4.3. The influence of Regulation Theory on Nordic studies of economic policies and social development

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In his 1990 survey of Regulation Theories (published in *Economy and Society*), Bob Jessop claims that there is a Nordic regulation school. We prefer to put it somewhat more modestly: since the early 1980s, a network of Nordic social scientists mainly economists, but also sociologists and political scientists have conducted comparative research on economic policies and social development. The Parisian regulation school has been one among several sources of inspiration for this work. What follows is a brief survey of our studies, mainly intended as a guide to the literature available in English.

The point of departure was 1970s style political economy rooted in the tradition of Western Marxism, but if we should choose a general label for our work, it would be institutionalism. In fact, we have argued that the regulation school displays elements of continuity with the most sophisticated contributions to the classical institutionalist tradition: Thorstein Veblen’s evolutionary approach, Karl Polanyi’s study of the great transformation, and Åkerman’s dualist methodology (causal analysis/economic plans) and emphasis on socioeconomic periods.

Our collaboration as a Nordic group, consisting of Norwegian, Danish, Finnish, Swedish and Icelandic researchers, started with a (rather small) research grant for a project comparing economic policy adjustments in the Nordic area since the start of the 1970s crisis in 1980, incomes policies were studied, but in the following years, the whole range of economic policy instruments were included.

At that time, the main applied studies within the regulation school had dealt with large countries only (the U.S., France). The regulation approach was, however, relevant to the study of smaller OECD countries in at least two respects. First, it provided a periodisation of the world economic context. The post-war period was subdivided into a Golden Age marked by the spread of Fordism in Western Europe, and a period of crisis starting in the early 1970s. The dynamics of the crisis differed from the inter-war and late 19th century crises.

Thinking in terms of accumulation regimes, however, was difficult, since the integration of the small open Nordic economies into the world economy was one

195 Mjoset 1993.
sided. For this aspect, the staple goods theory of economic development, as pioneered by Harold Innes and elaborated by Albert Hirschman, was a better point of departure. These inspirations later fused with the neo-Schumpeterian studies of national systems of innovation. The development of the Nordic economies was not based on a full-fledged Fordist production system. Their economic structures rather emerged as various manufacturing branches evolved in interaction with the transformation of their dominant export sectors, which originally related to staple exports. Finland, for instance, started off as an exporter of timber, adjusting towards paper/pulp, emerging finally in 1960s/1970s as an exporter of turnkey plants for paper processing.

As for consumption patterns, however, the small Nordic economies did emulate the American “Fordist” norms of consumption. This was the second aspect of the relevance of the regulation approach to the study of small countries. “The American Way of Life” has played an important role, both for the demand side of the economy, and as a point of ideological identification. This is so, although the Nordic political context was very different from that of the V.S., i.e. social democratic dominance rather than two catch-all parties devoid of party organisations.

The comparative study of the Nordic countries supported the trend with regulation studies towards a closer focus on distinct national models, on capitalisms, rather than capitalism as such. In this respect, the dimensions of regulation – the wage relation, the relation between firms, the domestic financial system and the state – were very useful in defining the peculiarities of Nordic post-war development patterns.

Several conceptual discussions have emphasized that the notion of regulation does not primarily refer to economic policy strategies such as “Keynesian interventionist economic policy management”. The dimensions of regulation rather trace institutional frameworks that stabilise the expectations of economic actors. In our Nordic project, however, changes in economic policies were the main dependent variable. Thus, having defined the dynamics of socioeconomic development, relating both to Regulation Theory, neo-Keynesian growth theory and other institutionalist schools, the project developed a framework for analysing economic policies. It was found that through the stable Golden Age growth period, decision makers got used to a number of standard routines. This set of routines defined the Golden Age economic policy models. In this way, the project approached the notion of an alleged “Nordic model”: not only was the quite famous Swedish model redefined within a framework, but it was also possible to contrast this model with four other Golden Age models, found in the four other countries. In Norway, Sweden, and partly in Denmark, the models were varieties of Keynesianism, but Finland and Iceland had non-Keynesian, procyclical models involving devaluation cycles. No homogenous Nordic economic policy model could be traced. (For a more principal development of this point196 an interpretation that might be contested by other members of the project group).

