N
ot much usually happens here in No-

way, but something rather interest-

ing has been taking place of late.

Until just the other day, this afflu-

ent and pleasantly civilized California-sized

country of 4.5 million was—perhaps even

more unqualifiedly than its Nordic sister

states—ground zero for what people here

call social democracy and what some out-
siders have long decried as “nanny state”
social engineering. You don’t have to be a

radical libertarian to feel that those out-
siders have something of a point. Nor-

way has many truly wonderful qualities, but to

a resident foreigner this tidy, well-ordered,

and surprisingly provincial nation can also

feel at times like, well, a kindergarten. Cer-

tainly the natives have long taken for grant-
ded a degree of state control over everyday

life that this lifetime New Yorker (who’s

lived in Oslo for two years) at times finds

a tad oppressive and claustrophobic. The

Norwegians, however, have tended to

embrace state control with the equanimi-
	yty of children who sleep soundly knowing

that their parents are just outside the bed-

room door.

Nearly everything here that doesn’t belong

to the government, it sometimes seems, is

either taxed to death—which explains the

common Norwegian practices of buying
cars in Denmark and of making day trips
to Sweden to stock up on beef and chick-
en—or lavishly subsidized by the govern-

ment. A nd you come across unforeseen

restrictions at every turn: if you need aspirin,
you’re obliged to wait in line for it at a gov-

ernment-owned pharmacy (supermarkets

aren’t allowed to carry such dangerous sub-

stances), and you’re forbidden to buy more

than 40 tablets at a time (which, with tax,

will set you back six bucks). If you

have a baby, you might want to check out

the government’s official list of accept-
able names.

You almost expect to see a sign at Oslo’s

Gardermoen Airport reading “Welcome to

Norway—A Law for Every Occasion.”

All this is done in the name of fellesskap,

which can be translated variously as “fel-

lowship,” “community,” and “communi-

ty spirit.” Norway has an established church,

but the real national religion here is fel-

lesskap—which to Norwegians means not

individual volunteerism (perish the thought!)

but rather an acceptance of the idea that

the government knows what’s best for you

in every area of your daily life and, accord-
ingly, has not only a right but an obliga-
tion to do everything it can to try to direct

the choices you make, through prohibi-
tions, restrictions, grants, tariffs, or what

have you.

Norwegians’ traditional partiality toward

state control is reflected in everything from

their official Writers Union and rock-bot-

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Bruce Bawer is the author of A Place at the
Table and Stealing Jesus.
“Norwegians have tended to embrace state control with the equanimity of children who sleep soundly knowing that their parents are just outside the bedroom door.”

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Tom private-school enrollment (the lowest in the Western world) to their government-run liquor stores, or “wine monopolies” (no kidding), where a slender 700-ml bottle of bottom-shelf gin goes for $30. This is a country whose capital is Europe’s most expensive and whose government, supposedly in order to foster diversity of opinion, provides subsidies that enable that capital (pop. 500,000) to have more than a half dozen major daily newspapers—all of which (surprise!) staunchly endorse the social-democratic status quo. Though Norwegians during the social-democratic era was neatly summed up in an article that appeared in October in the daily newspaper Dagbladet. In that article, sociologist Trond Blindheim and political scientist Thorn Øivind Jensen recalled that, as members of “the first generation of Norwegians born into the welfare state” (i.e., between 1950 and 1973), they were made to feel even as children that they were “involved in a great project.” Parents, teachers, and everyone else in authority made it clear to them that “if we wanted life to go well for everyone else in authority made it clear to them that “if we wanted life to go well for us, we must be a group and remain true to the common values.”

The Times They Are A-Changin’

Yet those times are gone—or, at least, going. More and more young Norwegians challenge social-democratic conformity in a way their parents would never have dared. Plans are under way for the privatization of pharmacies and movie theaters—a development that not long ago would have been unthinkable. And last September 5 the nation was rocked by the astonishing news that a unthinkable. And last September 5 the nation

poll, preferred the Progress Party (which is routinely described in the Norwegian press as radical right) to the long-dominant Labor Party, felleskap’s ideological home. Since then a series of messy scandals and internecine conflicts has helped drive the Progress Party’s poll numbers down and put the Labor Party back on top. At the same time there has been a rise in support for the Conservative Party (which, though considered the country’s “other” right-wing party, is in fact a classical-liberal group whose positions, viewed in the Norwegian context, can seem quite libertarian).

