g. de la Porte, Eydal et al., 2022; de la Porte, Jensen et al., 2022). Indeed, refraining from engaging in historical layers and trajectories in different sectors of Scandinavian traditions of associative governance, current analysis of *Successful Public Policy in the Nordic Countries Cases, Lessons, Challenges* highlights the importance of integrating associations in policymaking procedures, contributing to traditions of cooperation and successful public policies (de la Porte et al., 2022), and that the Nordic model “as characterized by involving a wide range of affected stakeholders to develop broad-based and effective solutions to common challenges [...] does present crucial lessons...” (de la Porte, Jensen, Kvist, 2022, p. 595).
- 18 As emphasized in the introductory chapter, it is worth highlighting that our approach to Scandinavia is partial, as the majority of the empirical analyses in our edited volume overridingly focus on Denmark, and to a lesser extent on Norway and Sweden, while Finland is on the margins. Indeed, Iceland and the autonomous regions of Greenland, the Faroe Islands, and Åland are all nonexistent in our analyses, which of course necessitates wariness when making “Nordic” generalizations, as stressed particularly by Mary Hilson in the mushrooming research landscape on the Nordic model (Hilson, 2020).
- 19 This is arguably the case when, as Enjolras and Strømsnes argue in their analysis of recent fundamental changes in the relationships between state, market, and civil society, the state and local authorities discuss how *to make use of* the “voluntary sector” in relation to smaller everyday life challenges, for example different groups’ social integration and voluntary work to counteract loneliness, omitting attending to the important role associations might play (Enjolras & Strømsnes, 2018b, p. 4).

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