Social Polarisation and Socioeconomic Segregation in a Welfare State: The Case of Oslo

Terje Wessel

Summary. This paper looks at the competing theses of polarising convergence and policy-related divergence in the study of socioeconomic segregation. Using data from Oslo, Norway, it is shown that the level of segregation has remained fairly stable, or has even declined, in spite of increasing income inequality. This spatial stabilisation is causally related to a more flexible design in city planning and policy. It is, however, not a development in accordance with the welfare state approach proposed by Chris Hamnett and some other scholars. Rather, we observe a ‘perverse’ effect where social democracy has been helped by opposition policies. In consequence, the paper suggests the use of models of action and the identification of ‘closed’ and ‘open’ processes of change.

1. Introduction

Two notions dominated the study of residential segregation in the 1990s. One was that Western capitalist cities are being spatially transformed due to economic restructuring. Concepts such as ‘dual city’ and ‘socio-spatial division’ indicate a simple set of relations between technological change, labour market adjustments, social stratification and socioeconomic segregation. Most frequently, the spatial component is envisaged in a polarised form—as a deepening gap between rich and poor urban areas. Politics are then portrayed as being insufficient or as a reflection of neo-liberal economic pressure. The second notion, on the other hand, had a somewhat optimistic message. Here, welfare provision was introduced as a weakened but still potent redistributive mechanism. A related argument is that social stratification and residential segregation must be theorised independently: rich people need not live in rich areas, and there is no one-to-one relationship between social and geographical mobility. Hence, the convergence perspective is relegated to the technological and economic sphere.

The aim of this paper is to investigate these two perspectives. The emphasis is mainly empirical, with a concentrated focus on Oslo. Using Oslo as a case study should make an appropriate test for the two competing perspectives. As noted in the growing literature on post-industrial societies, Norway has a comparatively stable welfare system. It is not difficult to detect a movement towards ‘less state’, but it takes diverse and
contradictory directions. Pure commercialisation is a less visible strategy than voluntariness—that is, an effort to strengthen the life-sphere of civil society. There are also counteracting measures within the public sector—we see, for instance, a fairly vigorous struggle against unemployment. At the same time, the Norwegian economy is openly exposed to global patterns of growth and trade. Political initiatives are thereby constantly stamping against market trends.

The next section of the paper provides some further detail on the theoretical dimensions. This is followed by a brief glimpse of the Norwegian debate on segregation. It will then examine the empirical basis for the hypotheses of increasing socioeconomic segregation and spatial polarisation. It is argued that, although certain areas seem to be ‘proletarianised’, neither of the two perspectives represents the actual situation in Oslo. In consequence, the succeeding section attempts to trace various influences of the welfare state. Astonishingly, this proves to be a difficult matter. There is no clear evidence of either economic redistribution, counter-weighting housing arrangements or ‘resistant post-modernism’. More than anything, the data raise the question of generality and causal ‘texture’. What is the logical status of economic restructuring and welfare state policy? The concluding section suggests a solution employing situational analysis and formal theory.

2. Opposing Perspectives on Socioeconomic Segregation

Dualistic Perceptions

The idea of ‘social polarisation’ in Western cities is by now widely known. An inspection of the Social Sciences Citation Index gives a frequency of 210 entries from 1991 to 1998. The closely linked concept ‘dual city’ appears in 70 articles and book reviews during the same period.

This substantial corpus of theoretical and empirical work is far from unanimous. One particular problem is that observations and ideas have been transmitted from a fixed empirical basis (New York and Los Angeles) to ‘global cities’, extended further to ‘major Western cities’ and finally transmitted far down the world urban hierarchy. As indicated above, the concept of ‘social polarisation’ long ago reached the northern outskirts of Europe. At least two leading scholars, Manuel Castells and Saskia Sassen, sowed the seed by indicating that observed patterns in New York and Los Angeles could be generalised to ‘global cities’. As early as 1989 (p. 225), Castells anticipated increasing differentiation of labour and a “new urban dualism”. With certain reservations, he put forth a fairly strong conclusion: “The global city is also the dual city” (Castells, 1989, p. 343). Two years later, Sassen presented similar claims, but with the term ‘social polarisation’ as a strong and comprehensive signifier.

The polarisation perspective can be summarised as follows. Due to removal of locational constraints, many types of activity have become footloose. Together with other factors, such as deregulation and technological rationalisation, this has led to massive changes in the manufacturing sectors of cities such as New York, London and Tokyo. A large part of the traditional working class is put out of work, whereas another part faces a situation with lower salaries and fewer opportunities for unionised work. On the other hand, there is a huge need for people with administrative and economic qualifications. These groups are favoured with substantial gains in real income and wealth. Through their consumer behaviour, they have also fed the expansion of low-grade personal service work. Ordinary mechanisms of supply and demand are here disturbed by a lack of contractual protection and a surplus of cheap unskilled workers. Both immigrants from the Third World and other marginal groups play a vital role in the forming of a sweatshop economy. They do not, however, directly contribute to the production of low-wage service jobs. According to Sassen (1991b, p. 82), the explanation should take account of “basic trends in the
advanced industrialised economies”. In other words, Third World immigrants seize opportunities that are created beforehand.

Social polarisation is thus conceived as a direct product of economic restructuring. The argument includes both income distribution and occupational distribution of workers. The logic regarding spatial patterning is more difficult to grasp. Sassen emphasises that economic and technological changes are partly absorbed within the existing physical structures. Her discussion pertaining to social geography is, indeed, reserved. Nevertheless, reading chapter 9, we get the impression that a polarised residential structure is a natural result of growth and decline in global cities. Castells submits the same proposal in plain words:

Structural dualism leads at the same to spatial segregation and to spatial segmentation, to sharp differentiation between the upper level of the information society and the rest of the local residents as well as to endless segmentation and frequent opposition among the many components of restructured and destructured labor (Castells, 1989, p. 227).

This is a simplified summary of the dual city concept. It includes, beyond doubt, a spatial component. However, we do find statements of varying generality in Castells’ discussion on space. Taken together with the careful treatment of residential consequences in The Global City, the thesis of polarisation or dualism can most suitably be interpreted as a Weberian ideal type.

Context-bound Perceptions

The alternative perspective has been furthered by a variety of authors. Somewhat confusingly, one of them is Manuel Castells. Together with John Mollenkopf, he points out that urban dualism is both a restricted and a dependent phenomenon. It is restricted because the cultural mosaic of New York and other post-industrial cities cannot be reduced to two cultures. To insist otherwise, is to “accept a white middle class prejudice that makes all minorities the same” (Castells and Mollenkopf, 1991, p. 414). As for the nomological status, a ceteris paribus clause leaves the dual city concept in an area of conjectures and plausibility:

Occupational polarisation and income inequality become translated into widespread urban dualism (that is, the simultaneous increase of affluence and misery among significant proportions of the population) only when public policy mirrors the naked logic of the market (Castells and Mollenkopf, 1991, p. 413).