It’s hard to avoid the conclusion that this nanny state (which has seven or eight major political parties) may be in for a dramatic transformation—if not in this year’s parliamentary elections, then not too far down the road. As one commentator observed in Dagbladet soon after last September’s Gallup results, the newfound strength of nonsocialist parties here amounts to nothing less than an “earthquake on the political landscape”—a suggestion that Norway’s more than half-century-old “social contract between the rulers and the ruled is approaching dissolution.”

And what kind of contract would take its place? That depends. Under the Progress Party, admittedly, the picture wouldn’t be entirely pretty. Most notoriously, the party has come out for tough immigration reforms—yet, given the expediency, irresponsibility, and naiveté that have marked the past generation of Norwegian immigration policy, it’s an open question whether the Progress Party’s suggested changes are more morally offensive than the status quo. In any case, this isn’t exactly Pat Buchanan we’re talking about. After all, the party supports Norway’s new same-sex partnership law.

Yes, Norway does have Religious Right types—but you’re more likely to find them, interestingly enough, in the Socialist Left Party (whose advocacy of open borders has won it wide support among fundamentalist Moslem immigrants) and, especially, in the Christian People’s Party (which, unlike the Progress Party, officially opposes the partnership law). But because the Christian People’s Party has its roots in Norway’s established church, and because it’s every bit as enthusiastic about the state’s systematic intrusion into private life as is the Labor Party, establishment opinion has consistently regarded it not as dangerously and offensively intolerant but as acceptably and respectably centrist. (Nor, in a country where a staggering number of summer wardrobes include Che Guevara T-shirts, is the Socialist Left Party at all stigmatized.)

No, what makes the Progress Party “right wing,” by Norwegian standards, is that it challenges the social-democratic excesses of the present system. It calls for a lowering of the prohibitive taxes on such commodities as meat, cigarettes, alcohol, and gasoline and for a reduction or elimination of many government subsidies, such as the $1 million a year that goes to newspapers directed at Norway’s 40,000 Sami, or Lapps. The party’s privatization plans, meanwhile, would make Norway’s economic system somewhat less statist and more like those of the rest of Western Europe.

The Establishment Fires Back

Moderate though these proposals may sound, however, Norwegians’ sudden enthusiasm for them caused panic last fall among this country’s ordinarily staid political and intellectual establishment. “How reactionary and self-centered can we get?” asked a writer in Dagbladet. “Economic growth has made us bigger egoists,” an environmental activist griped to Aftenposten. “The common vision of Norwegians today,” complained a writer in VG, the nation’s biggest-selling daily, “is cheaper liquor and meat, not solidarity.” And Dagbladet, in a breathtaking display of advocacy journalism, served up a photo spread of several dozen famous and not-so-famous Norwegians, all of whom explained why they wouldn’t vote for the Progress Party. The explanation given by one of them, a rock singer named Øystein Greni, provided the headline: “Because I love people.”

This is, indeed, the Norwegian establishment’s line on the Progress Party: that it is anti-people. As columnist Anders Hager sneered in Dagbladet, Norwegian once proudly boasted that “we are all social democrats” but have now become “modern individualists.” The modern individu-
“More and more young Norwegians are challenging social-democratic conformity in a way their parents would never have dared.”

alist, Hager explained, is not a new figure: even Aristotle and Plato were familiar with the type who “doesn’t relate himself to the masses, the fellesskap or the state” but instead “is preoccupied with the single individual, that is to say, himself.” Ancient Greeks, according to Hager, had a name for “those who stood outside the polis, paid tax reluctantly, and didn’t want the polis to have any authority.” The word: “idiot.”

Hager’s bringing together of ancient Greek philosophy and the modern Scandinavian welfare state isn’t quite as much of a stretch as it may at first seem. On the contrary, one can sometimes get the impression here that the normative Norwegian concept of the ideal state was in fact shaped by Plato’s enthusiastic vision, in the Republic, of an authoritarian tyranny from which individual self-determination and private-property rights have been entirely purged.

