



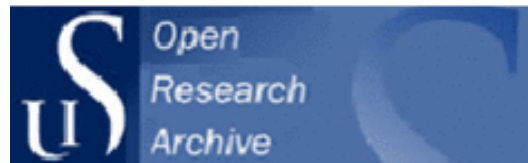
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Hilmar Rommetvedt and Frode Veggeland

Parliamentary Government and Corporatism at the Crossroads: Principals and Agents in Norwegian Agricultural Policymaking

The article analyses the interplay between agency problems at various stages in the parliamentary chain of delegation and external constraints related to corporatist negotiations in Norwegian agricultural policymaking. The combination of minority government and MPs tending to have more extreme preferences than the voters, and corporatist integration of specialized interests, may lead to an accumulation of agency costs. However, the study shows that we need to specify carefully the conditions under which this will occur. The article is based on official policy documents and a survey of citizens.

Keywords: parliament, government, parties, voters, corporatism, agency problems, agriculture

THE AIM OF THIS ARTICLE IS TO SHED LIGHT ON FACTORS THAT MAY impinge on the parliamentary chain of delegation (Bergman et al. 2000). We depart from principal–agent theory and corporatism, and study the correspondence between the attitudes and preferences of voters, parliamentary parties and the government with regard to agricultural policy. The basic research question is whether we can identify divergences between voter preferences and elite preferences in Norwegian agricultural policy, and the consequences of such discrepancies for the outcome of the policymaking process. In addition to agency problems and costs related to the parliamentary chain of delegation, we focus on the possible effects of external constraints

Hilmar Rommetvedt is Head of Research at the International Research Institute of Stavanger, and Adjunct Professor at the University of Stavanger.

Contact email: *hilmar.rommetvedt@iris.no*.

Frode Veggeland is Professor at the University of Oslo and Adjunct Research Professor at the Norwegian Institute of Bioeconomy Research.

Contact email: *frode.veggeland@medisin.uio.no*.

related to corporatist negotiations. The cumulative effect of such costs and constraints may represent a severe problem for democratic representativeness. The article is based on analyses of surveys of a representative sample of Norwegian citizens and official documents from the government and the parliament.¹

Agricultural policy has been chosen as a case for study for several reasons. Firstly, agricultural policy has been high on the international agenda in the negotiations on the General Agreement on Tariffs and Trade (GATT) in 1986–94, and in the ongoing negotiations in the World Trade Organization (WTO) (Daugbjerg and Swinbank 2009; Langhelle 2014). Trade and food security have become central issues in agricultural policy, and thus of great interest for studies of political representation and decision-making. Secondly, a number of studies have shown agriculture to be an interesting case due to changes in the observed ‘agricultural exceptionalism’ which is found across a number of political systems (Daugbjerg and Swinbank 2008, 2009; Grant 1995; Lunat 1997; Skogstad 1998). Finally, studies on agricultural policy have contributed to theoretical development in political science and policy analysis in general (Daugbjerg and Swinbank 2012). The case of Norway gives us a unique opportunity to study the interplay between corporatism and parliamentary decision-making and thus to explore a set of specific conditions under which democratic representativeness may be either enhanced or challenged.

PARLIAMENTARY DELEGATION, PRINCIPALS AND AGENTS, EXECUTIVE–LEGISLATIVE RELATIONS AND CORPORATISM

An ‘ideal model’ of a democratic decision-making process is that of the parliamentary chain of delegation, where the ultimate legitimacy and authority of decisions is firmly rooted in the sovereign people (Bergmann et al. 2000). The people, in their role as voters, delegate decision-making authority to representatives in parliament, who delegate decision-making authority to the government, which in turn implements policies, which, ideally, should reflect the ‘will of the people’. Of course, in real life, running through this chain of delegation, there are a number of factors which may impact on and change the decisions, including principal–agent problems, the strength of the executive vis-à-vis the parliament, and in some cases (such as Norway) also corporatist arrangements. Thus, the output of the political decision-making process may often diverge from the preferences of the people.

Delegation, Information and Representation

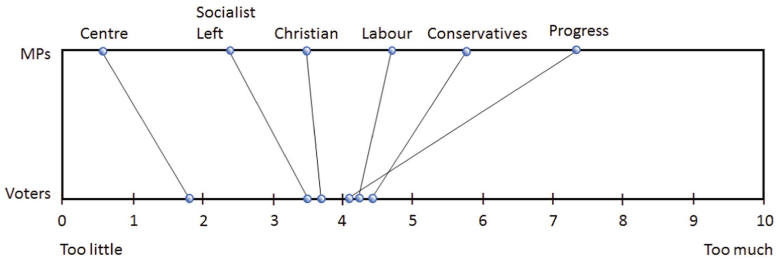
The logic of delegation and accountability is a core issue of principal-agent theory (Kiewiet and McCubbins 1991; Strøm et al. 2006). In every democratic political system a large number of decisions are delegated from the principal (such as the people) to the agents (such as MPs), who are then expected to act on behalf of the principal – in this case act in accordance with the will of the people/voters. The delegation problem appears when the interests and preferences of the principal and the agent are in conflict. In those cases there is a risk that the agent purporting to act on behalf of the principal in reality acts in conflict with the principal's interests and preferences (i.e. 'moral hazard'). When there is a discrepancy between what the principal ideally would like her agents to do and how the agents actually behave, we have a relationship suffering from 'agency loss' and 'adverse selection' – that is, in our context, a situation with undesired results from the point of view of the voters. Thus, the problem of delegation is related to: (1) a possible conflict of interests between the principal and the agents; (2) asymmetric information in this relationship; and (3) the principal's problem of checking (e.g. information asymmetry) as well as controlling (e.g. incentives and other disciplinary measures) the agents' motives and actions.