196 Mjoset 1992c.
In the earliest phase of the crisis period 1973-1985, the standard routines produced unexpected results, as there was both internal and external pressures on the economic policy models. Through a process of fumbling, a search for new routines took place. This search converged towards neoliberal routines. In all the cases, this involved modifications of parts of the Golden Age model, and by 1985, as the project was finished, it was hard to trace coherent new models. Thus, to the extent the “Nordic model” is regarded as an economic policy model, a principal result of the project is the following: for both theoretical and empirical reasons, we reject the highly misleading rhetoric of a “Nordic model” which must currently be saved from various external attacks. Rather, given the new external and internal conditions, the Nordic models had to change, and the present situation is rather marked by incoherent economic policies than by an old model struggling to survive.

The results of the study of Nordic economic policies in the 1973-1985 periods were reported by many authors. Some of the country case studies are also available in English. Later, a quantitative study of Norwegian wage formation 1840-1986 provided some evidence (although there were several problems with data for the earliest period) for the long-term periodisation of economic development proposed by Robert Boyer, but it also demonstrated ambiguities in some of Robert Boyer’s arguments.

The original project group dissolved after the publication of these results in the mid-1980s. The participants went on to work on their own specialising in various fields: trade integration, growth theory and technological change, profitability in manufacturing industry, international relations, the relation between institutional development and economic growth, the history of environmental problems, comparative welfare state development, corporatism, basic income and European integration. These various researches and authors would surely resist identification as one Nordic school of Regulation Theory. But most likely, all of them accept the common inspiration they earned from close collaborative work throughout the first half of the 1980s, and they all share a certain scepticism concerning the recent evolution of economic policies in the Nordic area.

198 Erixon 1985 (Sweden); Sigurjonsson 1985 (Iceland); Mjoset 1987b, 1989, 1993b; Fagerberg, Cappelen, Mjoset & Skarstein 1990 (Norway).
199 Kiel & Mjoset 1990.
201 Erixon 1987.
202 Mjoset 1990.
207 Anderson 1988b.
208 Anderson 1993a/b, 1992; Fagerberg 1991b.
In 1989, the research group on Nordic economic policies\(^{209}\) was re-established, with many of the same researchers taking part. Presently, research has started for a new study, this time more generously financed by NOS-S, The Joint Committee of the Nordic Social Science Research Councils. This study partly aims to update the earlier study analysing new developments 1985-1992, a period which has seen explosion of unemployment, financial deregulation, and severe banking crises. But the plan is to pay particular attention to the impact on the Nordic countries of two types of external pressures: internationalisation and European integration. An early result of this project has already been published\(^{210}\), and further publications are due in 1994, including a final report in English. Material from this project – rather brief surveys of the economic development and economic policies in Denmark, Sweden, and Finland – has also been published in a study on Irish economic development\(^{211}\).

The brunt of the study on Ireland, however, focuses on development before the 1970s crisis. It compares Irish development since the industrial revolution with that of five contrast countries (Austria, Denmark, Finland, Sweden and Switzerland). By means of comparative analysis, the study tries to specify the vicious circles at work in blocking Irish economic development, with particular attention to institutional factors. Ireland's industrial development, namely, turns out to be surprisingly weak. It is, for instance, a fact that the Irish economy was not at all able to benefit from the Fordist stimulus which spurred the development of all other Western European economies in the post-war period. In connection with this study, various typologies of economic development was surveyed, particularly the comparative framework developed by German social scientists Dieter Senghaas and Ulrich Menzel. A separate essay\(^{212}\) critically assessed their analysis of modern European development and their claims as to the relevance of this development experience for underdeveloped countries in the contemporary third world.

The study of Ireland included both Scandinavian and Alpine countries. Given the present state of post-cold war Europe, researchers in the Nordic group are looking for collaborators that might be interested in extending the range of comparative cases, e.g. by including southern and eastern European states.

\(^{209}\) Andersson 1989.


\(^{211}\) Mjoset 1992a (part V).

\(^{212}\) Mjoset 1992b.
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