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What can we learn from Hyman Minsky, a revised social contract and provide contributive justice for those excluded in our modern economy

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Abstract:

A deep concern in our society is the distribution of wealth and employment. From the modern age of macroeconomics (Keynes, 1936), full employment has been on the agenda, a target considered structurally wrong in economic theory (Steigum, 2018). This, however, does not mean we are not to address the deep underlying concerns of those who struggle outside the labour market. This thesis discusses the phenomenon of being outside the labour market, and if so, do we hold an obligation to act? I argue for this through the lens of the social contract, which our societies rest upon. Hence, a proposal is presented for how to act on this obligation is presented. By deriving from the work of Hyman Minsky (1965; 1987) I present an idea for how our economy can be more inclusive and provide those outside labour a path towards employment. By enacting and enabling them to receive a fair chance to contribute to the society they are a part of. Is not just a right they hold. This is an obligation we hold as a collective society, where I argue so through the lens of the origin of the social contract, that is now once again illuminated, where we should seek a new understanding of it, in a revised edition (Shafik, 2021b). Social inequality is persistent, and I do believe that we can strive for a more prosperous society, where I interpret Keynes to hold certain egalitarian perspectives and moral grounds. The underlying concern in a world filled with inequality and prosperous wealth, I find inspiration to argue for a more prosperous society, I even argue for our moral rights to strive for it.

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1.0 Introduction:

In this thesis I will address a deep concern in our modern economy, all of those outside the labour market. How did we get there, and if there are any policies to be enacted to prevent further fall out in the labour market, where I later will build a proposal by inspiration of Hyman Minsky, where I in extension of the social contract requires the government do more for those that are excluded in our modern economy.

1.1 Background, motivation, and main problem statements:

There are growing concerns about our economy, with rising inflation and increasing inequality. As this has occurred over time, we have been witnessing increased social tension and demonstrations. Simultaneously, we know from the World Economic Forum that global wealth is allocated to a smaller share of the population since the 1960s. For example, in 2017 eight persons owned the same wealth as the poorest half of the global population in terms of wealth (Hardoon, 2017). Furthermore, Piketty (2014) among others has mapped economic productivity over time related to wages. As Eeckhout (2021) frames the ‘profit paradox’, we have data that shows as the economic productivity grows, exponentially. The wages adjusted for inflation has stagnated since late 1970’s (Eeckhout, 2021).

Social and economic inequality is not new, it has persistently existed for millenniums. Yet, Rosling (2017) pointed out in his book ‘Factfulness’, existent population does have better conditions than our ancestors. However, as economic inequality has been an issue for research within academia for centuries, and Amartya Sen’s discussion about capabilities and functions are still valid and relevant (Sen, 1999). What we see now is increased economic poverty and decreased perceived living standards in the high-income countries. These countries, particularly after the second world war experienced a new living age, and the idea of middle class spread across Europe and Northern America. Until WWI, the perceived middle class had had in several matters the same material living standards as the very poor (Piketty & Saez, 2014).

Nonetheless, this paper will have a further focus on the rise and fall of the middle class after WWII. Members of the middle-class experience decreased perceived living standards, and eventually feel detached from economic development or progress (Sachs, 2011). Despite this, numerous of the population in the OECD/G20 countries has been poor all along, these societies in our global community faces new challenges beyond economic concerns, climate changes and decaying ecological systems. To cope with such issues, new policies emerge, policies that feel more costly for those with low-medium incomes than for those with high incomes. Engels law

describes this well, as the high-income earners have more resources to utilize when prices increase, whereas the low incomers has less and have to prioritize harder and an earlier time (Zimmerman, 1932).

Recently, we have observed an increase in the number and extent of demonstrations against economic hardship affecting the poor. France experienced to times violent and devastating protests across the country from the yellow west movement (De Witte, 2019). The triggering cause was an environmental tax on fuels, although several years of economic decay and stagnation for the majority of the population, is what's under the tip of the iceberg. Even more recent, France experienced vast demonstrations, as they were to increase retirement ages (Le Monde AFP, 2023; Méheut, 2023). Were France aims to balance their state budget more as living age has increased. This was not well accepted, and for many is a severe reason for future economic uncertainty.

The profit paradox illustrated by Eeckhout (2021) traces back to late 1970s. On this matter, Jeffrey Sachs (2011) goes back to 1971 for find the time our modern society and economy took a turn. Robert Reich (2019) has illustrated this with a time line with various events, both politically and economic due private cooperations disastrous behaviours that he trace back to 1964. I will come back to these events later. However, these events influence our economic perspectives today, which may differ from the perspectives we had prior to increased inequality set in. Until recently, the private and public sector cooperated more deeply as emphasized by Mariana Mazzucato (2018). Mazzucato illustrates this through the speech from John F. Kennedy (JFK) in 1963, where he addresses the nation and sets the aim of reaching the moon before the 1960s end. Here, NASA gets and prevalent role, but they too depend on private innovation and entrepreneurship. Furthermore, economic perspectives and ideology across time and distance vary. It was different times. The US middle class experienced increased material living standards as never before, and cooperations arose to new hights. Moreover, differences between the poor and the rich were perceived as smaller: Just after World War II it was common that CEO's earned twenty times the average workers. Today, this income difference factor is three digits (Reich, 2019).

After the New York Times article by Milton Friedman in 1970, times changed for a new era (Friedman, 1970). The era for corporations and its shareholders – Friedman (ibid.) framed profits for shareholders as the only responsibility for corporations. This has been the dominant doctrine ever since, despite arguments that stakeholders and employers should be given a more nuanced role. Furthermore, Friedman advocated the neo-liberal market liberalism. In the liberal

ideology tracing back to sixteenth century (Locke, 1690; Mill, 1859), Friedman argued for a minimal interference in the market and its operating agents from the government.

The idea that government should let the market contain itself traces back to the work by Adam Smith, and his idea of the invisible hand (A. Smith, 1776). He argued that an important role for governments is to abolish rules that prevent the emergence of markets. Smith was therefore an ardent critic of mercantilism and the need of permits to be allowed to open a business. Smith (ibid.) further argued that abolishment of privileges would increase material well-being. Smith's argument is in fact that a decentralized system has many virtues, and that his innovation was to show that under certain circumstances, the aggregate motivations of individuals make everyone better off. Given the wide-spread poverty at those times, Smith's perspective of Locke's social contract was to eradicate poverty or at least reduce its extent. Social contract will be a binding source in this thesis. As our economy is a state of mind, so is our social contracts. By adapt to various thoughts with different outspring, different views emerge. These thoughts, however, continues to evolve with time, as they are dynamic. Past thought continues to be relevant, but we need to learn and continue to embrace emerging ideas for our society.

A key factor of this thesis is that the economy as a social science is dynamic. It changes, it has changed, and it will continue to adapt to new surroundings. This thesis will be normative in the view how it introduces moral statements through the social contract. A social contract that is a point of view for further thinking and conceptual theorizing. It is not hard scientific facts. Still, the descriptive observations to come, are issues that concern me, and are social phenomena that need our attention. I challenge the status quo in our society and argue we can do more for our collective society. Things are bad because of how we think about economic and regulation, but we have thought differently before, and think differently again. Hence, how I justify this thesis to hold a conceptual foundation, based on observed phenomenon in our society.

Nevertheless, as further explained later, many argue for how the market need stricter regulations, as it leaves social costs in forms of various externalities. Karl Polanyi (1944) argues against non-governmental interference, also called *laissez-faire* economics. This is far from what Keynes (1937) advocated, and for instance Minsky and Kaufman (2008) supports. We have a cross hold where our economy is more cynical than ever, but it does not need to be that way. As I later will address, the events mentioned above, in view of economic history, what has been and what can be.

We know from Hayek's ideas to Keynes, and earlier from Smith to Ricardo, main thinkers within the same discipline, yet with immensely disagreements (Yueh, 2018). The social welfare foundation of economics is perspectives and ideology, not a universal law. As David Hume (1739) argued for, no certain causal cause can be determined. In her book 'Great Economic Thinkers', Linda Yueh (2018) illuminates on who they were and their contributions to economic. It is within this sphere this thesis is located, building on the idea that economic perspectives and theories are not necessarily common consensus based. By highlight views presented by Hyman Minsky, I challenge certain views that neglect governmental interference. Hyman Minsky addresses an unstable economy, where I build on his work to address poverty and economic inequality. As this thesis will discuss the origins of the social contract, and the rights and obligations among the participants of the society. Particularly this thesis will address a global economic concern. That marginal productivity of workers is higher than the wages in our modern economy (NOU 2021: 2, 2021). The market is cynical, and if you do not have the adequate competencies and skills, you are out manoeuvred. Acemoglu, He and Le Maire (2022) conducted a comparative study in Denmark and the US with a striking finding: if your CEO has an MBA (Master in Business and Administration), the work force experiences a decrease in wages as the CEO will have a main focus on increasing profits for the shareholders. This is aligned with Eeckhout (2021) profit paradox, that wages are kept stagnate despite our increasing economic output. For many then, with increased marginal productivity, wages should have risen simultaneously, but this is not the case. Joan Robinson (1970) has done immensely work on why this is not the case, and we suffer from a unfair and uneven distribution of our economic productivity.

Over the past four decades, our middle class has shrinking rapidly (Sachs, 2011). Hence, why we got the separation where the UK left the European Union, and Trump won the presidential election in the US in 2016. The support to these ideas emerges from (what many see as) there has been a breach on the perceived underlying social contract. Social contracts need to be defined together with who are the stakeholders (agents) in these contracts.

1.3 Problem statements:

This forms the foundation for the main problem statements in this thesis. Social contracts are diverse and could involve various aspects. To make the discussion more focused, I have chosen to split my main problem statements in two parts, one related to labour markets, and one on the underpinnings of modern welfare states. My two problem statements are therefore:

1. *Are we as a society failing those who falls behind in the labour markets?*
2. *What could be an alternate path for a welfare state beyond directly payments, and are there benefits beyond pure economic goods?*

1.4 Structure of thesis:

In chapter 2, I will focus on the background that constructs the foundation of this structure, a view of economic development and greater in-depth emphasis on the social contract. Chapter three will be the methodological point of this thesis, which primary is a conceptual work. Chapter 4 will discuss the first problem statement, and conclude, where the second statement is derived from the first, hence chapter 5 will be about the alternate path this thesis aims to construct as a proposal for a future work policy. Chapter 6 will include views and discussion from the proposal set forth, and the discussion will land in chapter 7 and 8, where the latter will be in view for why a conceptual thesis can hold such normative views based on descriptive thoughts and through observed phenomena. Chapter 9 will briefly discuss limitations and chapter 10 will briefly wrap up this thesis.

2.0 Background:

In this chapter we will explore two things. First, I will sketch out view on economic history. With inspiration from Reich (2019), economic thoughts will be presented in turn, with its political consequences and how they have been utilized in turn. We know that our economy has turned for the worse for the average/most citizen/member of society. Why is that, and how come, are questions that this section will shine light upon. Second, I discuss the origin of the concept of the social contract, describe the social contracts of Locke, Rosseau and Hobbes, and determine to what extent social contracts contributes to form the organization of our society. Three main schools of thought will be derived upon, and they will also be extrapolated to the modern context. I will conclude that a social contract forms a core part of our current mode of organization, and that within this contract there is a role of for the government which gives the government a strong obligation to act towards certain ends.