At this time, in the early 1990s, several European researchers set out to investigate the importance of economic restructuring and world-wide competition. In a special issue of this journal the two hosting editors, Frans M. Dieleman and Chris Hamnett, stress that many social problems said to be inextricably linked to global cities are contingent rather than necessary and inevitable (Dieleman and Hamnett, 1994, p. 362).

The Netherlands, including the Randstad, is presented as an example of a well-functioning welfare model, where inequalities are moderated by state intervention and consensus-building. At a higher level of analysis, the contingent links are related to ‘modes of social regulation’.

In a subsequent contribution, Chris Hamnett argues that Sassen’s thesis on growing social polarisation is flawed on several counts. The concept itself, he claims, is vague and undefined, and fails to address “the wider literature on changing occupational structure of advanced capitalist societies” (Hamnett, 1994, p. 405). Analysing the 1980s, he concludes that occupational and educational changes in Randstad point strongly towards professionalisation rather than polarisation. In a follow-up two years later, the same conclusion is drawn in regard to London. He admits, however, that both cities have experienced increasing income inequality. This tendency for London is rather marked, but Hamnett suggests that the causes of greater inequality in both
London and in the UK lie as much outside employment as they do within it (Hamnett, 1996, p. 1428).

Inspired by Esping-Andersen (1990 and 1993), his explanation includes two principal arguments. First, the welfare state is supposed to affect inequality directly through redistributive policies, such as retirement programmes, unemployment cash benefits and tax structures. Secondly, there is an assumption that education and industrial relations have a shaping effect on employment structures, union systems and the ‘feminisation’ of labour markets. We are then, in the end, led to expect great variations in the systems of social stratification (see also Silver, 1993).

Other analysts emphasise the importance of housing provision:

In a welfare state like the Netherlands, where access to housing is regulated, eligibility criteria and housing subsidies are also important in directing where people live (van Kempen, 1994, p. 1011).

Similar claims, but even stronger, are made by Alan Murie and Sako Musterd (1996). In a comparison between Britain and the Netherlands, they conclude that other factors are more powerful than the common pressure of economic change and rising social inequality. In particular, they identify the size and operation of the social rented sector as an important integration mechanism in European cities. Under certain conditions, a social mix is expected to occur across tenure as well as space. The conditions are, among other things, that standards of maintenance are kept up and rents kept down.

Recently, Alan Murie (1998) has challenged not only the general image of social polarisation, but also the adequacy of Esping-Andersen’s analysis as a guide to analysing differences in patterns of urban change. A central part of the criticism points to the fact that taxation systems, health systems and, not least, housing provision are omitted from the typology. As for patterns of segregation and exclusion, he notes that certain areas are being consolidated and others increasingly deprived (Murie, 1998, p. 124).

A different line of argument can be extracted from the confusing debate on ‘post-modernity’ and ‘post-modern urbanisation’. This is not the right occasion for an exposition of these concepts. As a simple demarcation, I understand post-modern urbanisation to embrace, among other things, multinodal structures, an eclectic combination of architectural styles, functional mixture, recycling of built-up landscapes, contextual cues and small-scale housing designs (see Cooke, 1990; Knox 1993). It is also a common presumption that post-modern spaces are superficial, tasteless, populist and cut through by social divisions. David Harvey (1990 and 1993) takes the critique a step further when he claims that post-modernism and the problem of place are mostly a concern of a privileged class preoccupied with representations, symbolic forms and aesthetics. In partial defence, David Ley and Caroline Mills (1993) formulate a critique of the modern project in general and the modern city in particular. In their review of urban Canada, mostly related to the 1960s and the early 1970s, they suggest that feminism, environmentalism and other social movements confronted modernism in issues such as high-rise public housing and freeway construction. With electoral success, a post-modern politics of resistance came into being. Its core values included public participation, small-scale development and plurality of human rights. As for urban development, a complexity of forms and materials emerged in rehabilitated older neighbourhoods as well as in low-rise, differentiated suburbs. Ultimately, we may extend the sequence to include residential integration (see Ley and Mills, 1993; Ley, 1996).

The Scandinavian Example

Summing up the current debate, especially the European contributions, we may spot a general tendency towards revision, correction and ambiguity. Not only is there a claim for political-institutional sensitivity, but also for
‘more divergence’ within the divergence perspective. Nevertheless, it is possible to detect a lurking convergence hypothesis when Murie and Mustard (1996, p. 513) refer to “the welfare state and the housing system within it”. Another generalisation is inherent in the many references to Scandinavian countries, especially Sweden and Norway (Silver, 1993; Dieleman and Hamnett, 1994; Hamnett, 1996; Murie and Mustard, 1996; Mustard and Ostendorf, 1998). The two countries are presented as political and ideological twins, with the exception that Sweden is now sliding towards less subsidisation and more individualism. This presentation is valid for many policy areas, although not all. There is, for example, no ‘Scandinavian model’ in housing and regional issues. Moreover, Swedes, Norwegians and Danes have their own ideological peculiarities.

3. Dualism and Segregation in the Norwegian Debate

Nonetheless, the ‘passion for equality’, as it was labelled in a book title (Graubard, 1987), is largely a common Scandinavian heritage. The same applies in regard to ‘social integration’—that is, a strong emphasis on collaboration, fellowship and mutual understanding.

In Norway, the idea of integration took root during the great depression of the 1930s. In the face of nazification and social unrest, a leading stratum of the Labour Party began to regard economic and social policy as an engine for the achievement of peace and stability. Social reforms and the redistribution of income were thus promoted not only as ends in themselves. Besides a hegemonic struggle for power, an important objective was to spread a sense of collectivity.

To speak openly of this double-edged commitment, however, has not been easy. Possibly for the same reason, residential segregation remained for a long time a non-issue. Partly, it was anticipated that spatial divisions would vanish as a consequence of modernisation and social mobility. Partly, many social democrats and socialists regarded geographical integration of social classes as a delicate matter. To push such a development might resemble a repressive and co-optive strategy. Even though social integration was a long-term issue, it was also related to Bismarckian conservatism.

The first signs of a change appeared in the early 1970s. Two government reports (St.meld. 76 1971–72 and St.meld. 92 1974–75) touched briefly on certain negative aspects of socioeconomic segregation, such as lack of interaction between social groups and spatial constraints in the housing market. Somewhat later, in 1978, an empirical study (Aase and Dale, 1978) documented a level of segregation that took many politicians by surprise. In spite of that, the debate that followed presented rather careful solutions to the problem. The main strategy was still shaped around the old formula of economic redistribution.

