

# REFLECTIONS ON THE ECONOMIC, SOCIAL AND POLITICAL DEVELOPMENT OF NORWAY AND SCOTLAND SINCE 1800<sup>17</sup> DRAFT

By John Bryden (Research Professor with the Norwegian Agricultural Economics Research Institute (NILF), Oslo, Norway; and Professor Emeritus at the University of Aberdeen, Scotland.)

Between 2012 and 2014, together with colleagues from Scotland, Norway, Finland, and England, I undertook a collaborative and interdisciplinary<sup>18</sup> study of Norway and Scotland, two neighbouring, geographically similar, and historically closely linked countries, both with a population of around five million people. The question addressed was: why have Norway and Scotland developed in such different directions, and with such different impacts, since the 18<sup>th</sup> century?<sup>19</sup> Two key general lessons emerge from this study. The first is that economic, social, and political development are both long-term and conditioned by context, institutions, and power relations. We are trapped for long periods by path dependencies created by usually long-forgotten historical events and processes. Key junctures appear – albeit rather infrequently – in the histories of all countries and regions that create opportunities to change the rules, and break path dependencies, providing opportunities for significant structural changes that can lead to new contextual conditions<sup>20</sup>. The second general lesson concerns the dangers of essentialist analysis of development and change. There are no singular, universal causes of the events we observe in particular countries and regions, because people and their institutions have agency, and this agency creates locally adapted structures. Essentialist theories cannot explain structural diversity, human agency, and adaptation.

At least five key structural and institutional issues emerge as crucial for the analysis of dif-

ferences between Scotland and Norway. They concern: land and property ownership and the treatment of the peasantry; political power and its distribution among people and across territory; energy sources and the location of industry; class alliances and the emergence of social democracy; and approaches to the ownership and control of energy and minerals. These differences turn out to be very interconnected, and immediately draw our attention to the fact that they transcend the disciplinary boxes within which most of us grow up and work.

Table 1: Some facts on Norway and Scotland today

	Norway	Scotland	Notes
Population	4,920,305	5,295,403	Total, de facto, 2011 official data
Fertility rate	1.88	1.73	2011 official data
Average age	39.4	38.0	Average, c2011
Density of Population	16.5	65.0	Persons per sq. km
Labour force participation rate	78.4	72.8 (UK 77.10)	OECD data for Norway and UK. Scottish Government data for Scotland.
Males	80.7	80.5 (UK 83.2)	
Females	75.9	71.9 (UK 71.0)	
Unemployment Rate	3.34%	7.13%	Average, 2009-11
Life Expectancy, males	79.4	76.9	Official Statistics
Life Expectancy, females	83.4	80.9	Official Statistics
Suicides per year	515	527	Intentional Suicide
GDP per capita, \$US, 2011	99,143	38,806	World Bank data for Norway.
Disposable income per head, NOK (average)	228,317	140,637	Gross Disposable Household Income per head, 2011
Oil & Gas Production	1.9m (2013-14)	1.35m (90% of UK North Sea production of 1.5m in 2011)	Barrels of oil and oil equivalent (gas and condensate) per day
Renewables in Electricity Production	99%	4.3%	Gross renewable electricity Production as a % of total electricity production.
GINI coefficient for income distribution (a higher number indicates greater inequality)	23.9 (2012)	32 (2011-12)	SSB for Norway, Statistics Scotland for Scotland.
Voter turnout – national elections	78.2% (2013)	50% (2011)	Scottish Parliament
		63.8% (2010)	UK Elections
Voter turnout – local elections	64.5% (2011)	39.8% (2012)	Local Government Elections

Source: Table 1.1 in Bryden et al, 2015.

A key message of the analysis is how important it was that Norway did *not* go through the wholesale clearance of people from the land in the 18<sup>th</sup> and 19<sup>th</sup> centuries, which resulted in the creation of a landless (and property-less and dependent) class in Scotland, England, Ireland and many other countries. These clearances were indeed a main feature of Scottish (as well as English and Irish) agrarian change and industrialization in that period, and they were only possible because of the political, social, and economic power of the few, but large-scale, feudal landowners. Unlike Scotland, the Norwegian aristocracy and associated large-scale land holdings had been destroyed by the black death and the Kalmar Union in 1397<sup>21</sup>, a situation that was compounded by the much more even distribution of church lands after the Reformation than was the case in Scotland.