2.1 Economic history:

This section will briefly examine the economic history until WWII, and the economic development post-WWII through the Marshall aid. Where the Marshall aid proved what cooperation can bring, and what public funding can achieve. New economic age emerged, rising

middle class and economic development, through public institutions, which slowly started to decay after the 1970s'. Which will be the main essence in this section, from a rising society to rise of rough capitalism we experience today (Sindberg, 2023).

2.1.1 Economic history:

Adam Smith (1776) advocated the free market and how each individual aid the common good, despite their personal ambitions and goals. Throughout the industrialization since the early 1800, factories and automation has rapidly increased the economic output, but still the workers were left to long days and hard work to low wages. David Ricardo (1821) argues for free trade as globalization rises, to allow each country to utilize their own comparative advantage. In an extension of Ricardo, Henry George (1879) agrees, but see the reallocation issues from workers and factories to the land owners. As they can increase rents in a growing economy, and this favour those who holds land and allow the suppression of the workers. The same foundation is found in Marx and Engels work. They set the workers in the centre for their work and the rise of the capitalist critique (Marx & Engels, 1975). Globally there is still persistent a suppression of workers and poor working environment (Amnesty International, 2019; worldpopulationreview, 2023). Thus, some countries after the second world war managed to a adapt a view of a social contract among the three parties, employers, employees, and the state. Where unionisation become prevalent, and the rights to strike grew. Despite the unionisation set pace under chartismen an era of time in the early mid 1800 in England, some countries experience a decay in the rights for the unions. Currently in Europe these ideas are still strong. On the opposite side one finds the UK and the US. Although this has not been the case, Robert Reich (2019) presents a timeline for decisions that changed the landscape towards a more individualistic politic and mistrust towards the state.

Mariana Mazzucato (2018) refers to former US President John. F. Kennedy and his speech for the moon landing. How this was not a private goal, but a public goal, but the public could not do this without the private help. Hence a better way to characterize the mode of organization at this time would be to consider it a mutual hybrid cooperation with the private and the public sector worked towards this common goal. In the case of the moon landings, this resulted in great innovations emerging from both parties. The key point to realize is that this hybrid system resulted in benefits for everyone. It provided the necessary foundation for a working economy, where cooperations were essential, yet cooperated with public organizations. Not how the public sector, leading to a weaker economy as well as a failure to provide good lives to citizens.

Churchill was clear that after the German fall after the WWII, the winning part could not repeat the fails from the Versailles treaty. That left a heavy economic burden on Germany. As a result, the Marshall aid was a factum (Wala, 1986). A strong recovery package to rebuild Europe, and the US guaranteed the currency exchange towards dollars in the Bretton Woods scheme. Politics that stood strong in the US. Politics and emerging polarization experience the same as the public-private sector relations. How the political parties are more worried about their own policies, and less cooperation is to trace, particularly in the US (Reese, 2018). What happened particularly after the golden age after WWII? Robert Reich (2019) presents a timeline that span from 1964 to 2017, with economical perspectives, political and other related scandal that show how the US economy started to fall into mistrust and misuse.

If we derive points from Robert Reichs timeline, he starts off how the US got involved in the Vietnam war on wrong premisses, which created series of decisions that broke the trust in the US societies. Reich points out how former US president Johnson made promises, but did the opposite (Reich, 2019, p. 53). The trust in US politics fall even deeper with the Watergate scandal. The 'Abscam scandal' continued these distrusts, where politicians accepted bribes for political decisions (Reich, 2019, p. 53). There is an endless series that say something how the state of US economy has decayed over time, from the first ever federal shutdown in 1995, to the Arthur Anderson scandal in 2002, to financial crisis with the collapse of Lehman Brothers. Where Reich ends the series in 2017 with how Wells Fargo executives instructed their employees to create accounts for customers who never requested such, even unaware of it, to then continue by sell them various insurance schemes (Reich, 2019, p. 63).

There are different approaches for when the world economy and its modest decay. When the Bretton-Woods dollar exchange system collapsed in 1971, the US also discontinued their currency exchange to gold. This set at the time standard economic theories apart, as this presented a shock in our perception of the economy. For instance, Samuelson advocated an economy, where the market and the government cooperated, and worked more aligned (Sachs, 2011). The same event is also derived upon in the book 'The weak suffer what they must?' by Yanis Varoufakis (2016). Yanis criticizing how Europe allowed the fall of the Bretton woods treaty, despite the US had the main influence over it. In this, and in the rise of a new currency in the EU zone, the poorer countries, like Greece met at a fatal regime. Governmental interference was the mantra of Keynes, but after the Bretton woods collapse, the doors opened for more liberal economists. Particularly the Chicago school economists led by Milton Friedman and Friedrich Hayek. They continued the path of Adam Smith, how the market

reaches its own equilibrium, without any central planning, nor governmental interference. In 1971, the idea of a mixed economy was lost, well illuminated in Mazzucato's (2021) 'Mission Economy'. Indeed, Sachs (2011) continues the work of Smith and the invisible hand, as the free market generates its own well-functioning mechanism.

"With every firm and household pursuing its own self-interest, the resulting market equilibrium can almost miraculously lead to well-being of all, Smith gave a famous and enduring name to the process by which the individual actions of millions of individuals and firms combine for the common good: the 'invisible hand', encapsulating the paradox that self-interest in the marketplace can lead to the common good" (Sachs, 2011, p. 31-32).

Garrett Hardin (1968) talks about 'The tragedy of the commons. If too many seek self-interest and allow too many cattle to graze on a field, the grass field itself will decay to a level where in the future it will no longer be possible to have cattle there. The communities need to work in commons to sustain the field, and not overgraze. Elinor Ostrom (1990) found inspiration in his work, and examined several small local communities across cultures. She found that many local communities cooperate and create regulations for the commons, and some even ways to enforce these, with consequences for those who do not abide (Ostrom, 1990). The invisible hand, as presented from Smith, might not suit a global world, filled with uncertainty, and capital across borders, without any governance from various governments. Keynes gained strong influence after WWII, but the Keynesian school was abandoned in the 70's. A new era emerged, highly advocating the free market, free from governmental interference. Robert Nozick (1974) worked as a political philosopher and theorist, took inspiration from Locke, and the one who works on land, gains the right of appropriation through the labour one puts into it. Nozick continues this path for other aspects of life, which include salaries, if a basketball club sells thousands of tickets to a game, and the audience is there to watch this player who can set a record, hence a historical game. The player deserves the income from these fans. In this Nozick supports the insane high wages some experience today. To add, Nozick criticizes taxation too, and argues the state should hold their financial obligation at a minimum, so the need for taxation is to be at a minimum. John Rawls (1971) however, takes a more egalitarian stand for our decisions of the future. He presents the idea of 'Veil of Ignorance' where one should take decisions on the future one would like to live in. Here one needs to drop the position one holds today. To illustrate through a thought experiment. The life on earth we now have will continue. Yet, the population is the same over time, we die, but we are reborn. Then you have a lottery if you in your next life will be born in the poor or the rich world, and since there are

more people in the low-income world than in the high-income world, would you then, if you could change something as a living with influence in the high-income world, if you one day risked living in the poor world? This case might be abstract, but if one is to step into a veil of ignorance decision as Rawls presents it, he predicts we would take better decisions for the commons, a decision for a more egalitarian stand. The concept of an egalitarian society is not new. From old ages, middle class did not exist, the elite controlled all wealth, yet some would argue we lived in more egalitarian societies in the past. That in form of more sharing and caring among the 99 per cent of the poor. David Graeber and David Wengrow (2021) examine the past history of egalitarian societies. They stepped behind Rousseau. Rousseau published his essay 'Discourse on the Origin of Inequality' (Rousseau, 1755) in a competition, with the following question for analysis; *"What is the origin of inequality among people, and is it authorized by natural law?"* (Graeber & Wengrow, 2021). It is here, Graber and Wengrow goes behind Rousseau. Since a university in France illuminate such topics, and since inequality need to hold an origin, then somehow, in the discourse analysis and logic of language, our society cannot be unequal for all time. This is the quest they seek out. And they elaborate on societies and cultures across geographic locations and time, and there are, and have been traces of more equal societies than we experience today (Graeber & Wengrow, 2021). This is aligned with the main discussion Jonathan Sacks presents, that we need a shift from I to us, and go towards we rather than me (Sacks, 2020). A collaboration for common good, was exactly what we saw in western Europe after WWII. As I have presented parts of the timeline for economic and political events by Robert Reich, the next section will go more in depth of the labour market.

2.1.2 Post market liberalism:

In this section I will address issues in the labour market, and how wages have stagnated over time. Wages does not follow the norm of marginal productivity as economic theory suggests (J. Robinson, 1970). I will address first the neo-liberal market economy we now hold, and what it entails. Second, how wages have stagnated consequently, and the rough competition in the labour market and unemployment rates as a challenge for modern politics. Third, the concept of 'contributive justice' will be introduced (Sandel, 2020). Fourth, some countries address these issues by creating artificial jobs, that may serve a purpose, but are irrelevant for the society. Yet alone, David Graber discusses that many of these jobs in fact are more relevant, than the high income jobs he presents as 'bullshit jobs' (Graeber, 2019). In the final part, I will introduce why

governments should increase unemployment rate, aka allow for reduce participation in the labour market.

2.1.3 Neo-liberal market economy:

To address the neo-liberal market economy briefly, it is about reduction in governmental interference. Post-depression, former US president Roosevelt introduced the 'New Deal' to recapture economic activity and rise from the ashes of massive economic losses. In the aftermath of the WWII Keynes was the rising star in the economy, and public enterprises stood for vast amounts of the industrial period and rebuilding of societies. Where it is the swap in ownership of these enterprises that started the main rush for a neo-liberal market, and the profit maximisation doctrine that became prevalent. Particularly the US and UK sold out public entities, within various sectors, including various infrastructure aspects. US has even gone so far, that they have privatized prisons (Camp & Gaes, 2002). By set pressure on strikes with Richard Nixon in the US and Margaret Thatcher in the UK, pressure on reduction in public activities was a main factor, to allow the private enterprises shine and strive. A view that is debated, and particularly Mariana Mazzucato (2018) contests this view. Another aspect of the neo-liberal market economy is rapid reductions and cuts in taxes (Nozick, 1974). Cuts that took further speed through Nixon's successor Ronald Reagan (Prasad, 2006).

2.1.4 Wage development:

Wages are a primary focus in this thesis, and I will go further in depth of the main theory of wages, how wages are to be equal marginal productivity of the economic outcome. A main observation I hold, is I struggle to accept this view, and I deeply believe many have a higher productivity compared to the wages gained. There are aspects here for how we measure value, and what we appreciate. Still, there are deep wrongs in the global labour market with deep exploitation of workers, particularly migrant workers from low-income countries (Holmes, 2013). Seth Holmes (2013) followed migrant workers from Mexico to the US and worked side by side them and described the treatment of them by US employees. This treatment is something we not only see in the US, during the world cup in Qatar the working conditions were under pressure (Amnesty International, 2019). Even in Norway there have been various issues in the constructing industry and the agricultural sectors. It happens, hence, to put full faith in the marginal productivity of labour will be an ongoing part of this thesis, because that is what counts

in the economy, and if your productivity is too low, it is hard to gain a job, and that is main topic throughout this thesis.