During the 1980s, the segregation issue was superseded by economic and institutional concerns. But then, about 1990, the agenda changed once again. A government report (St.meld. 11 1990–91) pointed out that physical separation of social groups is the principal cause of additional public expenditures in the major cities. This was a message compatible both with the economic rationalism of the previous decade and a rapidly growing interest in social integration, communication and voluntary activity. As in Sweden (Olsson Hort, 1994), although to a lesser degree, the term ‘segregation’ seems to incorporate many political concerns in a reshaped welfare state.

Compared with the 1970s and the 1980s, the integration ideal is now generally accepted. Only a few voices, among them a well-known Norwegian anthropologist, have spoken bluntly of sharp socioeconomic segregation as a natural and acceptable phenomenon (Eriksen, 1996). Much of the debate is concerned with an east-west divide, east being the poor part. This divide goes back more than 100 years, and to most commentators it is an undesirable reminder of old-fashioned class differentials.

Not surprisingly, the debate is complicated
by the presence of poor minority groups. Ethnic segregation has gradually been recognised as functional in some ways, at least if voluntary. A frequently heard argument is that ethnic communities act as supportive havens for newcomers, helping them to acquire a range of practical abilities. But the voices of fear are also loud and clear. Some of them merely rattle on without caring much about the substance. Others are based on rational arguments and scientific research. Due to the very intense focus of the debate, it is by now conventional wisdom that ethnic segregation will reinforce the old spatial divisions between rich and poor. Particularly important is the fear of a dawning ‘underclass’. Some leading social scientists have employed this concept as a warning signal. What they allege is that a persistent and disruptive poverty may grow in certain rundown urban areas, especially in Oslo (Brox, 1994; Djuve and Hagen, 1995; Wikan, 1995). There are also suggestions by researchers, planners and journalists that detrimental residential changes have already occurred. A leading newspaper delivered the message in a shocking headline: “Sharp increase in the divide between Oslo east and west” (Aftenposten, 4 October 1991). Several expositions of this kind were presented in the following years.

Looking back, one may reflect on the exchanges between research, media and urban politics. The modification of political ideas had an immediate effect on social research, which in turn produced updated information on social morphology. Some of this information appeared as stereotypical news items, emphasising dereliction, depression and spatial polarisation. Subsequently, a mixture of factual information and rumour prompted political action.

In fact, none of the analyses allowed a justifiable evaluation of segregation changes or of spatial polarisation. A reorganisation of administrative boundaries and a simplification of the 1990 census spoiled all such efforts. The dominant impression of a worsening situation was accordingly formed on a very shaky basis. To demonstrate the public feeling, I will quote two counterparts in the city politics, respectively the Conservative and the Socialist parties:

Statistics from different sources indicate a development towards increasing variations in social well-being between different parts of Oslo (Oslo Høyre, 1993).

The last decade has seen a reinforcement of the distinction between the eastern and the western part of the city (Oslo SV, 1995).

So, here we have one hypothesis of increasing socioeconomic segregation and another of socio-spatial polarisation. In addition, the fear of dualism has been explicitly related to the inner city. To relieve certain social problems and to counter a perceived homogenisation, there is now a huge reinvestment programme for the inner eastern part of Oslo. Still, certain crucial questions remain. What are the substantial trends? Is there truly a pattern of growing spatial inequalities? If so, does it conform to the ‘dual city’ concept?

4. Changes in Socioeconomic Segregation

Methods, Data and Concepts

One of the perceived changes concerns spatial evenness. This is the traditional conception of residential segregation, and it can be verified in several ways. Following a long tradition, I have chosen the index of segregation, which measures the extent to which a specific sub-group has a spatial distribution similar to the distribution of a statistical universe—for instance, the total population. The alleged polarisation between east and west is measured by ratios of overrepresentation and underrepresentation versus the total city.

The study demanded a puzzling reconstruction of old administrative boundaries. In 1987, 36 townships were reduced to 25. The adjustment was part of a decentralisation programme, and it did not affect the system of census tracts. These tracts were accordingly suitable as a basis for the reconstruction. Finally, comparable statistics were produced for the period 1970/80 to 1990/95.
In addition, some municipal data have been found for the period since 1987. Using townships—new or old—is an appropriate alternative. The hypotheses relate either to very crude dividing lines (east/west and inner/outer city) or to ‘parts’ of the city. There are also some difficulties with a more detailed division. The 1990 census, for instance, was performed as a sample study. At that point in time, the new townships had an average population of approximately 18 500, compared to 12 900 for the reconstructed old ones. It should be noted that the analysis only includes the municipality of Oslo (Figure 1).

In all parts of the text, the term ‘segregation’, with or without prefixes, denotes “the degree to which two or more groups live separately from one another, in different parts of the urban environment” (Massey and Denton, 1988, p. 282). ‘Spatial polarisation’ refers inherently to two entities, or two types of entity. Thus, an increasing east–west divide falls logically in the latter category. It may also tally with the former, but this is a matter of conjecture.

**General Patterns**

To stress again, the tolerance of socioeconomic segregation is formed within a social integration ideology. Slight increases in the segregation level may thus be interpreted as a problem of serious concern. But, as a matter of fact, we are here faced with the opposite problem. The segregation of educational groups has decreased considerably since 1970 (Table 1). A relevant counter-argument will be that structural mobility depends on numbers. To give an example: more people have university education than ever before, but simply by this fact, they receive—in aggregate—fewer tangible benefits. A diffusion of university graduates is therefore a dubious indication of social desegregation. In a society with broad access to credentials, other indices are needed.
Table 1. Segregation of educational groups in Oslo, 1970, 1980 and 1993: measured by the segregation index at the township level (old townships)

<table>
<thead>
<tr>
<th>Highest education completed</th>
<th>1970</th>
<th>1980</th>
<th>1993</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower secondary school</td>
<td>24.9</td>
<td>23.3</td>
<td>21.6</td>
</tr>
<tr>
<td>Upper secondary school</td>
<td>15.4</td>
<td>8.1</td>
<td>9.7</td>
</tr>
<tr>
<td>University or high school</td>
<td>28.2</td>
<td>27.0</td>
<td>26.7</td>
</tr>
</tbody>
</table>

Sources: Population censuses and the central education register.

Unfortunately, there are no applicable data on income and property at the township level. Occupational position should though, at least in theory, be less sensitive to compositional effects than educational level. Much of the existing literature is built around this parameter, probably because it relates to many important attributes, such as qualifications, responsibilities, wages and work situations. Its significance is also based on assumptions of social status and class identity. Even so, there are some valid objections. The theoretical validity varies with the level of unemployment, female participation in the labour force and mobility between jobs.