According to Anthony Downs (1957), the median voter is positioned in the centre, and consequently political parties are moving towards the centre in order to capture the majority of the voters. On the other hand, a number of studies indicate that political parties are more extreme than their voters (e.g. May 1973; Rabinowitz and Macdonald 1989). Leftist parties and MPs are more leftist than the voters of their parties, while right-wing parties and MPs are more right-wing than their voters. Similar trends may be found in relation to other policy dimensions. In the terms of principal-agent theory, the preferences of the agent/MPs do not coincide with the preferences of the principal/voters, thus indicating an agency problem of adverse selection where the principal is unable to choose the right agents (Müller et al. 2006:23f; Strøm 2006: 86f).

Figure 1, based on surveys among Norwegian MPs and voters carried out in 2005, illustrates the point. The respondents were asked to place themselves on a scale from 0 to 10, depending on whether they thought that central government put too little (0) or too much (10) emphasis on the interests of the Norwegian periphery.

Figure 1

MPs' and Voters' Assessment of the Emphasis Put on the Interests of the Norwegian Periphery by Central Government



Source. Adapted from Narud and Valen (2007: 133).

The question is chosen here because the centre–periphery cleavage is highly relevant to Norwegian agriculture, which is largely located in sparsely populated areas in the periphery.

It may seem quite paradoxical that a party named the Centre Party is the most periphery-friendly party. However, the Centre Party originated as the Agrarian Party. It changed its name in 1959 in order to broaden its appeal and attract voters in the cities. It is still mostly preoccupied with the interest of the farmers and people living in sparsely populated areas (Allern 2010; Christensen 1997).

The main point here, however, is the discrepancies between voters and MPs. Most pronounced is the difference between the voters and MPs of the Progress Party. Progress Party MPs are the least periphery-oriented members of the Norwegian Parliament. They put more emphasis on the interests of the central areas of Norway. The average Progress Party voter is much more periphery-friendly than the MPs of the party they vote for. Similar trends are found among the Conservatives and Labour, while the MPs of the Socialist Left and to a lesser degree the Christian People's Party are somewhat more periphery-friendly than their voters.

Figure 1 clearly indicates that the principals (voters) and their agents (MPs) do not share the same preferences with regard to centre–periphery-oriented policies. Furthermore, principal–agent problems are made even more complicated by the fact that parliamentary government involves not only one, but a whole chain of delegation and principal–agent relationships, including voters as principal and MPs as agents, MPs/parliament as principal and the government as agent, the government as principal and civil servants as agents, and so on (Strøm 2006: 64ff).

Institutions that constrain or enable representativeness

By constraining some political choices and enabling others, institutional arrangements may cause political processes to end, not only with intended consequences, but also with unexpected consequences and sub-optimal outputs (North 1990; Pierson 2000; Streeck and Thelen 2005; Thelen 1999, 2004). Thus, the way political institutions and decision-making processes are designed may also affect the parliamentary chain of delegation. Representation problems are not only caused by possible conflicts of interests between the principal and the agent, they may also be caused by institutional frameworks that impede the agent's ability to represent and promote the principal's interests. In this article, we focus on two aspects: executive–legislative relations and corporatist arrangements.

With regard to executive–legislative relations, we distinguish between Westminster and continental parliamentary systems. In the traditional Westminster system, a one-party cabinet is supported by the majority of the parliament. In this case, executive–legislative relations are relatively straightforward. Both institutions are occupied by the same party, and consequently the preferences of the principal and agents may be expected to be (fairly) similar.² In multi-party parliamentary systems of the continental type, executive–legislative relations are more complicated. In such systems, both coalition governments and minority governments occur more frequently. Contrary to William Riker's minimal winning principle (1962), even minority coalition governments may be established. In such cases, a number of different principals and agents are involved. Government ministers are agents of different parties, and the government as a whole is the agent, not of the majority, but of a minority of the parliament. The parliament in turn is supposed to be the agent of the majority of the voters. Consequently, discrepancies may be expected between the preferences of the majority of MPs and government ministers, and the outcome of decision-making processes.

The latter situation is highly relevant in the case of Norway, where minority governments – both single-party and coalition governments – have been common (Rommetvedt 2003, 2005). After the general election in 2013, Norway had a minority coalition government comprising the rightist Conservatives and Progress Party. The government was supported by two centrist parties: the Liberals and the Christian People's Party. The government and its support parties

negotiated a formal and rather detailed agreement on important policy issues and procedures for their relationship (Bergh and Karlsen 2014). The relationship thus came close to what has been called 'contract parliamentarism' (Bale and Bergman 2006), which means that in practice the government came close to a majority government on several political issues covered by 'the contract'. However, the fact that strong disagreement remained on certain policy areas – such as agriculture – undermined the stability and predictability of the 'contract', as well as enhancing other actors' (such as interest groups) influence on these particular policies. The non-government support parties thus had mixed motivations (cf. Russel et al. 2017), gaining influence by making compromises through the formal agreement with the government, while at the same time reserving the right to defend key party issues.