<sup>17</sup> Based on the study of Norway and Scotland since 1800, see Bryden et al (2015)

<sup>18</sup> The team included economists, historians, political scientists, anthropologists, sociologists, and geographers.

<sup>19</sup> Some of the differences between the two countries today are summarized in Table 1.

<sup>20</sup> For a nice comparative analysis of the Central American countries using path dependency and key junctures, see James Mahoney (2001). I am indebted to Bruno Losch for this link.

<sup>21</sup> Signed in Kalmar, Sweden, effectively joining Norway, Sweden, and Denmark under the Danish crown.

Interestingly, Julio Berdegué and colleagues (2014:130) also came to similar conclusions for Latin America: “A history of highly unequal land distribution appears in many of the case studies as an explanatory factor for contemporary territorial dynamics that tend to be exclusionary and sometimes polarizing”.

Norway’s much more even land distribution was in turn the foundation of their relatively liberal Constitution prepared after independence from Denmark in 1814<sup>22</sup>, and the relatively large and well-distributed Norwegian electorate thereafter when 40% of males of voting age were able to vote. This was roughly four times as many as in Scotland after the “great” reform bill of 1834, and it laid the foundation for Norway’s later social democracy. In addition, the (mainly small farmers) who wrote the Constitution wanted decentralized government to avoid control by a ‘Danophile elite’ in Oslo, and thereby set the framework for much more local, and powerful, local governments than in Scotland. Later on, these same founding conditions, combined with the nature of industrialization, helped to create the rural-urban alliances that dominated modern social democratic politics.

A further important and formative difference was that while Scotland’s industrialization was peopled by landless rural migrants from Scotland and Ireland, and fuelled by centralized coal deposits owned by the landed aristocracy as the energy resource, in Norway it was fuelled by decentralized hydro-electric power and peopled largely by farm-based “pluriactive” labour that remained in the rural areas. This allowed the small farmers and their families in many areas to improve their cash incomes while staying on the farm. In Norway the rural population remained in the majority until after World War II, over 100 years later than the rural population in Scotland lost their majority. The Concession Acts of the early 1900s then assured that the revenues from hydro-electric power would eventually accrue to the municipalities, which were thus made even more powerful and effective.

The small farms, and the engagement of peasants and their families in small local govern-

ments as well as local industries, helped to foster the alliances between industrial workers and farmers in the 20<sup>th</sup> Century that were the foundation of Norway’s strong social democracy and, in turn, the development of its universal and generous welfare state.

These different characteristics and processes, and the values and politics that were associated with them, ultimately led to a very different post-War pattern, especially during and after Mrs Thatcher’s Conservative government from 1979, and in particular the very different impacts of North Sea Oil. The volume produced by Scotland was roughly 60% of that produced by Norway from the North Sea, but its impacts were described as a “lost opportunity” and “fool’s gold” by two authors on the topic. At my last count in May 2015, Norway had accumulated just under US \$1 trillion in its national Oil Fund (“pension fund”), whereas Scotland had nothing at all other than the small funds from landing fees accumulated by the wise Shetland Islands and Orkney Islands (ironically, still technically the property of Norway) which account for about one-thousandth part of the Norwegian oil fund today.

The comparison confirms that economic, social, and political development is both long-term, and conditioned by context, institutions, and the nature and locus of economic and political power. We are trapped for long periods by path dependencies created by usually long-forgotten historical events and processes. Moments – Brandel & Bratberg (2015) call them “key junctures” – appear in the histories of all countries and regions that create opportunities to change the rules, and break path dependencies, providing opportunities for significant structural changes that can lead to new contextual conditions.<sup>23</sup> But such moments are generally quite rare, at least on the scale of human lifetimes. In the case of Scotland, the Act of Union of 1707 stands out in sharp contrast to Norway’s independence from Denmark in 1814. Both are critical junctures, but with very different impacts. The wholesale clearance of people from the land, and their engagement as landless labour in industrialization based on coal in Scotland during the 18<sup>th</sup> and early 19<sup>th</sup> centuries, was also a key juncture, standing in stark contrast to

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<sup>22</sup> Norway achieved independence from Denmark in 1814 as a result of the Napoleonic Wars. After a few months, Norway was placed under the Monarchical rule of Sweden, but by this time it had gathered people from all over Norway to write a Constitution, and thereby gained its own parliament as well as control over domestic policies and its own currency.