A quite different problem is that occupational data in Norway are not usually transformed into a socioeconomic hierarchy. Often, as in this case, we have to rely on a rough classification that partly reflects sectoral categories. Service occupations are placed together with military work, irrespective of rank differences within the latter group. Likewise, technical experts, scientists and artists appear in one wide and rather inadequate category. The fact that they are all ‘professionals’ can hardly count as a sufficient analytical criterion. On the other hand, both managers and manual workers are classified in accordance with crude principles of autonomy, productive activity and career opportunities. And, as shown in Table 2, these groups were less segregated in 1990 than in 1980. The drop for managers is substantial, but it may be influenced by a certain degree of ‘job title inflation’. Some of the other categories are likely to follow a more convergent mobility route. The increasing segregation of transport workers corresponds with losses both in prestige and pay. I suspect the same is true for workers in retail service, although differences in female participation and rates of stability will obviously be of importance.

On average, Table 2 indicates a stable residential segregation of occupational groups. But it should be recognised that this is merely a structural regularity. In explanatory terms, it has no bearing on individual action or on employment transformation, or even regarding class structuration. On the contrary: the 1980s were marked by a heavy decline in industry and a subsequent growth in service-sector employment (Benum, 1994; Rasmussen, 1998). Mobility among men and women in different positions has not been thoroughly examined, but a fleeting impression is that class upgrading occurs to a certain extent even when all industrial changes are controlled.

To strengthen the test, Table 3 presents the segregation of four vulnerable groups in 1988 and 1996. The calculations are based on the present 25 townships, and they can therefore not be compared with the figures above. Setting aside the question of causal background, there is still a striking statistical continuity. Recipients of social care, people with disability pensions and single parents with transitional benefits were segregated roughly at the same level in both years. The fourth group, children under protection, had a slightly more even distribution in 1996 than in 1988. It should however be noticed that child care may easily be affected by local priorities.
Table 2. Segregation of occupational groups in Oslo, 1980 and 1990: measured by the segregation index at the township level (old townships)

<table>
<thead>
<tr>
<th>Occupational field</th>
<th>1980</th>
<th>1990</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical, scientific, humanistic and artistic work</td>
<td>17.4</td>
<td>14.8</td>
</tr>
<tr>
<td>Administration and management</td>
<td>19.1</td>
<td>13.2</td>
</tr>
<tr>
<td>Industrial work, building construction and other construction work</td>
<td>18.9</td>
<td>18.0</td>
</tr>
<tr>
<td>Transport and communication</td>
<td>12.3</td>
<td>16.9</td>
</tr>
<tr>
<td>Retail service</td>
<td>5.4</td>
<td>7.5</td>
</tr>
<tr>
<td>Service and military work</td>
<td>9.2</td>
<td>10.1</td>
</tr>
<tr>
<td>Weighted occupational index</td>
<td>12.8</td>
<td>12.4</td>
</tr>
</tbody>
</table>

Sources: Population censuses.

Changes in the East-West Divide

The second hypothesis, that of increasing spatial polarisation, is examined by a comparison of major areas, respectively the inner east, the inner west, the outer east and the outer west. Once again, it turns out that the public impression does not reflect the actual situation. There is, to some extent, a troublesome pattern of change but, contrary to the many assertions, it takes place in the outer eastern city. In this comparatively huge suburban area, the ratio of people with low education increased from 1.09 in 1970 to 1.27 in 1993 (Table 4). Similarly, the relative proportion of industrial and constructional workers rose by 10 percentage points in the 1980s. The inner east is first and foremost characterised by increasing socioeconomic polarisation. On the one hand, there is a steady growth of people with high educational achievements and prestigious occupations. These groups carry with them values and ways of life that are entirely different from the traditional working-class culture. And at the opposite end of the social hierarchy, an increasing proportion of service workers and a fairly stable representation of people with low education indicate a significant change within the least well-off population. The inner east is, in all regards, a nurturing setting for ‘post-Fordist’ activities.

With such a complex pattern of continuity and change, one should not be surprised that politicians and planners fail to catch the signals of the dangers ahead. As late as 1996, a proposal to set up a maintenance fund for the eastern suburbs was turned down by the city council. At the same time, many expensive initiatives were launched for the inner eastern city. Over a period of 10 years, they add up to approximately 1 billion NOK (approximately £80 million) plus running expenses and subsidies for housing rehabilitation and road-building. It is evident that such an enormous strain, which includes both state and municipal money, will make it difficult to retain a social mix in the area. Gentrification is not a new phenomenon, but it has never been more visible than now. Yet, as indi-

Table 3. Segregation of five vulnerable groups in Oslo, 1988 and 1996: measured by the segregation index at the township level (new townships)

<table>
<thead>
<tr>
<th></th>
<th>1988</th>
<th>1996</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recipients of social care</td>
<td>27.1</td>
<td>26.1</td>
</tr>
<tr>
<td>Persons 16–66 years old with disability pension</td>
<td>16.9</td>
<td>17.3</td>
</tr>
<tr>
<td>Single parents with transitional benefits</td>
<td>19.9</td>
<td>21.5</td>
</tr>
<tr>
<td>Children under protection</td>
<td>28.6</td>
<td>23.0</td>
</tr>
</tbody>
</table>

Source: The municipal databases of Oslo.
Table 4. Ratios of overrepresentation and underrepresentation in major areas of Oslo: two educational and four occupational groups

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Inner east</th>
<th>Inner west</th>
<th>Outer east</th>
<th>Outer west</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage attaining lower secondary school</td>
<td>1.39</td>
<td>0.77</td>
<td>1.09</td>
<td>0.67</td>
</tr>
<tr>
<td>1970</td>
<td>1.32</td>
<td>0.68</td>
<td>1.20</td>
<td>0.67</td>
</tr>
<tr>
<td>1980</td>
<td>1.33</td>
<td>0.58</td>
<td>1.27</td>
<td>0.66</td>
</tr>
<tr>
<td>Percentage attaining university and high school</td>
<td>0.36</td>
<td>1.35</td>
<td>0.74</td>
<td>1.77</td>
</tr>
<tr>
<td>1970</td>
<td>0.66</td>
<td>1.48</td>
<td>0.64</td>
<td>1.52</td>
</tr>
<tr>
<td>1980</td>
<td>0.82</td>
<td>1.46</td>
<td>0.61</td>
<td>1.39</td>
</tr>
<tr>
<td>Occupation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage in industrial and construction work</td>
<td>1.39</td>
<td>0.59</td>
<td>1.22</td>
<td>0.68</td>
</tr>
<tr>
<td>1980</td>
<td>1.07</td>
<td>0.62</td>
<td>1.32</td>
<td>0.69</td>
</tr>
<tr>
<td>Percentage in transport and communication</td>
<td>1.28</td>
<td>0.74</td>
<td>1.15</td>
<td>0.74</td>
</tr>
<tr>
<td>1980</td>
<td>1.28</td>
<td>0.60</td>
<td>1.24</td>
<td>0.72</td>
</tr>
<tr>
<td>Percentage in technical, scientific, humanistic and artistic work</td>
<td>0.77</td>
<td>1.33</td>
<td>0.78</td>
<td>1.28</td>
</tr>
<tr>
<td>1980</td>
<td>0.93</td>
<td>1.26</td>
<td>0.78</td>
<td>1.21</td>
</tr>
<tr>
<td>Percentage in administration and management</td>
<td>0.50</td>
<td>1.33</td>
<td>0.79</td>
<td>1.51</td>
</tr>
<tr>
<td>1980</td>
<td>0.75</td>
<td>1.26</td>
<td>0.83</td>
<td>1.28</td>
</tr>
</tbody>
</table>