Kaare Strøm and Hanne Marthe Narud (2006: 532) characterize executive–legislative relations, or the delegation from parliament to government, as an internal form of delegation. Corporatism, on the other hand, is one of the external constraints on delegation analysed by them (Strøm and Narud 2006: 547). 'Votes count but resources decide' is the short and apt wording of Stein Rokkan's analysis of 'numerical democracy and corporate pluralism' in Norway (Rokkan 1966: 105–7). According to Rokkan, the crucial decisions on economic policy are rarely taken in the parliament. The central area is the bargaining table where government authorities meet with representatives of trade unions, farmers and business associations. Consequently, the agents of specialized interests (interest groups) can influence policies more directly and strongly than the agents of the voters (the MPs).

In international comparisons, Norway is ranked among the most corporatist countries in the world (Lijphart and Crepaz 1991; Schmitter 1974; Siaroff 1999). More recent studies clearly indicate that Norwegian (and Scandinavian) corporatism has declined (Christiansen et al. 2010; Rommetvedt 2005). However, as far as agricultural policymaking is concerned, Norway is still a highly corporatist country. Since 1950, important elements of Norwegian agricultural policy, such as regulations, subsidies, prices and taxes have been developed and formulated through yearly negotiations between the government and the farmers' associations (Farsund 2014). In other countries, similar corporatist arrangements have been abolished.

In practice, this means that the win-sets of agricultural policy processes are limited – that is, corporatist arrangements limit the outcomes

that are likely to be accepted by parliament. For example, if the government and the farmers' associations have agreed on a negotiated agreement, it is customary for the parliament to adopt the agreement – even in situations where the majority of MPs are in favour of other policies. Thus, the corporatist arrangement may 'force' (not formally, but de facto) the parliament to adopt policies that are more in line with specialized interests, and not in accordance with general interests and the preferences of the majority of MPs and voters.

The question then is whether such institutional conditions and pressures actually create greater divergence between voter and elite preferences, and if and how such conditions and pressures affect the output of agricultural policy processes.

Summing up the Norwegian parliamentary situation and agricultural policy, we see three elements in the chain of delegation that could be expected to create agency problems:

1. Elected MPs tend to have somewhat more extreme preferences than their voters.
2. The preferences of the rightist parties in the minority coalition government differ from the preferences of the majority of the parliament.
3. There are external constraints related to the power of specialized interest groups in corporatist negotiations, and to the institutionalized norm that parliament should accept a negotiated agreement.

One can easily imagine that the cumulative effect of these agency problems may be rather dramatic for democratic representation. However, as we will see, this is not necessarily the case.

DATA

Our data on party preferences are based on analyses of party positions on a selected number of core agricultural issues stated in recommendations from the parliament's Standing Committee on Business and Industry. We start in 2012, when the centre-left government (Labour, the Centre Party and Socialist Left Party) submitted a white paper or report on agricultural and food policies to the parliament (Meld. St. 9 (2011–2012)). In the recommendation from the Standing Committee on this report, the different parties expressed their various primary standpoints on agricultural policy (Innst. 234 S (2011–2012)). In addition, we include the views expressed by the parliamentary parties in

relation to the subsequent annual corporatist negotiations and agreements on agricultural policy, ending with the settlement of 2015 (see list of documents in References).

The data on voters' preferences on the core agricultural issues stem from a survey of a representative sample of Norwegian citizens. The relevant questions included in this survey were developed on the basis of the party positions stated in the parliamentary committee recommendations (see online appendix).³ The survey was conducted in the middle of the period studied – in 2014. The survey data are used to check the consistencies and discrepancies with regard to: (1) 'agriculture-friendliness' in the preferences of the voters and the political elites; and (2) the outcome of the corporatist and parliamentary decision-making processes.

The analysis of the outcome of the policymaking process is based on public documents (see References), reports in the media, in particular the newspaper *Nationen*, which has comprehensive coverage of agricultural processes, and on comments and statements on the homepage of the Norwegian Farmers' Union, and the Norwegian Government, Ministry of Agriculture and Food.⁴