2.1.4.1 Chapter Labour Market:

The economics of the labour market follow the same principles as all other parts of the modern market driven economy, supply, and demand. Yet, as labour is so important, it varies more across place, where it often has been, and still is an important political goal to achieve more employment among the citizens. “Johnson’s war on poverty failed because it was not wedded to programs to achieve full employment” (Minsky 1987, p. 1). Minsky (1987) strongly advocate the role of the government to interfere and be an intermediate actor in the modern economy. By adapting to the idea that full employment should be the most important policy goal, and by this, one can accept a reduction in welfare as provided by particularly western governments. This is the heart of this thesis, as stated, we are concerned for those who falls behind and loose in the labour market.

2.1.4.2 The general theory of money, interest and employment:

By the title of this section, we have come to John Maynard Keynes (1936). As he was considered the founding father of macro-economics (Lucas, 1976; Skidelsky, 1996) he was deeply concerned about aggregated number such as the unemployment rate. Minsky as we later will discuss more, derived much of his work on Keynes ideas. Keynes advocated the role of the government, and that a good economy allows for full employment. The market itself, will not have full employment, as Keynes showed if the market allow full employment, the wages will fall. He enthusiastically illustrated this through the marginal productivity of labour, which I soon will address further. First, I will illustrate this through the scope of supply-demand.

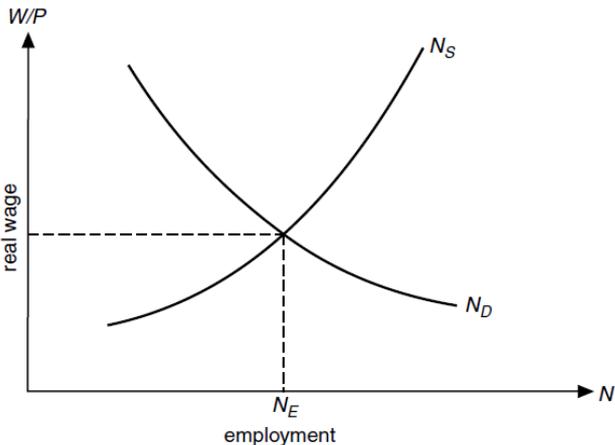


Figure 2.1 (Minsky, 1976, p. 42) Market equilibrium wages, supply demand.

N is people in work, W/P is wages in relation to prices. This to allow for dynamic analysis of real income, rather than a homogenous constant income as a theoretical number. By this illustration, if we allow the potential of those who can work to be N, and if then $N_E = N$, which then mean all those who can work, is in work, marginal wages will still reach a market equilibrium, where workers would work for a wage equal what employees would accept offering in wages. Here also comes the scope of minimal wages, that some countries have employed. Minimum wages are still a form of regulation, and that is also what makes the labour market so interesting. It follows the idea of a market economy, yet, as we have seen from historical view, wages and productivity as in form of the marginal productivity set to match, yet, the productivity increases, and wages/price (purchase parity) has stagnated over time. So, the idea of marginal productivity does not match the wages. I will discuss both theories of the labour market, wage setting, especially in Norway, but also the past critique of the marginal productivity equals wage theory later.

2.1.5 Contributive justice:

Now we experience a cost-of-living crisis. Rising food expenses, same with electricity and gas. Furthermore, rental prices continue to increase across nations. With this, numerous people suffer from the consequences of being homeless or have to adapt to a second job (Otte, 2022; Saunokonoko, 2023). Numerous struggles with expenses and they continue to receive a minor share of the economic productivity. If we look back to the profit paradox (Eeckhout, 2021). Wages are stagnated relative adjusted for inflation despite rapid increase in economic output. Workers receive less as per centage of the outcome. Hence the issue of contributive justice. Whereas one should gain a share of what one contributes with, rather than just a minimum share of what is given. As a later issue we will illuminate is the rise and fall of unions, particularly in the US. First the ideas behind contribute justice.

In 'Tyranny of Merit' Michael Sandel (2020) write about contributive justice as a feeling to contribute to the society. To produce a common good that is valued, needed and by common citizens. It is opportunity to be allowed participation to the common good, to contribute to the society which Sande (2020) defines as contributive justice. A state of mind of self-esteem and recognition by our fellow peers. Happiness has always been a phenomenon of discussion and examination. The utilitarian thinking started off with pain and pleasure by Jeremy Bentham (1748–1832) (Driver, 2022), and what is pleasure and how its perceived is well debated. The

concept of subjective well-being, as some nations now start to conduct surveys on (Dolan & Metcalfe, 2012; Duncan, 2010; Helliwell et al., 2020) is by the name an odd concept with vague contents. What is subjective for one might not be for another. I will not drag this into the error theories as discussed by Mackie (1990), but for the interested reader I highlight the thoughts presented there.

Nonetheless, the persistent idea of opportunities lays ahead. Which direct us to Amartya Sen (1990) and his view on capabilities and functioning's. I will leave out a discussion of his theories, for the reader who would like a through discussion of it I recommend (Robeyns & Byskov, 2023). Overall, in the end, both Amartya Sen, but also Michael Sandel supports the point of view to be allowed to contribute. When one struggle to partake in the society, something is wrong. This can be from various reasons, on different levels, as Sen Capabilities and Functions theory. In a revised social contract Shafik (Shafik, 2021a, 2021b) addresses, we are to help those who fall behind. Either from a governmental perspective, or through new education practices and policies, even from am business and corporate perspective, and they also are a part of the solution. From a government view, former US president Kennedy acknowledged the view it is important to help those who fall behind, *"To be without work, to be without use to one's fellow citizens, is to be in truth the Invisible Man of whom Ralph Ellison wrote"*. (Michael Sandel, 2020, p. 206). This leads us back to the pleasure and pain theories as the utilitarian economy build upon. Yet, unemployment must exist (Steigum, 2018), but it does not mean many has to suffer so harshly as we see today. Jeffrey Sachs (2011) discusses a lot around the US, and how they have lost in the globalization. I will address this further later, as this support an Anglo-Saxon centric view, and this may not be right. AS a new interpretation of the utilitarian thinking through the effective altruism ideas, I will present later in view of Peter Singer (1997).

If we accept the view that for instance many in the US struggle with the post-transformation of the industrial times, as Michael Sandel (2020) and others, argues for "those left behind" (Sandel, 2020, p. 206) which has with several decades of outsourcing jobs to the global market, lost in the global market and global competition. Which has caused increased inequality in these countries for those who lost their jobs. As Sandel describes it, they did not only lose their jobs, but they also lost the sense of need. The society they so long had strived to build, did no more needed what they offered (Sandel, 2020, p. 206).

With a maximisation of profit doctrine, which took pace in the 1970's, the aim was to increase GDP through free-trade, outsourcing jobs. A doctrine that can only be supported if the utilitarian

view of maximize prosperity holds for everyone (Sandel, 2020, 206-207). For this to hold in this maximize GDP era, a compensation to the losers from the winners must find place. Either directly or through policies funded from taxes and the composition of a welfare state. The latter is what this thesis goes against, we are to aim for jobs, and the former could be more relevant if for instance help reallocate education and build new skills. To address the phenomena of compensation further, a pareto optimal economic decision is if it increases the economic output without any decrease for anyone else. If we allow these policies of compensation, I interpret this to not fit a directly pareto optimal solution, particularly not on for the country who lose jobs, globally I might find more support for it. A way to accept this view is on the idea of alternative pareto optimalization (Copp, 1987), where this is more accepted, yet this is debated. In the end, as I perceive the work of Keynes to be relevant, his letter to his grandchildren (Keynes, 1932) is something I miss out in the society. If everything excels, and prosperity are to flourish due technological advancement, somehow a re-distribution must exist. Keynes vision for the future should reach globally, so we avoid the distinctions between countries, and for why some can take the full advantage of the enhanced development, rather as other cannot. As human race is consciousness beings, we need a purpose, a meaning, and for our society we need to be allowed to contribute. This thesis suggests this through jobs, volunteering and other activities can also be employed. Yet the former is what the main idea this thesis present. Accordingly with Hyman Minsky (1965, 1987), poverty is thought through the job market, and here all are to be given the opportunity to contribute. If so through stupid jobs, or as David Graeber (2019) distinguish; 'Bullshit Jobs'. I will later introduce a perspective for increase labour participance in the labour market, in a case of the Norwegian health sector. Before so, as I argue the government should support such view, are in line of obligations I interpret them to have through the foundation of the state, from the social contract.

2.2 The Social contract:

Underlying the current mode of organization is a social contract which emphasizes individual action and individual motivations, to the detriment of the actions of collectives and public organizations. To illustrate how this social contract relates to those of the past, and to set the groundwork for how it may be re-imagined, I will describe the positions of the three classic authors within social contract theory, namely Locke, Hobbes, and Rousseau. Each school of their own agree on the basics, that a social contract both legitimizes and describes how the state comes to be based on the sovereign rights of its citizens. Humans can do whatever they want,

as long they not harm or wrongs other. A view that has been taken for granted yet is hard to interpret. Jonathan Sacks (2020) elaborates on how the French and the US constitution says the same thing, nonetheless, they mean different things. According to Sacks (2020), this becomes evident from their philosophical ideas these constitutions derive upon. The French derives on Rousseau, whereas the US constitution builds on ideas from Hobbes, Locke, and Mill. The origins of the social contract have been between individuals and the notion of the state. Individuals reallocate their sovereignty to the state, so the state gets the legitimate rights for sovereignty. This has been the leading idea; hence, this view is more recently challenged. I will come back to this later.

2.2.1 Jean-Jacques Rousseau (1712 – 1778):

“Man was born free, and he is everywhere in chains” (Rousseau, 1762, p. 1).

His view on the social contract; *“Each one of us puts into the community his person and all his powers under the supreme direction of the general will; and as a body, we incorporate every member as an indivisible part of the whole”* (Rousseau, 1762, p. 16). Rousseau, argue we set ourselves under the state as its general body forms the state given its power through its citizens. In this community there is a reciprocal contract, obligations among the society as the state and each individual citizen. In the proposed social contract then, there is two parts, first the idea of giving individual power as sovereignty to the state, the other a member of a society with obligations to the other citizens and individuals in this society. He continues to emphasise that we not only hold commitment towards each other, the state through us all can also decide this commitment through its authority. Cohen (1995) finds that police and powerful state authorities can always protect those who has something, despite those who has something to be protected denies that the state can interfere to personal individuals. They only see the side of themselves, as they directly ask authorities to certain degree to interfere towards individuals that has nothing to lose. Rousseau saw this problem ahead *“under a bad government, this equality is only an appearance and illusion; it serves only to keep the poor in their wretchedness and sustain the rich in their usurpation. In truth, laws are always useful to those with possessions and harmful to those who have nothing; from which it follows that the social state is advantageous to men only when all possess something, and none has too much”* (Rousseau, 1762 p. 25). Rousseau finds the state to accumulate the general will, as an average of all individual wills. There are pluses and minuses, yet there are other extreme on all sides accounting for all individual isolated, but aggregated a common will stands out, and it is this common will Rousseau argues should decide for the common good (Rousseau, 1762).