Sources: Population censuses.

cated, this is only one part of the picture. The inner east is also a harbour for people with low income, ill-health, low educational achievements, drug problems, mental diseases and unemployment. It is therefore short-sighted to argue against the new-born public interest. My point is simply that these expressions of deprivation have been present for a long time. One should also be aware of the difference between supporting people and promoting the liveability of residential localities. There is an indisputable danger that vulnerable groups will be displaced from the inner city. It requires no great imagination to envisage that such a process will reinforce the out-movement of higher social strata from the eastern suburbs. So far, the problem is not critical. The outer eastern city has a less balanced social structure than was the case 20–30 years ago—but it is important to notice that none of the suburbs has developed into a ‘poverty trap’. For the most part, the filtering process involves people who are well integrated in society.

Theoretical Evaluation

There can be no doubt that these results weaken the dual city perspective. This conclusion is not changed by the observed development in the outer east. First, the scale of social homogenisation is not very marked, although one would expect some government activity in a society preoccupied with social integration. Secondly, and more important, the anticipated spatial polarisation concerns the city as a whole. Due to the physical aspect of residential segregation, a reduction in the variation at a high level of analysis will often be followed by increasing variation in one or several sub-areas. To interpret these latter expressions as signs of spatial
polarisation is not very illuminating. In many instances, as here, it can be patently erroneous.

What then of the alternative explanation? Clearly, one would expect a welfare state influence to result in robust residential equalities. The recent book *Urban Segregation and the Welfare State*, edited by Musterd and Ostendorf (1998), contains many such assessments. But, of course, Musterd, Ostendorf, Hamnett and other advocates of the welfare state approach refer to specific cause-and-effect relationships. It is not sufficient to document a lack of spatial polarisation, even if the conditional welfare state characteristics are present. To recapitulate, we may find three contributing influences:

1. **Economic redistribution.** A pressure towards increasing economic inequality is ameliorated by progressive taxation, wage policies and generous benefit for unemployment, disability, illness and old age. Since economic inequalities constitute the ‘raw material’ in the sorting of social groups over space, a pattern of continuity will prevail. The intentional effect may, however, fail to appear if preferences for spatial distance are simultaneously strengthened.

2. **‘Decommodification’ of housing.** The welfare state intervenes in the housing market on behalf of low-income and middle-income groups. The intervention takes several forms—brick-and-mortar subsidies, rent subsidies and price regulation—all of which lower the price for urban housing.

3. **Post-modern planning.** The welfare state takes a leading role in the creation of a differentiated physical landscape. As a result, households of different social background are structurally forced to live in the same areas.

In the following, these three alternatives will be more fully discussed. First, do segregation and the distribution of income move along the same path? In effect, does Oslo constitute an exception to the well-known pattern of growing income inequality?

5. **Welfare State Effects**

**Economic Redistribution: New Data on Income Inequality**

The distribution of incomes in Norway stayed at fairly the same level of equality throughout the 1960s and the 1970s (Rødseth, 1977; NOU, 1993: 17). Real annual earnings increased almost year by year but, contrary to a general impression, there was no significant redistribution downward. During the 1980s, some minor variations occurred until 1988. From that year onwards, a more steady trajectory of growing inequalities emerged. Simultaneously, employment statistics began to show a negative tendency. The official unemployment rate rose from 1.5 in 1987 to 4.3 in 1990 and to a peak of 6.5 in 1993 (SSB, 1994 and 1998a). Over the past five years, the situation has greatly improved, and it is now usual to worry about an overheated labour market. In the latest registration (November 1998), the jobless men and women add up to 3.0 per cent of the labour force (SSB, 1998a). We would expect the distribution of incomes to do a similar U-turn, but this is not the case. Available data from 1996 indicate a post-war record in registered income inequality (SSB, 1998b).

It is thus obvious that some of the distributive changes have a compact nature. In the Norwegian context, a new stress on competitiveness, productivity and overall economic growth is balanced by union bargaining power and wage-setting institutions. Consequently, wage differentials are remarkably stable, whereas capital incomes have increasingly fallen into the hands of a few. One particular important source is found in the dividends on stocks, which were exempted from personal taxation in 1992. According to official statistics, more than 90 per cent of such earnings are taken by the top 5 per cent (SSB, 1996). Moreover, as in other countries, the distribution of wealth is more regressive than was the case earlier. The top decile’s share of the total financial wealth (bank deposits, stocks and securities) increased from 51 per cent in 1986 to 62 per cent in 1996 (SSB, 1998b).
According to the polarisation thesis, this increasing inequality should be especially marked in the major cities. To investigate the alleged change, a series of new calculations have been based on the National Survey of Income and Wealth. The data include all types of income—wages, employers’ income, capital income, positive transfers (pensions and grants) and negative transfers (compulsory pension contributions and paid alimony). In technical terms, the analysis utilises a new equalisation across different types of household. Compared to the old OECD standard, additional household members are given smaller weights ($E = 0.5$). Consequently, the significance of single persons is increased, thereby providing a more realistic description of socioeconomic inequality. Another change relates to the counting procedure: in the final estimation, each person is given the value of his or her household.

The results, shown in Table 5, provide strong evidence for the assumption that income inequality grows differentially over space. Looking at Oslo and the country as a whole, the Gini index grew, respectively, by 8.8 and 3.5 percentage points during 1986–96. We also get a clear impression of who were the winners and losers. In Oslo, the top decile had an increase from 19.7 per cent of total income in 1986 to 27.9 per cent 10 years later. Conversely, the share of the bottom decile fell from 3.7 to 2.7 per cent. In the whole of Norway, the corresponding changes were of a modest scale. In fact, other calculations (not shown here) indicate that Norway—with the exception of the four major cities—has seen no dramatic change in the income profile (Wessel, 1998). For Oslo, the figures look much like a Social Democratic nightmare. Year after year (1991–96) the Gini index has grown by 1.0–1.2 percentage points, and all redistributions have accrued to the top decile.