PARTY AND VOTER PREFERENCES

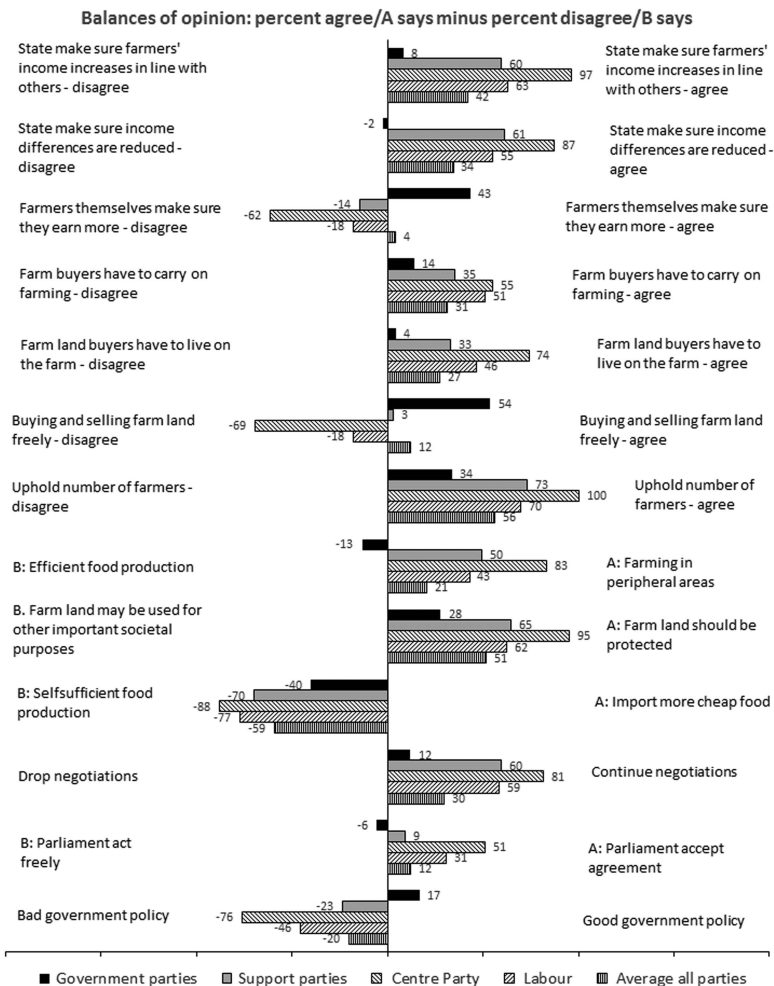
Elite and Voter Preferences in Agricultural Policy

As we have seen, after the parliamentary elections in the autumn of 2013, a minority coalition government was established. The government included the Conservatives and the Progress Party and was supported by an agreement with the Liberals and the Christian People's Party. The new government was historic in the sense that this was the first time a party to the right of the Conservatives (i.e. the Progress Party), had taken part in government. It was also the first time a party with such extreme (in the Norwegian context) positions on agricultural policy was put in power. The Progress Party had suggested huge cuts in government support of agriculture, and it was the only party in favour of abolishing entirely the core element of the corporatist arrangements in agricultural policy – the annual negotiations between the state and the two farmers' associations.

The political situation thus raised the questions of, firstly, how the political parties positioned themselves in agricultural policy; secondly, whether these positions were representative of voter

preferences; and thirdly, what would be the outcome of the agricultural policy processes under the new minority government. These questions will be addressed by analysing parliamentary committee recommendations from 2012 to 2015, the voter survey conducted in 2014 (see Figure 2 below), as well as media reports and statements made by involved actors.

Figure 2
Balances of Opinions: Agricultural Policy



Agricultural Income

In the parliamentary recommendation 234 S (2011–2012), the majority of the Standing Committee on Business and Industry – MPs from the Labour Party, the Socialist Left Party and the Centre Party – stated that they were in favour of setting as a goal that the farmers should achieve an income development parallel to other groups in society. The Progress Party and the Conservatives stated that they were in favour of profitable agriculture and higher income for farmers, but that they were not willing to set specific goals that would be hard to achieve. The Christian People's Party requested that the government adopt measures that could provide farmers with the opportunity to considerably reduce the gap between the farmers' and other groups' income.

Voters were generally positive to the notion that the state should take responsibility for farmers' income. Figure 2 shows that a majority of all voters – from government parties as well as from opposition parties – agreed with the statement that the state should make sure that farmers had an increase in income in line with other groups. It is interesting to note that even a majority of the voters of the Progress Party agreed with this statement (+2 percentage points). Among the voters for the government parties in 2014, there was a small majority (-2) that disagreed with the statement that the state should make sure that income differences between farmers and other groups were reduced. Other groups clearly agreed with this statement. We may also note that, regarding the issue of farmers' income, the voters of the government's support parties were more 'agriculture-friendly' than the average voter.

Farm Land Buyers' Obligation to Live on and Run the Farm

In the committee recommendations, the Progress Party made a request that the government abolish the regulation stating that farm land buyers have to live on, as well as run, the farm. The Conservatives had a somewhat more moderate proposal requesting that the general requirement for farm land buyers to live on the farm, should be removed. The other political parties wanted to uphold the obligation to live on and run the farm.

Regarding the demand that buyers run the farm, Figure 2 again shows that in all voter groups – among government as well as opposition parties – a majority of voters agreed with the agriculture-friendly position, namely that farm buyers have to carry on farming. Even a clear

majority of the voters of the Progress Party supported this demand (+18 percentage points). In all groups a majority of the voters agreed with the requirement for farm buyers to live on the farm. However, on this issue there was a split in preferences between the voters of the two government parties. Put together, the voters from the two government parties agreed (+4), but a small majority of the voters of the Progress Party disagreed with such a requirement (-2). In line with the more market-oriented profile of their parties, the voters of the government parties agreed with the statement that buying and selling farm land should be done freely without state intervention (+54). Even among the voters of the support parties a small majority agreed with this statement (+3), actually contributing to placing the average voter also in favour of the statement (+12).