As Rousseau criticise the land appropriators as Locke uses as foundation for the social contract, he too warns about private interests. He warns for a corrupted government, and private interest is a legitimate threat which are ideas Thomas Hobbes (1651) builds his social contract on. That we individual should form a state to protect ourselves from each other, yet the corruption as set out by Rousseau is not solved explicitly in the ideas by Hobbes. Rousseau is occupied by the idea that all should be given opportunity to form the state, as the state should reflect the whole population (Rousseau, 1762). He fails the aristocracy, and the corrupted state, despite his good thoughts of Machiavelli, he claims the 'Prince' to be a "handbook for republicans" (Rousseau, 1762, p. 84). Yet, as he opens the 'Social Contract' with, "*Man is born free, and he is everywhere in chains*", this is due that we are free individuals and liberty is a cornerstone in itself, yet, the social contract he puts forth is set that the majority of the voters can bind the minority, a consequence we have to accept. We have to conform to laws set by the majority of the citizens despite if it is against our will.

2.2.2 Thomas Hobbes (1588 – 1679):

The work of Sun Tzu; 'Art of war' is considered by many the groundbreaking start of strategi, particularly his insight on military tactic and strategi stand out (Tzu, 2008). War and conflicts have always excited, and major innovations and technological innovations stem from military budgets and motives. Peter Frankopan (2017) pin points how the weapon industry and enhancement took pace during the enlightenment era. Were Galileo Galilei, Leonhard Euler and Isaac Newton were leading figures (Frankopan, 2017). Point be for Frankopan is that during ages, conflicts has been persistent, but they have led to times of stability, and even prosperity for various societies and tribes. Where conquerors in the early days depended on support from tribes and societies, they conquered to keep the new empires/kingdoms in order and assembled. This, however, was not the case when the Europeans started to be the power centre on earth (Frankopan, 2017). As weapons took new advanced shape, and Europe was divided, now stability was to be found. Which is what Peter Frankopan point out that the conclusion and the work of Thomas Hobbes in 'Leviathan' (1651) could only be from a European perspective (Frankopan, 2017, p. 261). "The natural state of man was to be in a constant state of violence; and only a European author would have been right" (Frankopan, 2017, p.261).

In his conclusion Thomas Hobbes (1651) argued we needed a social contract to assemble a state, with authority to protect us individual citizens from ourselves. By ourselves it is the rest of us, and we are too considered a threat to other. Through an authority in shape of state we all agree too, hence the social contract, we can gain a peaceful society who can advance further

and derive consensus and meaningful progress. In terms of this thesis, I do for now present the main ideas behind the three main schools of the social contract, where I later will focus more deeply on one, and the choice will be illuminated later.

2.2.3 John Locke (1632 – 1704):

Rousseau sets out a social contract in conflicting times and seek a better understanding of the role of the state as a tool for its citizens, rather than a ruler. Hobbes argues for a state to be formed to constraint its citizens to force through cooperations. None of these will fit our last school of thought. In Locke's (1690) view of the social contract, it is about land appropriation. Those who gain the right to take land, should also form the state. So, the state then is based upon the landowners. In his terminology those who are to appropriate land are those who work on the land. The rising problem in this view is who these people were. Locke explicitly writes against slavery, and everyone are borne free from slavery. Yet, his writing was in the age of slaves, and the slaves, despite working on land, never gained the right for it. Same can be said about females, although their stand was different than slaves, at time being, they did not hold the right to claim land. Here we then gain a social contract from the landowners, who does not hold the majority of the population, and they are too be considered the elite as well, in the foundation of the state. In this state-society relation, Locke argued for a weak interference from the state, as he supported the libertarian view, who seeks to reduce governmental interference in the daily life. Yet, Locke with his land ownership as starting point for the social contract as foundation of the state, the starting point is off in present times. We have reached a global population far beyond what was considered possible at the time (Malthus, 1872). Nozick (1974) supports Locke in his view, but I perceive the problem to stretch further than the population issue. Locke was against slavery as commenced at the time, still slaves, the poor, and females could never become landowners, hence the starting point of landowners for governmental control is not what we see today but was the prevalent theory at the time. Land is still a concern, and land owners still had great influence even after the second world war, such as the 'Compensation land report' from 1961 (Hayes, 2021). As a response to these issues, Thomas Jefferson, former president in the US, and one of the founding fathers for the US Constitution outlined some intriguing ideas on this matter. One was that all laws were to be re-enacted every 19th year, with the result, the living generation accepted the living rules at all times (Jefferson, 1789). Yet, the problems of land acquisition would not be re-enacted and redistributed with growing rights and liberation for vast groups within the population. Which leads us to the idea of path dependency.

In North Douglas (2005) work on path dependencies, we are looked on previous decisions, and find it hard to resettle, reschedule the puzzle we continue to be a part of. In a US lens, they build on individual rights in a strong constitution derived on Hobbes, Locke, and Mill. The individual is free from state interference as mentioned. The state is then not obliged to provide social welfare programs. In contrast the fact that US uses a vast amount of their GDP on public healthcare (McGough et al., 2023). Although, if the US are to change, as they suffer from deep political polarization, great changes are needed. Changes the European counterparts see some obvious, however as Sacks (2020) distinguish; the philosophical foundation of the constitution creates a barrier for what the American government can do. Obama experienced this the hard way, when setting the affordable care act through. An act that was met with resistance, even among poor Americans. This illustrates how path dependency can work out, and how institutions can be investigated their own boxes. Yet, US had a great more social policies after WWII, so this does not mean we can reach this again, as I personally hold the view that our economy can be far fairer and more egalitarian.

2.2.4 Challenges of the social contract today:

From the origin of the social contract as a contributor to sovereign states, there is a citizen – state relationships. This relationship is more frequently disrupted by legal persons, such as entities, cooperations and NGO's. In a globalized world, where also these among intergovernmental organizations cross borders, they challenge the social contract. This section will discuss the social contract and how it is perceived in more recent times.

Minouche Shafik (2021a) writes about the need for a revised social contract, and she advocate stronger rights for citizens and increased welfare support and protection through economic protection for those who falls behind in our economy. That many falls behind may not be a consequence of failures from the state. It can be globalization, technology, new advanced methods, and new patterns and desires among the population. Although many argues how the governmental policies after 1980, has been very beneficial for cooperations and on their terms. The hinge for economic growth has been the mantra, and for some, this has had devastating consequences (Sachs, 2011; Shafik, 2021b).

“Some workers who have lost out from these reforms – the so called ‘losers’, be they individuals or communities – were supposed to have been compensated and ultimately benefited from more rapid economic growth. In practice, that has rarely happened and certainly not at the scale required. More importantly, who wants to be a ‘losers’, even if you do get compensation?” (Shafik, 2021a, p. 762).

Here we are at the core of this thesis. Those who falls behind in the economy, suffer the most. And what should we as a local community, or on national governmental level help, are core questions. Not only to help those who loose, but also increase subjective well-being among them. Yet this is a fluid term, but there is a growing field on happiness and well-being (Dolan & Metcalfe, 2012; Duncan, 2010; J. E. Stiglitz, 2019). Gain a level of satisfaction, and a sense of mastery. Where the proposal to come for this thesis, will discuss exactly this. Cooperations however, I also perceive should hold some responsibility. Increased taxation could be a way to go, in that way the government will get funding to set out new welfare programs. There are too discussions about universal income. This will be left out in this thesis, nonetheless, I do hold the view that universal basic income is not at a level we have funding for, nor that it solves the issues we face. Here I agree with Shafik (2021a), that we can offer revised social contracts that will do better than universal basic income schemes. Individuals not just give their sovereignty as a justification for the existence of the state, they too have obligations, namely, to work. Working somehow, if so part time, voluntary, or full time is also an important contribution into the social contract (Shafik, 2021a). The government can then do better by give the capabilities needed for a modern workplace, or as this thesis will discuss later, given the choice of swapping welfare income with work provided by the government. Here it will be important that the income gained extra by participate in such programmes are higher than the welfare gained in general. Yet, cooperations are to do more than just comply to a revised tax scheme. Yes, the state holds the responsibility to help those that fall behind. Yet, we have a cynical economy, and Shafik too presents the idea that we need a revised social contract between workers and cooperations (Shafik, 2021a).

As Shafik address a relationship in social contract between firms and workers, this can be further extended with NGO's and philanthropic foundations. Furthermore, McKinsey group and EY has also started to publish reports around the social contract and the incorporation of corporations and business (EY, 2020; Manyika et al., 2020). In the former, EY writes about the social contracts, and the challenges we, as a society face. That they highlight this matter set forth an obligation for cooperations to stand up and join forces towards social inequality is indeed good news. Yet alone, that hardly define the social contracts, and hardly address what it entails. Yet, they claim the following:

“Companies will either evolve to realign with new values, or risk dissolving as their social contract is withdrawn. There is no looking back” (EY, 2020, p. 92).

In a brief understanding and how I read this, it is about address these issues to self-help your own existence. The society will set forth new demands, and we need to participate in this journey. Yet alone, as many of these companies have been part, even involuntary, in the global economy, with whatever it brings along. The McKinsey report (Manyika et al., 2020) is more extensive and discuss the origin and the history of the concept of the social contract. In the way they elaborate on a social contract today, they derive on the 2008 financial crisis, and the growing discontent and distrust in institutions (Manyika et al., 2020). Furthermore, they found that there is a growing polarization among low and high skilled workers. The fact that wages has stagnated over time is well-known, but it becomes harder for them without the necessary skills, in a more advanced labour market than what has been. The skill to adapt, or be given the functions to adapt, as Amartya Sen would term this (Sen, 1999). Hence, the further polarization of this thesis, will be for those that fall behind, or 'loose' in the labour market. The unemployed have fewer rights and accessibility to services beyond the given welfare services they obtain. Which fluctuate on contain across nations. Thus, this however, does not mean the need to work for better working conditions, wages, and redistribution of the economic output we generate. Still, I welcome their contributions. Corporations are indeed a part of the solution, and should get involved, if the social contract are to be revised.

In 'The Big Con: How the Consulting Industry Weakens our Businesses, infantilizes our Governments and Warps our Economies' Mazzucato and Collington addresses various issues for how the consulting industry may not play on the side of the government, and how they becoming resource extractor from the society (Mazzucato & Collington, 2023). An argument they use, are aligned with what Angus Deaton (2013). That consultancy firms attract the most talented people (I will leave out the discussion ow what a talent is) and sell them expensive back to the society. The argument is, rather building inhouse competence in the public sector, this is outsourced through consultancy firms, who sells it to the public, which may appear as an inefficient economic solution for the society. I find these arguments intriguing. Still, corporations are a big part of our society, they are a main force for job creation, which this thesis hold dear. Nonetheless, some of these corporations can do more, as an actor in the collective society they exist upon. This is also something that are addressed in these new emerging social contracts. Re-educate those who falls behind, gain new skill and capabilities to pursue the modern economy (Sachs, 2011; Shafik, 2021a, 2021b).