There is thus a huge difference between patterns of segregation and individual inequality, the former developing much more in accordance with public ideals. A study of housing market segmentation in the major cities of Norway substantiates the general point: social variation across tenure forms increased during the period 1988–95 (Wessel, 1996a). There are also manifest signs of polarisation in the labour market of Oslo. Compared with other regions, employers in Oslo desire more highly qualified personnel as well as more unskilled service workers (Larsen, 1996).

Table 5. Income after tax: differentiation in Oslo and Norway 1986, 1991 and 1996: measured by income deciles and the Gini coefficient (individuals are allocated the income of equalised household units)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Oslo</td>
<td>Norway</td>
<td>Oslo</td>
</tr>
<tr>
<td>1</td>
<td>3.7</td>
<td>4.1</td>
<td>3.0</td>
</tr>
<tr>
<td>2</td>
<td>5.3</td>
<td>6.1</td>
<td>5.1</td>
</tr>
<tr>
<td>3</td>
<td>6.8</td>
<td>7.2</td>
<td>6.6</td>
</tr>
<tr>
<td>4</td>
<td>8.0</td>
<td>8.2</td>
<td>7.6</td>
</tr>
<tr>
<td>5</td>
<td>9.0</td>
<td>9.1</td>
<td>8.6</td>
</tr>
<tr>
<td>6</td>
<td>10.0</td>
<td>9.9</td>
<td>9.6</td>
</tr>
<tr>
<td>7</td>
<td>11.2</td>
<td>10.9</td>
<td>10.7</td>
</tr>
<tr>
<td>8</td>
<td>12.3</td>
<td>12.1</td>
<td>12.1</td>
</tr>
<tr>
<td>9</td>
<td>14.1</td>
<td>13.8</td>
<td>14.0</td>
</tr>
<tr>
<td>10</td>
<td>19.7</td>
<td>18.6</td>
<td>22.5</td>
</tr>
<tr>
<td>Gini index</td>
<td>0.249</td>
<td>0.222</td>
<td>0.282</td>
</tr>
</tbody>
</table>
relationship between redistributive policies, stable social inequality and a corresponding geography of social class. To explain the latter, we will have to analyse changes in the housing sector and the processes of urbanisation.

‘Decommodification’ of Housing

The production and distribution of housing are traditional concerns for politicians with social-democratic values. Yet, unlike many other arenas within the welfare state enterprise, housing is also a frequent instrument in the regulation of macroeconomic activity. In addition, both the intersection with property rights and the physical nature of the welfare in question make it difficult to design a delivery system that is both continuous and well-trimmed (see Torgersen, 1987).

These problems were scarcely visible in the first post-war decades. Under the influence of political restraints and rationalistic planning ideals, social democrats in Scandinavia embarked upon large-scale building programmes. Later, in the 1970s and 1980s, more qualitative demands came to the fore, and there was a search to reformulate policies. As indicated in comparative housing research (Schmidt, 1989; Boelhouver and van der Heijden, 1992; Lundqvist, 1992), the choices spread in many directions. In light of this, the call for a sensitive and detailed definition of welfare regimes is certainly in order. Broad conceptual categories based on benefit systems may have limited value in the research on urban housing. In some countries, rent control and rent subsidies constitute—even today—integral parts of social welfare provision. Keeping the great diversity in mind, one should however be careful not to envisage housing policy as an essential element of a strong welfare state. As Ulf Torgersen puts it (1987, p. 120), housing resembles “an odd man out in the welfare company”. Even if one adheres to a more optimistic view of institutional regulation, there is still the problem of tenure favourisation. Different systems of housing policy are seemingly always organised in accordance with cultural and ideological notions of “what is really the ‘best’ or the ‘most worthy’ kind of tenure” (Torgersen, 1987, p. 118).

In Norway, the tenure issue overrides many other housing concerns. As early as 1955, the Labour Party stated that all households should have the opportunity to become owners either individually or through a cooperative housing association. Consequently, great amounts of subsidies, including concealed tax subsidies, were channelled into direct and indirect home-ownership. The rented sector, by contrast, was treated as an inferior kind of housing. Initially, this antipathetic attitude was targeted at private landlordism, but more and more it infected the tenure as such, be it private or public. Many leading politicians excelled in bitter remarks on the insecure and dependent position of renters. They deliberately suppressed the subsidy channel for these groups and they also remained inert while the Rental Act of 1939, designed to give tenants a fair treatment, became increasingly obsolete. Since the mid 1980s, an unmistakable disinterest has struck even the ownership tenures. Many regulations are now annullled, and in 1996 the Norwegian State Housing Bank did away with all universal subsidies for housing production. The major trend is thus one of disconnection from the apparatus of the welfare state. Housing policy is no longer an issue reflecting strong ambitions, while at the same time many of the old ideas regarding social welfare are still applied to education, health services, social care and the benefit system.

Returning to the Oslo case, the policy effects are not consistent with the ‘decommodification perspective’. The municipal sector represents only 3 per cent of the total housing stock, and it is largely concentrated in the poor areas of the city. A small part of the market (4 per cent) is subjected to strong price regulation, but these dwellings are almost without exception exchanged between friends and family members. Even housing allowances, ear-marked municipal loans and municipal guarantees for private
loans are scarce. A study conducted in the early 1990s showed that the beneficiaries of such loans accounted for only 7 per cent of the population (Hansen and Åhrén, 1992, p. 57). On average, such support amounted to approximately NOK 8000 in grants and NOK 278 000 in municipal loans (Hansen and Åhrén, 1992, pp. 68–69). Both figures are far below what would be necessary to obtain a desegregation of low-income groups. In the year of observation (1989), dwellings in the least expensive part of the ownership sector (OBOS) were exchanged at an average price of NOK 560 000 (unpublished data).

In summary, it may be safely stated that power relations in the Oslo housing market deviate a great deal from the image of housing as a ‘merit good’. A ‘commodity model’ (see Lundqvist, 1992) prevails in all but a minimal portion of the market. The retreatment of the public role is not a completely new phenomenon, but reflects changes that have taken place over several decades. One possible interpretation is that the practice of non-intervention began in the late 1920s, when the local authorities withdrew from house-building activities.