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<sup>23</sup> For a good comparative analysis of the Central American countries using path dependency and key junctures, see James Mahoney (2001). I am indebted to Bruno Losch for this link.

the empowerment and growth of the peasantry in Norway and its symbiotic engagement with a decentralized form of industrial development based on hydro-power in the 19<sup>th</sup> and early 20<sup>th</sup> centuries. A further important key juncture in Scotland was marked by the rise of the Liberal hegemony in the UK, with strong support in Scotland between 1880 and 1920; this was a period when mainland Britain's only land reform before the 2000's took place (in the form of the Crofting Acts), which was almost adopted for the whole NE of Scotland as well as the Highlands and Islands, and a Home Rule movement emerged, as well as the institution of a Scottish Secretary in the Westminster (UK) government. It was a moment that was, in the event, missed, but it might have helped to make Scotland more like Norway, had it been grasped. Instead Scotland became subject to a long period of what Brandal and Bratberg term "top-down containment". In Norway during this period, independence from the residual Swedish monarchy was achieved and proportional representation introduced.

The period between the two world wars brought a further key juncture to Norway in the form of the emerging social pacts, a consequence of proportional representation and resulting cross-party coalitions, and rural-urban alliances. This was the foundation for the strong, universal, and generous social democratic welfare state in Norway after World War II. In Scotland meanwhile, little progress of this kind was possible because of the centralization of government in London, although small steps were taken when administrative devolution took place in the form of the moving of Scottish Office civil servants to Scotland in 1937.

In my view the present moment is also a critical juncture in Scotland, with the consequences of devolution in 1999 and the creation of an elected Scottish parliament, which ultimately led to a Scottish Nationalist government in Scotland, the Independence Referendum of 2014, and Scottish nationalist domination of Westminster seats in Scotland in the 2015 election. Indeed, the economic crisis, itself the result of the neoliberal hegemony since the 1970s, together with the "southern" shift in economic power and the related awakening of the southern giants, might just provide another key juncture for the world as a whole. One could equally argue that the success of the right-wing parties in forming the ruling coalition in Norway represents a kind of critical juncture there.

My point, however, has been to highlight the rather few critical junctures in both countries since the early 18<sup>th</sup> century, even though it cannot of course be said that economic, social and political developments did not occur in between (Streeck and Thelen, 2005).

The contrast between Norway and Scotland also warns us against essentialist analysis of development and change. There are no singular, universal causes of the events we observe in particular countries and regions, because people and their institutions have agency, and this agency creates locally adapted structures. As McLaughlin (2012) argues, essentialism's "fatal flaw is the inability of essentialist theories to explain structural diversity, environmental adaptation and human agency".

There are of course many other consequences and interactions in the play of history in the two countries, but these few observations surely support the need for more comparative analyses of economic, social, and political developments in similar countries. In the case of Norway and Scotland, the work in penetrating the past surely informs present day political concerns – in Scotland around the independence and devolution debates that have transformed UK politics, and in Norway about the – for some alarming – future impacts of the Thatcherite policies of the present right-wing Populist-Conservative government.

The study of Norway and Scotland also reminds us that we always face political choices in a democratic society: to centralize or decentralize, to privatize public services or not, to reduce support for local governments or increase it, to regulate or not, and so on. These and other choices have large impacts at local levels that can and often do dwarf the impacts of specific territorial policies, including rural development policies, and indeed often counter any positive economic and social impacts that these specific policies may have. I recently returned to examine this question in greater detail in the contemporary European context, but lack the space to cover the issue here<sup>24</sup>.

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<sup>24</sup> In my paper for the RIMISP Mexico Conference on *Territorial Inequalities*, January 2015. I say "returned" because it leans on – and partly updates – the work of the DORA project on the dynamics of rural areas in Europe (See Bryden & Hart eds. 2004).

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