2.2.5 US Supreme Court ruling in favour of US Corporations:

As this thesis takes upon the social contract, and how it creates the foundation for the state and democratic ruling we see today, that individuals give up certain authority in creation of the state. The state accumulates their power through its citizens. In recent years we see more and more how certain individual and even corporations gain power. The phenomenon of legal persons challenge the view we see from the social contract this thesis addresses. In 2010 the US Supreme court had a ruling which provided corporations even more rights within the political spectre and for political donations for democratic voting. A voting done by the citizens, where they should hold the ultimate power. A view that is challenged by the in pass from all these powerfully and resource rich organizations. A power shift from those who were set to be the foundation of the modern democracy's decays from, in advantage for organizations that becoming more persistent and powerful on the global era. Most recently how people start to question the influence Elon Musk have with his Starlink network in ongoing war and invasion from Russia in Ukraine (Meyer, 2023).

The problem with how Big Business takes over public interests is that we, as us in the population has high demands to the state. Whereas the state is becoming more concerned for corporations as they can affect donations for the elections. Obviously, the state despite this does a lot of work for the population, but with falling trust in government (Levitsky & Ziblatt, 2019; J. A. Robinson & Acemoglu, 2012), but also the falling faith in the capabilities in the government to aid those in need (Blind, 2007) is a concern of matter.

We put our faith in the government, in the way the UN declaration for human rights gave rights, rights we perceive the state to be responsible to full fill (Collier & Kay, 2020). Collier and Kay (2020) construct further ideas on this, that we leave so much to the state, so the solidarity in the society, and the common responsibilities we have to each other falling apart. There are moral aspects in the society of deep concerns that lose meaning as the state are demanded to fulfil all aspects of our rights. Corporations want to reduce taxes (Avi-Yonah, 2014; Friedman, 1970; Nozick, 1974), and reduced regulations in general, in the past these organizations helped to build societies. In Norway for instance Norsk Hydro constructed a gondola in Rjukan for their employees and families in recreation purposes. Odda, Årdal, Sauda, old industrial cities in Norway had the same, where the corporations stood for several initiatives in the creating of the societies, such thoughts, and drive are now long gone. I am not saying the state should have no role, it should have. But it can share the burden with corporations in how they shape and evolve societies, our common citizens, where we have a very, 'I' focus, and should gain a 'us' focus

(Sacks, 2020). The social contract gave us the state where the power is from the people, but we are all a part of it. Corporations face global challenges, and they might have to leave of employees, they might embrace new technologies, and outsource to keep the economy within the business going. But they should not have the right for abended societies, citizens, and even be granted political power as the US supreme court has given US corporations. For this a new revised social contract must be provoked, where our dear ecosystem is of essence, from climate change, social inequality and the common good for our population.

3.0 Methodology:

The choice of methods is strongly linked to the problem statements and theory used. This chapter will therefore address methodological choices in light of the above aspects.

This chapter will bring two things to order. First, an understanding of conceptual studies and research. This thesis holds a conceptual idea, by utilizing theories and perspectives from both economic history and philosophy. How to bridge theories and utilize conceptual ideas into practice is of importance, which may later for instance be examined throughout in randomised control trials. The former however, is of essence throughout this thesis.

Second, is to define some concepts further. As the previous chapter had ideas from philosophy and economic history, the first question this thesis seeks to reply to is *Are we as a society failing those who fall behind in the labour markets?* We can derive an answer here from data and research done. Nonetheless this thesis will not present a thought conceptual theoretical preview as from Liberati et al., (2009) nor conducting a meta-analysis. However, the idea of falling behind, and outsidersness is of value to discuss further, and the second part of this section will discuss frameworks for how to understand these concepts further.

3.1 Conceptual studies:

Jaakkola (2020) presents four ways for how to conduct a conceptual study, see figure 3.1.4a. These four are (i) Theory synthesis, (ii) Theory adaption, (iii) Typology, and (iv) Model. They will be presented in turn later. There are options and alternatives beyond these, yet for the purpose of this thesis these four will be core of this study. According to Jaakkola (2020) non-empirical studies, as this thesis is an example of, are hard to conceptualize due lacking templates and standardized test for statistical empirical work, or more qualitative research and case studies. Conceptual work needs to have a strong foundation in its own research design, yet many prefer research design that entails a form of data. What is beneficial with conceptual studies is the

allowance to be normative, and create ideas and bridge theories in new matters, that may latter be tested. Cornelissen (2017) acknowledges the struggle for conceptual papers due its lack of 'recipes', and standard templates of structures to hold to (in Jaakkola, 2020). Further, Jaakkola defines two options for a conceptual study, first using inductive approach to address an observable phenomenon, used as a focal point. Yet, this observed phenomena can be well known, but not properly addressed. It is here, normative theories may contribute to additional insights. The second option is to start from a focal theory, which may be incomplete or incoherent, hence further work must be conducted (Jaakkola, 2020).

For this thesis, we can observe, and we have data for a growing population that struggle to cope and participate in the labour market. And the theories are many. Here, the second option comes into order, as this paper address a focal theory, that our economy appears cynical for those who struggle and fall behind. In this, we can observe the phenomenon, that is the underlying hypothesis in this thesis, that some do fall behind. It can be from various reasons; it can even be that some of those falling behind choose to do so. Their choice may fall beyond economic mechanisms. Here, theories come to practice. If these are wanted policies and employed mechanisms, we need to understand why so, and how. It is this dilemma, how come, can we observe so many falling behind, and I doubt this is a desirable outcome for our economy, particularly in democracies where I happen to live in one.

Furthermore, the question is not only about what our starting point is. Conceptual studies indeed hold a very common outcome. Delbridge and Fiss (2013) point out the dominant view of correlations and a linear relationship between independent and dependent variables. And from these correlations, we derive a propositions framework. As they found in 58 articles, a total of 444 propositions, and among these, 322 was based on correlation relationships (Delbridge & Fiss, 2013). They found that less than one per cent did hold a lens of language, a narrative for necessity and sufficiency, and they refer to a study from Lindenberg and Foss (2011; in Jaakkola, 2020). This thesis will in the end present a proposal for a model that can increase participants in the labour market, and throughout a Hyman Minsky model, reduce the pressure on social welfare systems. This model will not however, hold correlation from a given set of X and Y, it will hold the use of language and narrative, a moral philosophical lens for what a society can, and should do according to the social contract, to fulfil the long term pollical horizons policies should be about, not just for participants in the labour market. Policies should from a moral normative perspective stretch beyond individuals and seek a driven and cooperative society, create belongings among citizens.

A key term here is globalization, as Paul Collier (2018) warns about, and should be approached with pre-cautions. Paul Collier is indeed worried and concerned about those who suffer the most from globalization, still he warns about the implications it causes in domestic politics. We may not know the effects and what it brings in the long-term, and some nations adapt policies for stronger nationalist, ideology, identity, and values. Values, however, is a vague concept, as Collier point out that former US President Trump and a losing US presidential candidate, Bernie Sanders, both perceive themselves as proud Americans, with the values and identities it brings. These value sets make them both very different, and we unfortunately observe an increasing polarization among American politicians (Fukuyama, 2018; Sachs, 2011). Here, Collier (2018) has a higher acceptance for patriotism than nationalism, as patriotism is about belongings, and according to Collier this triumph's identity and values.

As I will present the four proposals for conceptual studies from Jaakkola (2020), MacInnis (2011) has another focus, a focus on styles of theorizing, which are; Proposal-based styles, narrative-based styles and typology-based styles (MacInnis, 2011). This thesis will use one of the coming proposals by Jaakkola (2020) however, of styling this thesis will be set in a narrative style according to MacInnis (2011), MacInnis define this style as.

“A narrative idiom that explains an important subject and its potential outcomes around a generalized mechanism, as the underlying storyline of a process model” (MacInnis, 2011, p. 3).

Does this entail that economists should stop using the cost-benefit analysis, and their quest for what is societal economic beneficial? No, not necessarily, and this is by far a so critical assessment of these methods. Yet, economist must allow themselves to be more normative, and for the purpose of political economy, they need to find a mission for the economy as Mazzucato (2021) advocates.

Collier questions the idea of utilitarianism borne from Jeremy Bentham, the very teacher of Mill. Cost-benefit analysis struggles to find reliable estimates for non-economic goods and values. Moreover, utilitarianism may benefit the few at the cost of the majority, which is one of my motivations for writing this thesis. So, both have issues, and either we can find a new economic idea, more purpose driven, we can be prioritarian, yet has its own issues (Otsuka, 2015), ideas proposed by Derek Parfit (1991).

Finally, we can be more egalitarian, and by egalitarianism, societal economic benefits as we know, is not necessary the driven key factor for measurements and assessments. Thus, cost-

benefit analyses can indeed be a good tool within egalitarianism, it depends on the variables on put into it, and how these are valued and weighted in aggregate analyses. It is egalitarian values this thesis will hold, and from a normative perspective it is easy to argue so. For a more scientific approach, more depth and analysis are necessary for such arguments to stand. To do this, this thesis will bring Jaakkola's (2020) ideas for conceptual work to life.

3.1.2 Theory synthesis:

Jaakkola (2020) defines theory synthesis to be conceptual work that combines and bridges theories. By integrating theories across each other, new outcome can be obtained. Here, the novelty is reached by linking theories in new manners, theories that may not be linked before, or linked in an insufficient manner. New theories need to spring out from this, were this is not a work of literature review, some summarizing or revising is essential, in this way it does differ from a pure literature review. And a key form for this thesis that can be important for this thesis is the idea for the normative work.

“The synthesis paper represents a form of theorizing that emphasizes narrative reasoning that seeks to unveil ‘big picture’ patterns and connections rather than specific causal mechanisms” (Delbridge and Fiss, 2013, in Jaakkola, 2020, p. 21).

Furthermore, one thing is to cross theories against each other, and allow new novel thoughts emerge. There is still a need for some kind of empirical work. This can still be obtained in a synthesis paper, according to Jaakkola (2020), one can gain new knowledge by employ ‘narrow concepts’ or through ‘empirical phenomena’ (Jaakkola, *ibid.*, p. 21). Jaakkola points out how such research can be done, and how others have done so. Summarizing and bridge is the essential here, and as earlier stated, there are no clear recipes. The fact that we do not have any clear recipes, are not a good reason for why not do conceptual work alone. If so by bridging or using a clear theory explicitly towards a new concept or phenomena. Which is the next perspective.

3.1.2 Theory adaption:

Jaakkola's (*ibid.*) second approach for conceptual studies is implicitly about adaption. His basic idea behind adaptation is using a theory within a field, were it holds explanatory strength, to a new concept or phenomena, were one to expect the theory to hold. Here too, there can be an empirical foundation. One can build a theory piece by piece through empirical work and research, such as randomized trials, that has become very prominent and persistently used. Theory adaptation however, steps beyond the empirical work, and tries to explain a new

phenomenon through existing theories, by adapt a theory to a new field. Theories can also be extended beyond the phenomenon they are intended to explain. Furthermore, it can also be used to adjust evolving theories, to be more precise, and within these paths of research, there is room for novelty, and again, conceptual work is useful, without being explicitly empirical work. By stepping out of the empirical work as is most common, conceptual work set even stronger demands towards logic. Which is the third proposal for conceptual studies by Jaakkola (ibid.).