Farming in Peripheral Areas

The Christian People's Party declared that it wanted active agriculture to be maintained in all parts of the country. The Progress Party and the Conservatives stated that farming should pay off and be profitable, and that those who wish to be full-time farmers and expand should be awarded more freedom and fewer regulations. However, the two parties did not want to make any special requirements regarding where in Norway food production should take place. The majority of the Standing Committee on Business and Industry (i.e. all parties except the Progress Party and the Conservatives) regarded it as positive that the white paper from the centre-left government stated the intention of preserving agricultural activity in all parts of Norway, and that agricultural policy should be designed to achieve the goal of increasing food production. The majority agreed that the state should provide support to agriculture in peripheral areas. In this respect, the Progress Party and the Conservatives stated that too rigid and too many public goals, and too much control of public instruments to achieve these goals, might actually prevent efficient farming. Thus, these parties wanted to consider ways of changing the design of support packages to agriculture in order to achieve a more efficient use of the resources.

Figure 2 shows that a majority of voters in all parties agreed with the statement that the number of farmers should be maintained. Even among the voters of the Progress Party there was a clear majority who agreed (+38 percentage points). However, when asked

whether they agreed with either a prioritization of efficient food production or a prioritization of food production in peripheral areas, the picture became somewhat more nuanced. A relatively small majority of the voters of the government parties agreed with the intention of prioritizing efficient food production (-13). All other groups agreed with the prioritization of food production in peripheral areas. The overall picture on this issue is thus a clear voter preference for food production in peripheral areas over efficiency in food production.

Protection of Land Used for Agriculture

A majority of the members of the Standing Committee on Business and Industry – all parties except the Progress Party and the Conservatives – expressed the view that strong protection of land used for agriculture was important, and that the government should strengthen its use of public instruments to ensure this. The Progress Party and the Conservatives stated that the protection of land used for food production is of great value, but this concern must be balanced towards other societal needs. The Christian People's Party suggested that parliament should request the government to put forward a new proposal on the protection of land for agricultural purposes, thus allowing the government to award land of great agricultural value the legal status of 'protected areas'.

Figure 2 shows again that the majority of voters in all groups and parties expressed agriculture-friendly preferences; that is, that they agreed with the statement that farm land should be protected. The voters seem to prefer a policy where land used for agricultural production is protected more strongly than a policy allowing farm land to be used for other purposes. The voters thus seem to be more eager to protect agricultural land than the party elites.

Import Restrictions on Agricultural Products

All parties, except the Progress Party and the Conservatives, stated in committee recommendation 234 S (2011–2012) that the whole value-chain in Norwegian food production depended on strict import-restrictions and that these restrictions were key elements of Norwegian agricultural policy. The Progress Party and the Conservatives agreed that import restrictions were important for

agriculture, but underlined that high levels of import tariffs were ambiguous in this respect as they could also be used to increase consumer prices. The two parties therefore stressed the need for caution in using the room for manoeuvre within the constraints of international agreements (WTO, EU) to raise the level of protection against agricultural imports.

On this issue, the preferences of the voters were overwhelmingly 'agriculture friendly'. Figure 2 shows that a clear majority of voters within all groups agreed with the prioritization of self-sufficient food production over more import of cheap food. The preference for self-sufficiency was strong even among the voters of the Progress Party (-33 percentage points compared to -59 for the average voter). This is surprising since the Progress Party has been a strong supporter of policies promoting cheap food.

Corporatist Negotiations

In the committee recommendation, the Progress Party and the Conservatives remarked that more responsibility for the preparation of agricultural and food policies should be returned to parliament. The Progress Party wanted to abolish the corporatist system of annual agricultural negotiations which had been in place since the 1950s. Progress Party MPs were sceptical of the arrangement where certain business organizations had an exclusive right to negotiate with the state, a privilege that placed issues of direct relevance to the state budget beyond ordinary parliamentary procedures. The Progress Party thus proposed to repeal the annual agricultural negotiations and settlements between the state and the farmers' associations.

Figure 2 shows that the majority of voters in all groups agreed more with the statement that agricultural negotiations should continue, than with the statement that they should be dropped. The majority with a preference for continuing agricultural negotiations was lowest among the government parties' voters (+12 percentage points compared with +30 for the average of all parties). Even though the Progress Party was in favour of abolishing agricultural negotiations, there was a majority of the party's voters who supported the continuation of the negotiation system (+7).

The findings above show a fairly clear general pattern: the principals (voters) had more agriculture-friendly preferences than their

agents (MPs). Even the voters of the Progress Party had more agriculture-friendly preferences than was stated as the official agricultural policy of their party.