Post-modern Planning

This explanation seems fruitful in the present study. A few Scandinavian studies have shown that political decisions with a post-modern influence may affect residential segregation. In one study, three structurally similar Swedish cities were compared over the period 1975–80. In the wake of a central housing policy decision to increase ‘tenure neutrality’, and with some collective experiences of structural vacancy, the municipalities had two main opportunities for action: they could continue the old industrialist construction on a large scale or they could choose a course of ‘mixed housing’. Broadly speaking, one of the cities effectively adapted to the new policy creed; one of them chose a compromise; and one made few changes from the preceding era of the ‘million building programme’ (a million dwellings built during 1965–74). Using several indices, the research group found “a causal link between housing policy in terms of built pattern and segregation” (Danemark and Jacobsson, 1989, p. 254).

How, then, did the local and central authorities affect the residential spaces in Oslo? Is there, in any event, a distinctive differentiation of the physical landscape?

The Geography of Housing

To examine the second question, a series of segregation analyses were made from the housing censuses of 1970, 1980 and 1990. The indices cover four characteristics: type of house, size of dwelling, tenure and sanitary standard. And as we see from Tables 6 and 7, all calculations form a nice and simple pattern, confirming the assumption of increasing differentiation. In the outer city, there is a steady dispersion of single-family housing, divided small housing and detached (low-rise) blocks. Similarly, the serious problem of sub-standard dwellings has been reduced unevenly in the eastern and the western parts of the city, leading to a drop in segregation figures. The ideology is here reflected in the use of comparatively soft measures: repair, rehabilitation, merging of flats and scattered redevelopment, rather than a heavy-handed clearance policy. An additional, although quite different dynamic, is the spread of home-ownership. Between 1983 and 1985, approximately 11 per cent of the existing housing stock in Oslo was converted into condominiums (Wessel, 1996b).

Opportunities in the housing market are thus less dependent on locations than was the case 20 or 30 years ago. The main segments are certainly not dissolving, but they are increasingly constituted by disconnected legal and financial relationships. Both deindustrialisation and flagship developments underpin the creation of a new housing geography. This transformation, and the processes inherent in it, run counter to the polarisation in the economic sphere. I do not necessarily suggest that two opposite tendencies cancel each other out, leaving a pattern of stable socioeconomic segregation. Such
could be the case, but it is also possible that people in the highest income bracket will have a low elasticity for housing consumption, or that location preferences in the middle class are changing. Aspects of demand may obviously relate to the topic in several ways—both directly and indirectly. But even so, the fact remains that a softening of morphological boundaries has taken place.

**Political Aspects**

At first glimpse, the shift towards a less industrial design seems to be rooted in purposive politics. In 1977, the city council decided upon a rehabilitation programme, which was soon followed by institutional reforms and financial commitments. Within a short time, the inner east became a place of vigorous renovation and building activities. Likewise, a new prescription was given for peripheral growth. Whereas suburbanisation in the preceding decades produced monotonous spaces for specific social classes, it now became expedient to reduce the physical scale, to compose diversified neighbourhoods and, if possible, to let nature play a role in the visual scenery. This ideological turnabout is well illustrated in the master plan of 1980, which calls for “varied housing forms with more dwellings at ground level, such as small houses, undetached houses and low-terraced blocks” (Oslo kommune, 1980, p. 18). A significant contribution in this direction was taken with the planning and construction of Holmlia—south-east of the city centre. The last in a succession of satellite towns, Holmlia differs markedly from the preceding ones. To give a rough sketch, Holmlia has no determining axes, no large open spaces, a consistent low-rise profile, a considerable variety of architectural styles and a mixture of individual and co-operative home-ownership. We also find plenty of surrounding and intervening woodland.

A final influence stems from politics of tenure. In the early 1980s, legislative developments made it possible to dissolve ‘free’ co-operatives, convert private rented buildings into condominiums, escape price control on rented property (through high-level rehabilitation) and, ultimately, to exchange dwellings within municipal building co-operatives at higher prices. As indicated above,
these initiatives contributed to a more equal opportunity structure at the township level. Or, rather, the eastern part of Oslo became more similar to the western part both in terms of property relations—for example, disposal of tenure—and property values (Wessel, 1996b).

On this ground, there is no question that ‘politics matter’. Both local and central governments played prominent roles in the change from modernist to post-modernist urbanisation. But this is only half the story. The other half concerns ideological beliefs and political context. Could we describe the new agenda as ‘politics of resistance’? Did elected officials act on behalf of certain repressed groups? Did they try to enlarge and consolidate the basis of the welfare state?

There are two major differences between Ley and Mills’ (1993) discussion on urban Canada and the present case. First, we observe a disparity in exposure—that is, in the constraints, options and collective properties that a new set of politicians and councillors would have to face. The Canadian portrait concentrates on ‘machine politics’—a world filled with business networks. The Oslo stage, in comparison, had a somewhat complex structure. Private enterprise was only one interest-group among a number of others—for instance, public institutions, building co-operatives, market organisations (in the rented sector) and the unorganised monster called ‘public opinion’. It is also crucial that questions related to housing need vanished from the agenda and thus made possible the consideration of post-modern concerns. Secondly, and most important, the Norwegian actors did not—at least not primarily—confront alienation, poverty, patriarchy, cultural elitism or plutocracy. On the contrary, they called for an account of both welfare state ideology and radical philosophy. The breakthrough in housing legislation was enacted by a Conservative government, elected in 1981. Its success was dependent upon large amounts of popular pragmatism mingled with smaller amounts of liberalist theory (Torgersen, 1988). Rhetoric regarding the virtues of a ‘self-owning democracy’ had been advanced for quite a time, but mostly as a restricted academic enterprise. Now, puritan and populist branches of liberalism fused into an impressive surge. According to Gulbrandsen, (1980 and 1983), the attitudes in favour of market solutions, and thus the conservative electorate, flourished on the ruins of a categorical, inefficient and to a certain extent unjust regulation policy. In the municipality of Oslo, a Conservative government took power as early as 1975. Analyses of voting behaviour suggest that this victory was closely related to price controls, rights of pre-emption and the prohibition of tenure transfer (Gulbrandsen, 1980, 1983). It was, in short, a shift based on very tangible interests. Once in power, the new administration struck a balance between two kinds of policy. In certain issues, attempts were made to restrict the cool play of market competition. Thus, we do find aspects of equalisation and local adaptation in the rehabilitation of inner-city areas. Briefly, much of the rehabilitation activity was carried out by a public agency, financed by the state and targeted at people in need. It is also significant that certain parts of the old social democratic power basis—for example, the largest building co-operative—continued to regard high-rise redevelopment as a viable alternative (Hansen and Guttu, 1998, p. 79). In other issues, however, a more conventional policy came to the fore. Far from being a new notion, the emphasis on small-scaled houses and architectural variation was safely anchored in conservative visions of a pleasant urban landscape. The conservatives had always been opposed to high-rise development in western parts of the city (Nestor, 1962; Benum, 1994). Gradually, at least from the early 1960s on, this attitude seems to have developed into a more principled policy (see Hansen and Guttu, 1998).