3.1.3 Typology:

Typology is set to hold strong logical work, and through logic gain causal combinations for different constructs or phenomenon. The idea of causality is contested. Not just by David Hume, that might not accept so, but among philosophers in general, the view of anti-realists and realists is a debate I will not elaborate at present time. Philosophy through Karl Popper, Thomas Kuhn and Imre Lakatos, represent three different school for logical work and scientific logic.

- Karl Popper (1934) with his falsification theories. Were we hold the null hypothesis, and constantly test it, until new knowledge or work evolve that falsify the existing null hypothesis.
- To Imre Lakatos (1970), the least known and used of the three had the idea of research programs.
- Programs that Kuhn argued against. Where Kuhn (1962) , the most prominent in contemporary times, stood for anomalies that lead to paradigm shifts. Anomalies are signs, research and findings that goes against the present research and lead way for new ways or research opportunities. It is unclear how many anomalies one need, nonetheless, when enough anomalies, that can be seen as disturbance for something new occurs, we gain a shift in research, coined by Kuhn as paradigm shifts.

Randomized controlled trials from the field of medicine can be seen as paradigm shifts within research, that has been adapted to other fields, including economy. This is above the view of typology, but here too we have some empirical foundations. That logic has to be present, and this can be found through empirical work, nonetheless, correlations is not causality. Taleb (2005) visualize this with great enthusiasm in his work 'Fooled by Randomness'. Typology can be visualized through networks, mapping and connections among theories (Jaakkola. 2020). As Jaakkola addresses it "*The researcher accumulates knowledge of the focal topic and then organizes it to capture the variability of particular characteristics of the concept or phenomena*" (Jaakkola, ibid., p. 24). Here the idea is to gain understanding through some sort

of mapping and visualization. Which I perceive to be a simplified model, which is the last of the four proposals.

3.1.4 Model:

“The model paper seeks to build a theoretical framework that predicts relationships between concepts” (Jaakkola, 2020, p. 24). Here the essence is prediction. When it comes to predictive power, the use of simplifying generalizations is persistently used. Nancy Cartwright and Erman McMullin (1984) in their work ‘How the Laws of Physics Lie’ use the philosophical theory of instrumentalism. Within instrumentalism one can use assumptions that are knowingly false, to simplified. Yet, within physics, one does not know, if the assumptions are true or not. Physics change, when consensus is reached for various assumptions, and if they are valid or not.

This is to beyond the idea of model as Jaakkola presents it, but Milton Friedman (1953) in his influential work from 1953 ‘The methodology of positive economics’ he famously claims that for a model to reach predicate power, assumptions are to be widely inaccurate. The more predicate power one seeks to gain, the more widely inaccurate the assumptions are to be. Cartwright and Friedman differ in this view. Here, Cartwright seeks new understanding and suggests allowing for models to evolve. Friedman on the other hand suggested theories that failed to explain observed behaviour, were of limited value. Moreover, this value declined with increasing specificity in assumptions behind the theory. To some extent economics has evolved in this manner, particularly with growing computer power and more advanced statistical tools typically found in modern econometrics.

The increased empirical focus of modern (mainstream) economics makes the following observation by Meredith highly relevant:

“Model papers typically summarize arguments in the form of a figure that depicts the salient constructs and their relationships, or as a set of formal propositions that are logical statements derived from the conceptual framework”. (Meredith, 1993 in; in Jaakkola, 2020, p. 24).

The ideas of propositions are according to Delbridge and Fiss (2013) a double-edged sword. Propositions highlight the issues addressed and proposes new novel ideas, but they also highlight the very weakness of the arguments themselves. Propositions can be claimed to be too strong, without any sufficient evidence for an absolute support. Here, further develop and research can be conducted to test these propositions that are set forth.

My thesis will do so itself, present ideas and thought for welfare policies with economic twists in the labour market. Proposals that can be tested in the next stage, nevertheless, again, economist must allow themselves to be normative in their conceptual thinking, to find further theories, and ideas to test. And the testing itself, might result in different outcome, based on the perspectives from the research that conduct the testing. Here we loop back to the normative view and work conceptual studies stand for. Aligned with the falsification theory introduced by Karl Popper. My next step is to further evolve a conceptual lens among those four paths illuminated by Jaakkola (2020, p. 5):

Type of paper	Potential goals and applications	Research design considerations	Examples
<i>Theory synthesis:</i> Conceptual integration across multiple theoretical perspectives*	<ul style="list-style-type: none"> • <i>Summarizing and integrating current understanding</i> • Outlining the conceptual domain of a new phenomenon or idea • Structuring a fragmented field by analyzing it through a particular theoretical lens 	<ul style="list-style-type: none"> • Starting point: Phenomenon or concept • Choice of domain theory/theories: Literatures that can be argued to address some aspect of the phenomenon/concept • Choice of method theory: Theory for organizing the key dimensions of the phenomenon 	<ul style="list-style-type: none"> • Becker and Jaakkola 2020 • White et al. 2019 • Lemon and Verhoef 2016 • Kozlenkova et al. 2014 • Möller 2013 • Vargo and Lusch 2004
<i>Theory adaptation:</i> Changing the scope or perspective of an existing theory by informing it with other theories or perspectives	<ul style="list-style-type: none"> • <i>Revising current understanding</i> • Problematising an existing theory or concept and resolving identified dilemmas by introducing a new theoretical lens • Expanding the application domain of an existing theory or concept by introducing a new theoretical lens • Identifying new dimensions of an established construct by introducing a new theoretical lens 	<ul style="list-style-type: none"> • Starting point: Theory or concept • Potential means of adaptation: Switching the level of analysis or using an established theory to explore new aspects of the domain theory • Choice of method theory: Theory that is strong in aspects missing from the domain theory 	<ul style="list-style-type: none"> • Brodie et al. 2019 • Eckhardt et al. 2019 • Alexander et al. 2018 • Hartmann et al. 2018 • Hillebrand et al. 2015
<i>Typology:</i> Categorizing variants of concepts as distinct types	<ul style="list-style-type: none"> • <i>Explaining differences between variants of a concept</i> • Organizing fragmented research into common distinct types • Identifying critical dimensions of a concept to reconcile conflicting findings from previous research 	<ul style="list-style-type: none"> • Starting point: Phenomenon or theory/concept • Potential means of identifying types: Inductive discrimination of common types within the domain theory or using a different theory to organize the relevant literature into types • Choice of method theory: Theory that enables the explanation of key dimensions or implications of the proposed typology 	<ul style="list-style-type: none"> • Helkkula et al. 2018 • Dong and Sivakumar 2017 • Edvardsson et al. 2012 • Lovelock 1983 • Mills and Margulies 1980
<i>Model:</i> Building a theoretical framework that predicts relationships between constructs	<ul style="list-style-type: none"> • <i>Explaining and predicting relationships between constructs</i> • Identifying novel connections between constructs • Development of theoretical propositions that introduce new constructs and/or relationships between constructs • Explaining why a sequence of events leads to an outcome 	<ul style="list-style-type: none"> • Starting point: Phenomenon or theory/concept • Choice of domain theories: Literature that addresses key elements of the phenomenon/concept to be explained • Choice of method theory: Theory that enables the explanation of relationships between the studied variables 	<ul style="list-style-type: none"> • Huang and Rust 2018 • Payne et al. 2017 • De Brentani and Reid 2012 • MacInnis and De Mello 2005

*For simplicity, "theory" refers here both to theories and to what might better be described as literature fields or research streams

Figure 3.1.4a; Four perspectives on conceptual papers (Jaakkola, 2020, p. 5).

3.2 Choosing among these four types of papers:

Mariana Mazzucato (2018, 2021) talks about mission economies. Her concept of a mission economy involves an economy with a stated political purpose examples of such purposes are economic efficiency or economic effectiveness, other is a purpose driven, that match neither of these. If one adapts a policy or goal, it can be costly or time consuming with no clear benefit. Again, the illustration Mazzucato fronts is the moon landing. It was a goal, with no cost benefit analysis, no now present value calculations. It was not a question of costs and further utilization for society. It was a question of quest, purpose, and reach beyond our limits. A goal for common achievement, and cooperations. Political ambitions for far reaching goal over a timeline that spans over a decade, and limit understanding of how to get there, are political quests that are far gone in western economy (Mazzucato, 2018; Krznaric, 2020; Dixson-Declève et al., 2022).

The same can be found in Paul Collier's (2018) manifest for social capitalism. It is an academic masterpiece, with strong influence from data and previous research. How he considers the 1945-1970 a golden age of political economy and growth in affluent societies (Collier, 2018). In his work, he presents ideas, that can both be tested, and hold fundamental research for support. Still, it is in its normative ideas for what a society can be. To present ideas for what politicians should do, and how a political economy overall for societies can be set, is of importance. Collier observes there are winners and losers in most economies. His concerns relate to the losers when they are many (Collier, 2007).

These perspectives are important for my choice of focus in this thesis. As I see it, we need to understand why large shares of the population falls behind to identify strategies to reduce the problems of outsideness. This involves using a historical lens in our economic analysis coupled with moral philosophical and ethics to achieve what Collier sees as necessary in a civilized society. My aim is to write a thesis where its findings can be tested further, but first the ideas need to be well developed. This includes a view of mission or purpose for our economy, for what can be, despite its perhaps non-utilitarian reasoning, as the "utilitarian economy" has left many behind.

How likely are the four types of concept papers in Figure 3.1.4a to contribute to knowledge and understanding of why so many are left behind in modern economies? As already mentioned, MacInnis' (2011) ideas for theorizing styling will fall within his presentations of narratives. Mariana Mazzucato (Mazzucato, 2018, 2021) presents narratives like the JFK goal to reach the moon, despite its absence of cost-benefits analysis, as a vision for the US and a driving force of Kennedy's political ideas during the cold war. It was a mission, a technological mission, US had to win. All presented through narratives, and again, to fill the gap with further support, economists need to be more narrative in themselves (Collier, 2018). We have McCloskey's (1998) work on rhetoric's within economics, which neighbouring the narrative idea nicely. In Norway, we for instance have Per Espen Stoknes, who focuses on narratives and storytelling in his PhD dissertation on economic metaphors (2011).

Approach 4 – formal models – is out of the picture because we are not to create a new model directly. I will, however, propose later ideas for a path for a policy choice, but it will not be an economic model as thought here.

Approach 3 – a new typology – is despite its intriguing view of, not a perfect match either.

This leaves us with theory synthesis and theory adaption. The latter in view of addressing a phenomenon through philosophy and using philosophical ideas can be seen as theory adaptation. However, it is the former that suit this thesis the most as it is better addresses factors affecting those who fall behind in our contemporary economy it opens for various economic theories and philosophical perspectives this thesis will allow to unfold. This thesis will contain economic perspectives, but it will also be supported by a strong normative narrative for how we as society should include those who fall out of the labour market. This is founded in what I perceive as obligations in the light of the social contract as addressed earlier. It is also in line with the perspectives of Paul Collier and John Kay (2020) in their work ‘Greed is dead’. Their claim is that substantial work needs to be done towards a more holistic and collective economy. In short, we must ask ourselves, what can we do to participate, rather than claim our rights (Collier, 2018; Collier & Kay, 2020; Mazzucato, 2018, 2021; Mazzucato & Collington, 2023; Sacks, 2020). To understand more of what this entails, we need to better understand what it means to fall behind, or too loose as Minouche Shafik (2021a) says straight out. I define to lose out in our modern market to be inadequate and excluded form participation in the labour market, which will be the first thing I address in the next chapter.