OUTCOME OF THE POLICYMAKING PROCESS

As the findings above illustrate, there are systematic discrepancies to be found between voter preferences and the preferences of MPs on agricultural policies. Such discrepancies indicate problems of agency loss and agency costs, as well as a general problem of representativeness. However, so far we have only looked at preferences – not at the outcomes of the policymaking processes. In the following paragraphs, we will look more closely at the actual policies adopted. We focus on the agricultural negotiations conducted from 2012 to 2015. The negotiations in 2012 and 2013 were carried out under the majority government made up of Labour, the Centre Party and the Socialist Left Party, while the subsequent negotiations were carried out under the minority government of the Conservatives and the Progress Party.

In 2012, agricultural negotiations were characterized by high tension and conflict. In the end, the negotiations collapsed even though the centre-left majority government in power at that time was considered to be more agriculture-friendly than the opposition. In line with normal practice, it was the government's offer that was included in the proposal submitted to, and later approved by, parliament. It was against this background that the 2013 negotiations took place. The conflicts of the previous year were fresh in the minds of the government parties, and at the same time they were preparing for the upcoming national elections. There were strong incentives for the government to reach a settlement with the farmers' associations, and so they did. The initial demand from the farmers' associations was a NOK1.97 billion increase in agricultural support, while the government's first offer was NOK1.02 billion (Prop. 164 S (2012–2013)). The two parties finally settled on NOK1.27 billion. The negotiated settlement was included in the government's proposal submitted to and approved by parliament. The largest of the two farmers' associations – the Norwegian Farmers' Union – noted that the agreement could secure an overall increase in farmers' incomes of 10.5 per cent and stated that, if not fully satisfactorily, the agreement was nevertheless a 'step in the right direction'.⁵

The context of the 2014 agricultural negotiations was quite different from the one in 2013. Now, the rightist minority government was in charge of the negotiations. One of the coalition parties, the Progress Party, had for several years pushed for radical changes in Norwegian agricultural policies. Their proposals included a reduction of domestic support for agriculture to less than half of the level at that time, reduced import tariffs and increased import of cheap food, the abolition of the corporatist system of agricultural negotiations and settlements, the removal of regulations on protected land for farm purposes, and the introduction of more market mechanisms in agriculture.⁶ All of these proposals stood in sharp contrast to the views and positions of the farmers' associations. Thus, the 'negotiation climate' was bad even before the negotiations started.

From statements made in the media, one might get the impression that the farmers' associations were convinced that the negotiations had to break down. The demand from the farmers' associations was a NOK1.5 billion increase in support, while the government offered NOK150 million (Prop. 106 S (2013–2014)). The farmers' associations expressed strong disappointment with the government's offer, but they agreed to start negotiations. However, they soon noted that the government did not show much flexibility, and by 13 May – one week after the government presented its offer – negotiations broke down. The farmers' associations organized protests against the government's policies all over the country, and for a short while the farmers withheld deliveries of some of their products. The protests received much media attention, and the impression was established of strong antagonism between the farmers and particularly the Progress Party's minister of agriculture and food.

The government announced that, in accordance with institutionalized norms, a proposal based on its offer would be submitted to parliament (Prop. 106 S (2013–2014)). However, it soon became clear that there was strong opposition in parliament to the government's offer, including among the government's cooperating partners – the Liberals and the Christian People's Party. It became clear to the government that there was a real risk that radical changes in its proposal could be made by a majority of the parliament. The governing coalition parties therefore entered into discussions with the Liberals and the Christian People's Party in the parliament in order to find a solution. The discussions resulted in an agreement which meant that NOK250 million in budget support was added to

the government's proposal. The increased support was adopted by parliament in June 2014.

It is notable that these changes were made on the basis of signals from the parliament implying that a majority was willing to make substantial changes in the government's proposal. These signals were made even though all the parliamentary parties, with the exception of the Conservatives and the Progress Party, had earlier noted that in cases where negotiations had broken down there was a long tradition for the government to submit a proposal based on its offer in the negotiations. If the farmers' associations chose to opt out of the negotiations and parliament then improved or reduced the government's offer, it would undermine the whole corporatist system of agricultural settlements (Prop. 164 S (2012–2013), p. 10).

In any case, the combination of a high level of conflict in the agricultural negotiations – motivating the parliamentary opposition parties to intervene – and the situation with a minority government in power, seem to have moved even the government's offer in a more agriculture-friendly direction. It is also worth noting the discrepancy between the proposal that was finally submitted by the government to parliament and the proposals made by the Progress Party before it became a member of government. The former included a NOK400 million increase in support, while the latter represented cuts of NOK5–6 billion.

Based on the rather dramatic circumstances during the agricultural negotiations in 2014, the subsequent negotiations were met with anxiety. However, the negotiations in 2015 resulted in considerably less drama (Prop. 127 S (2014–2015)). The farmers' associations demanded a NOK950 million increase in total support. The government's initial offer was NOK90 million, but it later presented a revised offer of NOK295 million. One of the two farmers' associations – the Norwegian Farmers' and Smallholders' Union – then chose to opt out of further negotiations, while the largest one – the Norwegian Farmers' Union – chose to continue negotiations. The latter finally agreed with the government on a settlement where the increase in total support was set at NOK400 million.