And yet it is the Progress Party’s charismatic leader Carl I. Hagen whom the press has branded as an extremist. Editorials and columns have compared him with Austria’s Jörg Haider and suggested the danger of EU sanctions if his party gains power. Admittedly, there is something off-putting about Hagen, whose robust, combative manner is not only an extreme departure from the colorless managerial types who tend to run Norway but also—unfortunately—brings to mind the likes of Richard Daley (père), Huey Long, and other populist demagogues.

Which is not to say that handing the government over to Hagen and company would be advisable. Blindheim and Jensen, noting that Norway’s future belongs to the Progress Party, which is market oriented, socially tolerant (its highly popular Oslo leader, Per Kristian Foss, is openly gay), and considerably more acceptable to Norway’s political establishment than Hagen & Co.

Setting aside for the moment the mere

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AnnuityNet.Com; Milton Ezrati of Lord Abbott; and Cato’s Michael Tanner, José Piñera, and William Shipman.

The conference, organized by Tanner, director of Cato’s Project on Social Security Privatization, and Andrew A. Biggs, Social Security analyst at Cato, can be viewed with RealPlayer on Cato’s main Web site, www.cato.org, or on Cato’s Social Security Web site, www.socialsecurity.org.

Joel Rosenberg, Cato’s Casey Lartigue, and Cato adviser Deroy Murdock talk at Social Security conference.

Investment analyst William Shipman examines the transition to a privately funded system.

needs to design a low-cost system based on priorities and that time must be allowed for the implementation of the new system.

Other speakers at the conference included PaineWebber chairman Donald Marron; Rep. Charles Stenholm (D-Tex.); Michael Barone of U.S. News & World Report; Thomas Saving of the Social Security Board of Trustees; Shane Chalke of RBC Dain Abbell; and Cato’s Michael Tanner, José Piñera, and William Shipman.

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Social Security

Many have figured out that the opposite of democracy is not dictatorship, but apathy. And they like much of what they have seen. To them, the state knows best, how dare Norwegians start thinking for themselves? The language surrounding the transition cost issue—that moving to a market-based system will force some people to pay twice, both for their own retirement and for those of people who are currently retired—is rather seductive for a couple of reasons. One, it’s true. But more important, it’s not complete. The reason that it’s not complete is that it does not explain what happens if we do not change the system.

The unfunded liability for the Old Age and Survivors Insurance portion of Social Security is roughly $9 trillion by one measurement. That’s the cost of doing nothing. And that’s the cost we must compare to the costs of transitioning to an alternative market-based system.

Under an alternative system of personal retirement accounts, individuals will accumulate enough wealth so that when they retire the government will not have to pay them anything. Now, individuals may or may not choose to take part. For a 21 year old this is a lay-up decision: That individual will take the deal of a market-based structure. For a 65 year old it may also be a lay-up decision, in that he would not take the market-based structure because he doesn’t have enough time left to save and invest.

There must be an age someplace between 21 and 65 at which what people would receive from Social Security would equal what they would receive from a market-based structure. Let’s just assume that age is 40. Then all rational individuals over the age of 40 will stay with Social Security, and all rational individuals younger than 40 will go into a market-based structure. We now have parameterized the nut that must be cracked.

We know the size and ages of the group that will remain in the current system, and we know that no one else can join. Once everyone in the group has died, the government’s Social Security obligations will go to zero. Let’s assume that we issue debt to pay benefits for just this group. The debt will increase during the transition period, but over time, as the group ages and dies, the benefits paid will begin to fall. Eventually, the debt is paid off through the remaining payroll taxes of the ever-expanding younger cohort. At that point there is no employer or employee tax. Individuals who save and invest will be able to support themselves in retirement. I would say that, under any reasonable set of assumptions, it will always be less expensive to move toward a market-based system than it will be to stay with a pay-as-you-go system.

FORUM

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retirement accounts funded with about 6 percent of the same earnings base—or by a mixed system with the current 12 percent payroll tax and 2 percent savings in personal retirement accounts.

William Shipman: The language surrounding the transition cost issue—that moving to a market-based system will force some people to pay twice, both for their own retirement benefits and for those of people who are currently retired—is rather seductive for a couple of reasons. One, it’s true. But more important, it’s not complete. The reason that it’s not complete is that it does not explain what happens if we do not change the system.