4.0 Theoretical foundation Research postulate 1:

This chapter will address the first problem statement; *Are we as a society failing those who falls behind in the labour markets?*

4.1 What will it say to fall behind?

This part will derive on the parts on economic history and determine a direction for the first puzzle this thesis present. Does the present economic regime create losers, and if so, how? Here there are two questions, first to determine if our economy generate losers, and second is to set forth the causes for how come. First, I will present a paternalistic western objection, before I address the two questions in this thesis first part of the research question.

As presented above, there has been a change in economic perception, what economy is, and what it has become today. Thus, it still can change and evolve. We see a new driven technology; artificial intelligence that will disrupt our economy even further. The decay of our ecological system due human needs (Meadows et al., 1972) is also a factor that set forth new demands and

pressure on our economy. Particularly with the discussion of new economic paradigms such as degrowth (D’Alisa et al., 2014; Kallis, 2018), the doughnut economy (Raworth, 2017) and green economic growth (Stoknes & Rockström, 2018; Stoknes, 2021). Yet, as this thesis discusses issues related to those who falls behind in a modern economy, we see a rapid decay in the middle class in western countries (Sachs, 2011; Leopold, 2015; J. Stiglitz, 2019). The US for instance have a growing population that are homeless or need a second job to cope with the rising living costs (Otte, 2022; Saunokonoko, 2023).

Already here I want to clarify a potential objection for the coming thoughts. That this can be seen globally as very paternalistic. That the western world still dominates, and the concern that they lose out a little bit in a global lens might be a good thing. The golden age is over, and in view of global poverty, we still ride the high horse. In the outsourcing of jobs and industry to China, China has lifted hundreds of millions of out of poverty (Fan & Cho, 2021). It is now China see a decrease in economic productivity, as the wages increase to meet economic productivity. China has kept wages low, as the supply of labour has been high. With a growing economy and increased employment rate, they kept the wages low, where a market economy would have raised the wages. With increased wages, a new demand would occur than again would be supportive for further economic growth. By the low wages China has kept, they now suffer from an artificial activity, that is not driven by consumer demand.

Amartya Sen (1999) questions this view, if we want economic freedom rather than political freedom, as we see in China. He argues we might want the opposite, but that this hypothesis is hard to test, thus the standard economic perspective stands strong. This thesis holds a Norwegian approach, and also discusses economic very on western terms. The majority of the global population never see these ideas, nor the wealth even “working classes” have enjoyed in recent years.

The essence in this objection makes it fair to worry about those 600 000 Norwegians who fall behind. Their challenges increase as there is large numbers of unskilled (and some skilled) workers willing to work for much less, particularly in developing countries. To see this, in a global world where billions live below the UN poverty line of two US dollars a day, which the World Bank has revised for 2022 to be 2.15 USD (Mahler et al., 2021), or live in conditions without housing, advocate access to water and other hygiene and sanitary facilities?

This is a moral dilemma, and Norwegians who are unemployed or receive disability payments already to a certain extent have real disposable incomes far above the global poor. Still, these

Norwegians may have mental and physical conditions that in relative terms reduce their quality of life. In the literature of happiness, one discusses the subjective well-beings (Kahneman & Krueger, 2006; Dolan & Metcalfe, 2012), and here one reports one subjective feeling on individual levels. This feeling can be relatively equally bad for a poor Norwegian compared to a poor person in south-east Asia. Obscure as it may sound, thus, there are studies that support this view. That it is even worse to be poor in the US rather than in India in absolute terms (Bucheit, 2020). Nevertheless, this does not solve the moral dilemma that lying latent below the lines. Within the human rights, everyone has a right for a decent life and advocate basic needs. This count for Norwegians as for the global population. However, it is easier for Norwegians to get these rights fulfilled rather than many other of the global south. This however does not reduce the rights for the Norwegians; thus, we should do much more for the global poor. And this real highlights the obligations the wealthy has on the poor, particularly, due we also are the source for absent institutions for them (Frankopan, 2017; Marshall, 2016; Pogge, 2005; J. A. Robinson & Acemoglu, 2012).

4.2 Defining falling behind:

I will primary in this part discuss the labour market and provide some data points in this manner. Where I define to fall out, being left outside the labour market. We live in an economy where certain income is needed to purchase basic goods. With increasing inflation and a cost of living crisis many now experience, we have set our inflation theory to measure an increase in a pre-determined basket of goods. How this basket evolves over time, a measurement that struggle to incorporate increased quality of these goods. The UK attempted to handle a new way to measure inflation, without any changes. They had a commission in late 1990's to see if our method for calculating inflation could be rescheduled to a more cost of living index. Where a set of thoughts for what it will mean to have a certain life, and the cost to reach this standard (Boskin et al., 1998). This line of thinking is equally relevant in 2023. In the UK they have conducted surveys for what the population mean should be affordable and accessible for the population through the income they had. In this survey 35 objectives were enlisted for the survey. The responses could be given on various tiers, where one of these were that even those on work benefits should be able to afford. Another tier was for those with minimum wages. Ascribed to the findings everyone should afford was basics like sending they kids on school trips, home internet connection, basic utilities and food, whereas the population were more divided in the view of a basic smartphone (F. Smith, 2023). What we can obtain on bare minimum levels, a decent

income should be provided to reach these. Either through work benefits, other social welfare benefits, or through a decent job with comprehensive income, like minimum wages. Where as income does not solve all problems in the society, a bare minimum should be attained.

The 'Easterlin paradox' states that after a certain degree of income, happiness have a marginal effect on happiness and perceived well-being (Easterlin, 1973; Clark et al., 2008). If we then are on the stage where there is a degree of outcome in this well-being, we are below those very wealthy, as there is a certain degree of need for a basic income, and this income mainly results from work. Hence, provide job is a necessity, and therefore by falling behind in economic sense, and being a part of the society, everyone should be granted an opportunity to raise such income. In the next part I will focus on those unemployed.

4.2.2 Labour Market and unemployment in Norway:

Norway presents two unemployment ratios, where one is from NAV (The Norwegian Welfare provider), and the other is Statistics of Norway. I will come back to how they differ later, but both are low. We have among the lowest unemployment rates globally, despite our high intensive economy and demands for high productivity. We are a small population, just above 5 millions. Despite our EEA membership, we are strict on immigration from abroad Schengen, despite how we depend on migrant workers.

In figure 4.1 we can see the Norwegian unemployment rate, and if we compare this to the OECD average, as figure 4.1 provided OECD members unemployment rate, one see how low the Norwegian one is. Another statistic it might be interesting to present here is too, how many who works in the public sector. As some argues the Reagan period in the US slashed many public workers, and some argues the governments are to highlight public workers in a governmental interaction in the economy.

Norway runs to various unemployment rates, NAV and SSB, and they do vary. Although Norway has a stable low unemployment, we should still consider those outside labour. This due, our unemployment hides numbers. Those on various social welfare benefits, where these can be permanent, are outside the unemployment rate. There are good reasons for why we should reduce pressure on social welfare. There are too good reasons why we should seek labour participation, for the individuals themselves, but also, they will bring a contribution effort and they will indeed bring a societal output. This paper holds a Norwegian aim, furthermore, it brings a lot of high-income perspectives, where these countries have a huge GDP, vast economic

output and productivity compared to low-income countries, and is it fair these gain focus and help. I will leave this objection open for the reader to conclude. In the OECD (2023a) data, we can see that Norway with their unemployment rate just above 4 per cent, is at the lower scale. Most surprising for me, is that Czech Republic score the lowest in these data, and that Mexico have a lower unemployment rate then Norway. To follow up the prescription objection, countries like Costa Rica has an unemployment of above 16 per cent, Spain, and Greece with respectively around 15 per cent, there should be a greater deal of focus on these countries. And yet, these are OECD countries, with an average of 6 per cent, here countries south of Sahara in Africa is left out, and many countries suffer much more than those presented here. Norway has their high-income sources, they have their public sovereign state fund grown out of their oil reserves, they can do more for their population, and indeed, many would argue so.

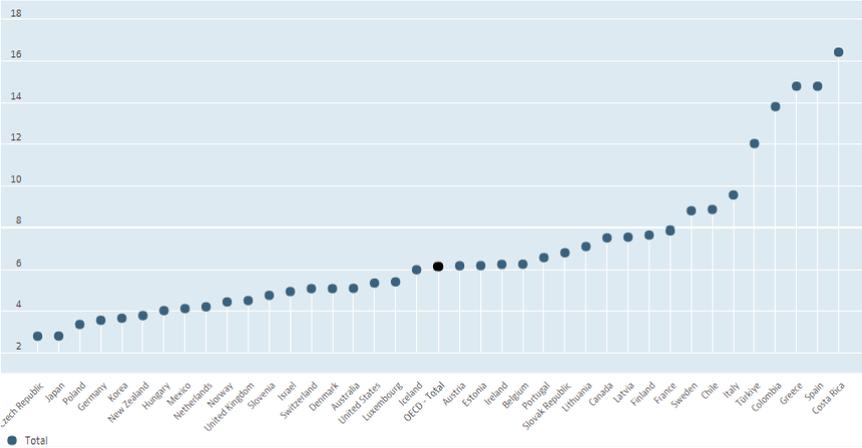


Figure 4.1 (OECD, 2023c), Unemployment rate total % of Labour force, 2021.

If we look at the unemployment rate of Norway, it is in time of writing 3,6 per cent. However, if we look at the statistics of those outside employment, for various reasons, it is 18 per cent. Almost a fifth are outside labour or education. The Norwegian department of Labour and social inclusion initiate a report for a holistic approach to increase participants in the labour market and create a more incisive labour market. They highlight several aspects this thesis will not touch upon. The interesting part is how they identify those outside. In figure 4.2 they have a stable part of the population that are neither in process of education nor have an active employment. Of these 20 percent, more than half are on health-related benefits, and many in this group indeed need these benefits. OECD has over the past decades observed these facts and derived recommendations to rescue welfare incentives among workers and provide and implement policies that reduce barriers for work participant (OECD, 2014). Policies can be

implemented, but if the workers are assigned a low marginal productivity the open labour market may not prolong work time compared to early retirement age, they might not accept various part time solutions, or accept some of the other recommendations OECD here propose. Yet, many of this may bring positive effects, particularly if the government take an active role. It is this active role this thesis propose should be enacted.