This time, not much conflict was communicated to the media. When the settlement was discussed in parliament in June 2015, several parties expressed disagreement with some of the proposals put forward by the government. However, a clear majority chose to follow the norm of accepting and adopting a settlement that had

been negotiated between the government and representatives of the farmers. Only five MPs voted against the settlement. All in all, the outcome of the process in 2015 was a return to normal. The Norwegian Farmers' Union put its stamp on the settlement, parliamentary discussions took place without much conflict, and the outcome was more agriculture-friendly than was indicated by the government parties' preferences on agricultural policies.

Summarizing Preferences and Outcomes

Our data show systematic discrepancies between the preferences of the voters and their respective parliamentary parties. The voters are generally more agriculture-friendly than the official positions of their parties. Figure 2 shows that the minority coalition government, which took power in 2013, favours agricultural policies that clearly deviate from the preferences of the average voter. On a number of issues, the government's policies deviate even from the preferences of the governing parties' own voters. This is particularly true for the Progress Party. The voters of the government's support parties – the Liberals and the Christian People's Party – have preferences that are quite close to the preferences of the average voter, or that are somewhat more 'agriculture friendly'. The preferences of both voters and elites of the Labour Party are also quite close to the preferences of the average voter, although somewhat more agriculture-friendly. Not surprisingly, the Centre Party stands out as the party where official positions as well as voter preferences are much more 'agriculture friendly' than the preferences of the average voter.

The minority coalition government's preferences on agricultural policies have thus clearly deviated from the preferences of the majority of the parliament. On a number of issues, the government's preferences have also deviated from the preferences of the governing parties' own voters. These discrepancies came to the fore after the breakdown of the agricultural negotiations in 2014, when the government, based on discussions with its support parties in parliament, chose to change its proposal in a more agriculture-friendly direction. The submission to parliament of a proposal that was different from what was offered in the negotiations was a break from the norm of submitting a proposal based on the government's offer. However, the final compromise, reached after pressure from the farmers'

associations and the government's support parties, actually seems to have moved the outcome closer to the average voters' preferences as well as the preferences of the majority of the parliament.

DISCUSSION AND CONCLUSION

At the outset, we indicated that the accumulation of a variety of agency problems and constraints could lead to a serious challenge to democratic representativeness. We anticipated agency problems due to adverse selection of agents in two steps in the parliamentary chain of delegation: first, at the voters' (principals') selection of MPs (agents), and then at the parliament's (principal's) selection of government (agent). When we looked at the policy positions of the parliamentary parties expressed in official documents and the voters' preferences presented in Figure 2, we saw that the expected agency problems were clearly manifested in the case of Norwegian agricultural policy:

1. The government parties are *less* agriculture-friendly than both their own voters and the average voter. This is particularly pronounced in the case of the Progress Party.
2. The voters of the government's support parties are *more* agriculture-friendly than the average Norwegian voter.
3. These tendencies clearly indicate that the majorities of both the voters and the parliament are *more* agriculture-friendly than the government parties.

What, then, about external constraints related to Norwegian agricultural corporatism? Corporatist arrangements, such as the annual negotiations between the government and the farmers' associations, represent both an extra channel of influence for specialized interest groups, and a weakening of parliament vis-à-vis the government. In our case, two informal, but highly institutionalized norms put constraints on the parliament:

1. If the negotiating parties reach an agreement, then parliament should approve the agreement without changes.
2. If the negotiating parties do not reach an agreement, then parliament should make a decision in accordance with the government's offer in the negotiations.

Consequently, corporatist institutional constraints may lead to the approval of a more agriculture-friendly policy than the one that

would reflect the preferences of the principal, i.e. the majority of the parliament.

In 2013, the centre-left majority government had strong incentives to reach an agreement with the farmers' associations. In the run-up to the general election, the coalition government (which included the Centre Party) was eager to avoid the highly conflictual situation that had arisen the year before. The government, and subsequently the parliament, accepted an agreement which laid down the foundation for a substantial increase in farmers' income, an increase considerably higher than that of other groups.

The general election in the autumn of 2013 led to the formation of a minority coalition government. The two parties in the coalition, the Conservatives and the Progress Party, were the least agriculture-friendly parties in the parliament. Clearly, the new government did not reflect the voters' preferences, and the offer put forward in the negotiations with the farmers' associations in 2014 was far below that of the settlement in 2013. Not surprisingly, the negotiations broke down. The farmers demonstrated their discontent and stopped deliveries of some agricultural products, but the government submitted a proposal to the parliament in accordance with the offer it had given to the farmers' associations. According to the norm referred to above, the parliament would be expected to approve the government's offer to the farmers. However, as we have seen, the government's support parties in parliament – the Liberals, and in particular the Christian People's Party – are much more agriculture-friendly than the government parties and contrary to the prevailing norm of the corporatist system, representatives of the support parties and the government parties negotiated changes in the government's proposal. The negotiating parties ended up with an increase in the economic support for the farmers. Consequently, by breaking one of the norms related to the agricultural negotiations, the parliament moved the outcome closer to the preferences of the majority of the voters, thus reducing the agency problems caused by adverse selection in the parliamentary chain of delegation.