In sum, these details amount to a rather ‘straight’ type of governance. Although with some exceptions, elements of belief, action and reaction do not fit the narrative of a radical approach. Neither do they fit the idea of social control through social integration. Such motivations formed a strong tenet
within conservative ideology in the early days of modernisation. Now, in a time of increasing prosperity and full employment, the fear of violent disorder had largely disappeared. As in Sweden, the Norwegian post-war integration project has been run by social democrats.

6. Conclusions and Methodological Implications

The material in this paper concentrates on two perspectives of socioeconomic segregation. The first states that economic restructuring leads to social inequality and spatial concentrations of people at the upper and lower ends of the social stratum; no specific assumptions are made regarding national and local agents. In the alternative perspective, as stated here, both the stratification effect and the residential effect are made dependent upon welfare state policies.

An unexpected conclusion which can be drawn from the discussion is that, at least in this instance, neither of the two perspectives is adequate as a methodological tool. Patterns of socioeconomic segregation in Oslo are fairly stable in spite of a considerable growth in income inequality and distinct signs of labour market polarisation. This spatial stabilisation, however, can not be readily explained by welfare state policies. Rather, we observe an unintended and unforeseen effect of interdependence between social agents. At a critical moment, conservative politicians intentionally pushed the development of a more differentiated physical landscape but, in their success, they also created opportunities for residential integration. In this respect, and in the course of time, social democracy has been assisted by opposition policies. In other words, the welfare state approach set forth by Hamnett, Dieleman and others does not sufficiently take into account the complexity of the world. Alan Murie’s request for more divergence seems well-founded, but it is still short of providing a satisfactory alternative. First, it pays insufficient attention to the problem of social interaction. In the flow of history, all types of political behaviour may create ‘perverse effects’ (see Boudon, 1982), which are difficult to grasp by naturalistic paradigms. There is, I believe, a need to transcend the level of ‘dominant factors’, trends, regularities, etc. as a guide for empirical analysis. One step forward would be to examine ‘major social mechanisms’ (see Hedström and Swedberg, 1998) as triggers of inequality, fragmentation, equalisation, compensation and integration. It is worth noting that models of action have grown more complete over the past decade, and include not only rational choice, but also normative regulation and ‘feedback loop’ behaviour. We may learn something here, but we may also turn to older sources. A number of pioneers of the social sciences, such as Marx, Weber, Simmel and de Tocqueville, have provided sophisticated examples of historical paradoxes and compositional phenomena. It is now time to again look at this invaluable material, and to recognise its importance in gaining small rather than extensive insights.

In addition, we should be able to identify properties of a structural kind. Jürgen Friedrichs has recently presented a micro-macro model that accounts for major conditions affecting the extent of socioeconomic and ethnic segregation. In descending order the model includes: deindustrialisation and social differentiation; inequality of income and education; discrimination and availability of housing; and, opportunity structures for households and individuals. Segregation is thus explained in terms of rational adaption, although with reference to norms, values and intergroup relations (Friedrichs, 1998).

This approach is stimulating. It contains a general logic: it includes purposive individuals; and it combines different sorting mechanisms. It does not, however, account for the possibility of politics. This is really the core of the matter: under what circumstances are the processes driving polarisation mediated by a successful welfare state policy?

The Oslo case clearly demonstrates the fragility of redistributive arrangements. A galloping income inequality violates much of
the ideological ethos of a social democratic society. As similar changes have been found in a number of European cities, such as London (Hamnett, 1996; Hamnett and Cross, 1998), the four cities of the Randstad (Hamnett, 1994), Hamburg (Friedrichs, 1998), Paris (Preteceille, 1995) and Stockholm (Borgegård et al., 1998), at least one part of the polarisation perspective seems difficult to invalidate. The questions could therefore be rephrased. Why is it that systems of welfare operate more easily in certain areas than others? What is the fundamental difference between health provision, education and pensions on the one hand and economic redistribution on the other?

A formal perspective suggests an answer that relates to situational characteristics. If we first assume that all strategic decisions are clarified within governmental collectives and, secondly, that the process in question does not imply a total collapse of agency, there must be some outside pressure of variable strength. In technical and simplified terms, this pressure results in a series (‘process’) of ‘closed’ versus ‘open situations’ (Boudon, 1991). Closed situations are rigourously constructed and involve actors largely as recipients of social, political or economic consequences. From an ontological point of view, we are still dealing with human beings capable of reasoning and anticipating, but we need not know much about their purposes and attributes. Structures are so robust that there is no room left for normative regulation or creative behaviour. Open situations, by contrast, offer at least some autonomy to individuals, collective groups or institutions. It makes a crucial difference how people reason, how beliefs are generated and how rational calculation combines with emotions, norms and moral sensibilities.

It seems obvious that economic redistribution closely approaches the first type of process. The reason for this is that uniform technological changes and divergent institutional structures coincide in a complex manner. Scandinavian social democracy, like social democracy elsewhere, depends on a delicate combination of economic expansion and social reformism. In our time of worldwide competition, the threat of productive setbacks and zero-sum conflicts looms large, and it forces social democrats to recast their economic policy. Although the argument may seem somewhat exaggerated, there is a constant strain to reduce taxation constraints in order to sustain competitive trade and industry. Economic policy-making is also bound by the vision of a ‘full employment welfare state’. Various efforts to avoid large-scale unemployment result in considerable wage sacrifices from the trade unions—at least in periods of social democratic governance. These concessions would of course be unbearable if wages were to explode among professionals, managers and key personnel in the manual sector. Thus, the closed process of growing inequality is channelled more easily through capital income and fringe benefits than through normal earnings. Open wage premiums may, however, be on the increase. Social democracy throughout the world is evidently seeking a broader power basis, which interferes with a continued commitment to effective income redistribution. Gösta Esping-Andersen made this point explicit more than a decade ago:

The problem of income inequality and redistribution poses a severe dilemma for social democracy—not merely because these constitute a core element of socialist ideology, but primarily because powerful labor organizations (unskilled unions especially) insist on equalization. It is tempting to conclude that unless social democracy abandons this classical goal, its chances of political resurgence will be slim (Esping-Andersen, 1985, p. 323).

A similar ‘iron cage’ is not easily found in health provision, education and the benefit system. Here, politicians still have variable opportunities to maintain egalitarian traditions. The actual degree of choice is of course dependent upon economic success. At worst, social democrats may find themselves
in a backward state coping primarily with job dislocation, trade deficit and high public debt.

Note
1. The search was conducted for ‘social polarisation’ and ‘social polarization’.

References


TORGERSEN, U. (1988) Liberalism, pure and ap-