That the parliament used its power to reduce agency loss during a minority government is in line with expectations. Still, it is interesting to note that this use of power, although in accordance with agricultural interests, was contrary to the procedures of the well-established corporatist arrangements. In fact, the corporatist constraints were expected to strengthen the influence of the farmers'

associations and thereby lead to the approval of a more agriculture-friendly policy than the one that would otherwise have been adopted by the parliament. However, in this case we see that it was by breaking the corporatist norm of non-interference that the parliament ended up increasing economic support for farmers. Paradoxically, the increase was more in line with the preferences of the majority of the voters and the parliament – thus reducing agency problems originating in the parliamentary chain of delegation. In other words, the often (at least implicitly) expected cumulative effect of different agency problems did not occur. Instead, different agency problems worked against each other.

Still, the case illustrates that even though the parties chose to ignore the corporatist norm, they were aware of the existence of the norm – and thus of the existence of the institutional constraints of the agricultural corporatist system. The resilience of this system depends on key parties to respect negotiations between the state and interest groups, even in situations where outcomes conflict with own preferences. If outcomes are not respected, there is a risk that involved parties will move towards ‘forum shopping’ (Busch 2007) – that is, strategically shifting between different arenas for influence, depending on the specific political situation. Such a move would weaken the corporatist system by increased fragmentation and thus reduce agricultural interest groups’ advantage of ‘concentrated interests and diffuse costs’ (cf. Olson 1965). However, it seems that in the situation analysed above, where the parliament made agriculture-friendly changes to the government’s proposal, the involved parties did not consider the breach of the norm as a big threat to the corporatist system. It is likely that if the changes to the government’s proposal had been less agriculture-friendly, the threshold for breaking the norm would have been higher.

It should be noticed, moreover, that the government – with a Progress Party minister of agriculture and food – did not put forward the substantial cut-backs in economic support that had been proposed earlier by the Progress Party. Thus, even before it was modified by an additional NOK250 million, the government’s proposal was much more agriculture-friendly than might have been expected, based on the two coalition parties’ earlier statements and positions. Even before the government’s support parties intervened, the government acted under institutional constraints and anticipated reactions in parliament. This caused the government

to propose a more agriculture-friendly policy than the party platforms implied.

Our findings illustrate that corporatist arrangements do function as institutional constraints in parliamentary decision-making processes, and that the actual effect of these constraints should be analysed carefully by taking into consideration different framework conditions, such as executive–legislative relations, the parliamentary situation, and the level of conflict on particular issues. In the political context we have analysed – where the preferences of the voters are more agriculture-friendly than the preferences of the political elites – the corporatist system may have the function of pushing public policies closer to the people’s preferences, thus reducing agency problems. However, as shown in this article, this is not necessarily a clear-cut process as it depends on who is in government and the power-relationship between the executive and the parliament. For example, if an agriculture-friendly government had been in power, the corporatist system would have been in a stronger position to constrain the actions of parliament and push forward even more agriculture-friendly policies.

Our findings are nevertheless rather surprising compared to what one would expect from principal–agent theory. In the case of Norwegian agricultural policymaking, parliament actually managed – to some degree at least – to overcome agency problems caused by adverse selection and corporatist constraints. The question, then, is whether our findings are generalizable. In a way, the answer is both ‘no’ and ‘yes’.

The ‘no’ answer is related to the specific parliamentary situation in Norway after the 2013 election. It was the combination of a minority coalition government comprising parties with less agriculture-friendly preferences than the majorities of the voters and the parliament, together with more agriculture-friendly government support parties and the parliament’s willingness to break an institutionalized corporatist norm, that led to a policy outcome fairly well in accordance with the preferences of the principals.

The ‘yes’ answer is related to the general lessons that we may draw from our study. Firstly, we need to specify very carefully the conditions under which agency problems and costs may occur due to adverse selection in the parliamentary chain of government, and/or due to external constraints such as corporatist arrangements. Secondly, we should bear in mind that the coexistence of different

agency problems does not necessarily lead to an accumulation of agency costs. Consequently, we should further explore the conditions under which different agency problems lead to an accumulation of agency costs on the one hand, and on the other hand, the circumstances under which different agency problems work against each other and thus reduce the sum of agency costs.

In sum, the Norwegian case has given us a unique opportunity to analyse and illustrate the interplay between principal–agent problems at several steps in the parliamentary chain of delegation and external, corporatist constraints.

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SUPPLEMENTARY MATERIAL

To view the supplementary material for this article, please go to: <https://doi.org/10.1017/gov.2017.32>.

NOTES

¹ Data collection was funded by the Research Council of Norway.

² The majority party in the parliament may not necessarily be supported by the majority of the voters, and one may wonder if cabinet ministers are the agents of the MPs or vice versa, but we will not go further into these questions here.

³ To view the online appendix, please go to <https://doi.org/10.1017/gov.2017.32>.

⁴ For *Nationen*, see www.nationen.no; for the Farmers’ Union, see www.bondelaget.no/english/category2689; and for the Ministry of Agriculture and Food, see www.regjeringen.no/en/dep/lmd/id627.

⁵ See comments made on the Farmers’ Union homepage: www.bondelaget.no/jordbruksoppgjoret-2013/category4968.html.

⁶ See the party programmes of the Progress Party, as well as statements made by the party's MPs in the recommendations from the parliament committee (listed as Public Documents in the list of references).

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