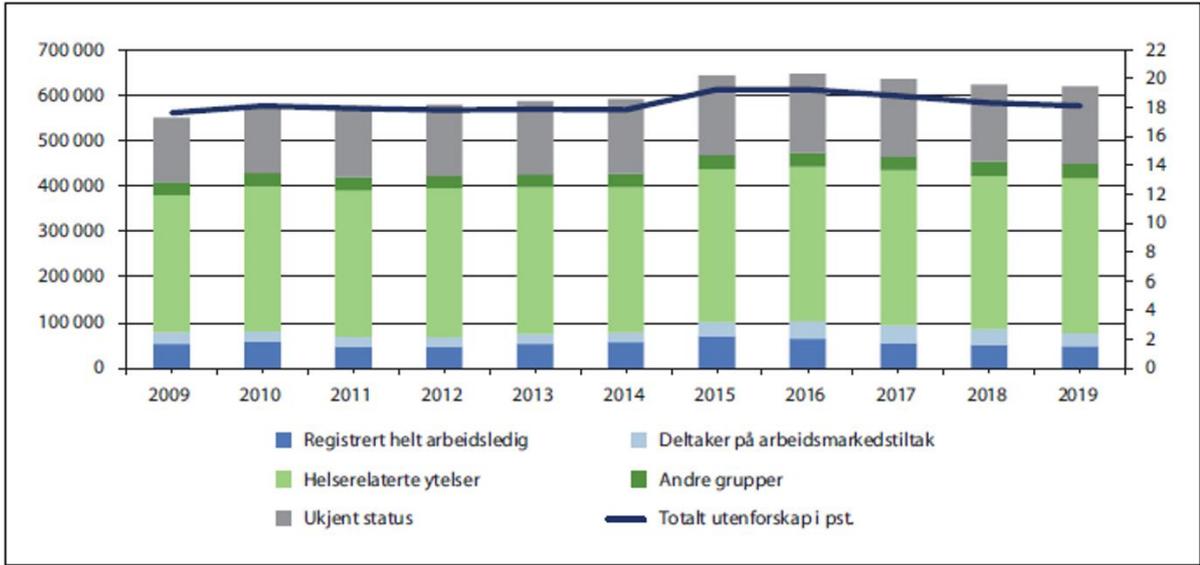


Figure 4.2, (Arbeids-og sosialdepartementet, 2021, p. 27), Persons outside labour, education and pensions divided in different sub groups in age 18-66 in years 2009 – 2019.

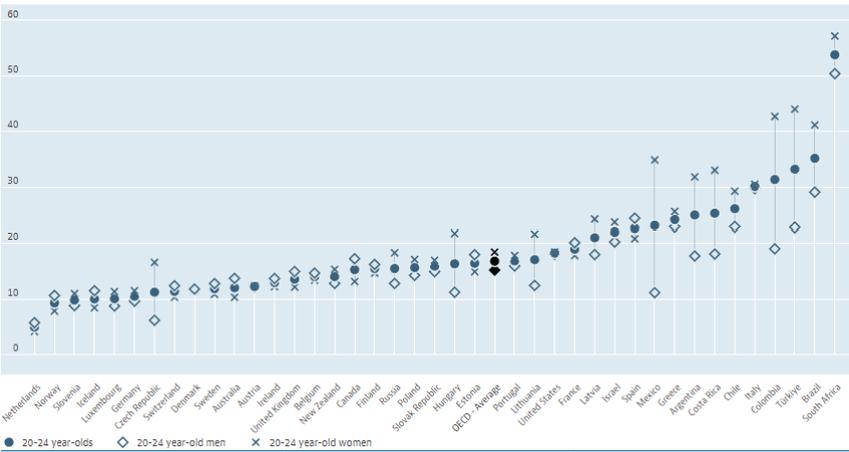


Figure 4.3 (OECD, 2023d), Youth not in employment, education or training (NEET), data from 2021, age group 20-24.

OECD (2023d) also provide data from 15-19, and as Steigum (2018) acknowledges these to be part of the active labour force, which in countries can be the case. From a high-income country perspective, and indeed Norway, in that age one are mostly in school or soon in higher education, if we allow us to skip the part of those who drop out of high school. Various nations try to increase retirement age. We live longer, are healthier than our ancestors. That pensions over time are lucrative, countries start to realise the adapted pensions schemes becoming too expensive, and economic unsustainable. New pension policies need to be adapted, which bring the consequence of increased labour force, with experienced workers, that might be an obstacle for youth to enter the labour market. With the suggested recommendations from OECD to Norway, in addition to the proposed policy here in this thesis, this can over time work as a barrier for those entering the labour market, the youth. Hence, this group should receive focus, and from a moral standpoint it can be better to elevate this group, rather than focus on those outside, and might also be discussed to have health issues and other aspects that make a return to employment harder. In figure 4.3 we see OECD data (2023d), focus particular on the age of 20-24. These data are presented as total, but also splitted in genders. Norway one can see have a considerable low employment for all three groups presented, where men score a bit higher than the females. Netherlands scores quite good with a youth unemployment rate of just around 5 percent. In countries like Mexico, the total score is the same as Spain for instance, just around 20 per cent, still they have a huge gender gap, females almost to 40 per cent, as the males are at 10. In stark contrast from Spain, where the gender gap is limited. Various countries in South America also presents gender gap, and South Africa have the gender gap, but in total for males and females, their unemployment rate among youth is for both above 50 per cent.

Some countries suffer an unemployment among youth reaching 50 percent, which is a low accessibility to have a decent income, hence they fall behind. There are other measures and views for how to fall behind and lose in global competition, yet, I have focused directly on access to an income. The next section will briefly discuss this matter, as there are other variables to consider.

4.3 Health, self-esteem and subjective-wellbeing in a population:

In this section I briefly will discuss alternative thought to economic inclusion. Amartya Sen (1999) criticises the view we hold in economic freedom rather than economic freedom. A perspective seen from that how Americans rejected 'Obama Care' as it violated their personal space and individual freedom, which also traces to the mistrust many Americans have in their

government (Dalen et al., 2015). In our strive for economic prosperity, as already stated, the ‘Easterlin paradox’ entails with more wealth a reduction in marginal happiness. Our well-being comes from intrinsic needs beyond pure economic means. A sense of belonging in the community, an identity and value as Collier and Kay (2020) elevate in their seek for a more nourishing society. These thoughts in a narrow context are for those who already have something. Those at the bottom, who lack basic needs emphasised by Maslow (1943), basic commodities become prevalent. If these commodities are not directly providing through for instance, food stamps, they need to be purchased. To purchase, one need access to funds for purchase, that can either be from welfare programme, or through income by labour. The latter is the mean this thesis suggest should be the primary path to reach such funds, and this is the persistent perspective without questioning. Hence, the view that increase labour participants for those already outside in this case out win the more nuanced happiness and well-being thoughts for those high up in the pyramid. I could have discussed self-esteem and what it can be, variations of it, as I have introduced the theme in context of contributive justice. By be allowed into the labour market, by being accepted, included, Sandel (2020) argues affect the notions of a person’s self-esteem, without that I will conduct further psychological assessment in this manner.

4.4 Discussion on the postulate of an excluding economy:

I have already briefly discussed that falling outside labour prevent one from getting basic needs and there is something about self-esteem and reduced respect by being excluded in the society in the way the labour market excludes on. Yet, there are nuances for how come we should care about this matter, which will be more the perspective this section will emphasise, as the underlying conclusion is somewhat already implicitly mentioned.

4.4.1 Does the market generate losers?

Losers is a hard term, and general statistics in Norway talks about falling behind are fall from the rest of the society. Here one accepts a norm for what it also mean to follow and be part of a society. There are various ways one can partake in the society. So, this section will first clarify further what we mean with fall behind, which we claim to be equivalent loose. Second by the definition we set forth, I will discuss if this is due our modern economy or not.

4.4.1.1 What would it entail to lose out?

If we allow the social contract to penetrate this discussion, behind part of the society is being part of the social contract. If the social contract generates rights, it reciprocity generate obligations. This can be at first glans pay taxes. What about the younglings, they will not pay taxes before they are old enough. They fulfil their role by getting education. Education emphasized as important, and a necessity for a striving society (Dewey, 1986; Jarvis, 2012). They then will get skills and qualifications to then take their place in the circle of life. Whereas the end of this circle is the elderly, who have done their job for their societies, and now getting back in forms of health care and pensions. Pensions is a topic for itself by putting pressure on future generations (Harari, 2014), a discussion I will stop here. So, for those, lest say above the age for completion education are in the view working age. In this view, falling apart is not to partake in the labour market. One can also fall behind before that time. Drop out of schools are an increasing social problem (Sandel, 2020), and also the quality of the schools is causing a segregation between wealthy and non-wealthy neighbourhoods. Governments tries to have focus on this, but the issue of gentrification and housing is a further extended problem we yet have solved (Lees et al., 2013). The elderly, however, can fall behind. By not have education or not been part of the labour market over time, the net pensions in the ned will be low. And here we are the core of the problem. How much net income is the threshold for a good life?

Regardless of the size of this threshold, it could be K or X , we should focus on how to empower people to meet those thresholds. Again, according to Hyman Minsky (1965), the only way to fight poverty is enable people to find employment, either as an employee or as self-employed. In Norway this is the mantra, yet we have gained a welfare state that allow citizens an income of Y , which might be below K and X , yet decent enough to participate in daily activities. To extend this, relative poverty is when one cannot join daily activities like go to cinema, do sports activities or other important cultural elements (Foster, 1998; Moller et al., 2003). Income to buy basic commodities, join the cultural life, and see oneself as part of the cultural identity among those one live by is a criterion for being a part of the society.

In the last decade universal basic income has become more prevalent in the public discourse. The basic universal income is not set out to be high, so many might struggle to keep the daily activities most people have today. Yet, one can finally argue for us to aspire for high material standards and expectations for the future. Universal Basic Income furthermore highlights two questions. One is the funding of such scheme, which is why so few have accepted its premise, still it appears feasible (Ghatak & Jaravel, 2020; Van Parijs, 2004). The other is we need a

working population. We need to work, not just for our own good for income, but for societal purposes. We need teacher, nurser, people in constructing, workers in agriculture, from farming throughout the value chain Universal Basic income is set to give a small amount to secure basic needs and people can then choose if they want additional work for income. From a societal purpose, despite the technological advances we have, and will come (artificial intelligence), we need work, and work is a good way to join circle of life. Personally, I am a bit ambivalent on the view how some want to stand outside this circle, and somewhat harvest the good the rest produce. I really like the thinking of Mariana Mazzucato (2018) with framing value creators and value generations, still her point of view is different from what I meant about those who stand in the outskirts. I can also support the idea that people should not be given the nomadic digital working place, in solidarity to go to work among those who have no alternative not to. In summary, let us allow some to stand on the outskirts of the society, and allow some to be digital nomad and quite a few have home office at their cabin. In general, for the vast majority we are talking about participate somehow. So, this leaves the idea of falling behind, fall out the scope of where one can participate in this circle, or are allowed in, where many are set in the outskirts involuntary. Which lead us to the next section if the market generating this idea of falling behind.

4.4.1.2 Participation in the society as a right for contributive justice:

As we have set the tone of participating in the society in economic lens. I will in this section discuss the group that does not participate in the labour market, nor those who are still under education. They are on route. In context of Norway, that leave us with a population of roughly 660 000 which is approximate 18 % of the population in age interval 15-74. These fall behind the scope of what we perceive to be participate in the labour market. In this section I will aim to illuminate why, and if this is due our market paradigm or other factors.

As outlined in the section of the economics of labour market. The overall idea is that wages will find equilibrium with marginal productivity of the workers. If one's workers productivity are below the marginal productivity one will not get work and will be excluded from the labour market. That is the postulate to test in this section.

Tariffs set a minimum standard for wages in industries, and despite if the net productivity increase beyond these tariffs, the wages stay the same. For instance, how valuable are nurses and teachers in monetary sense? They gain a tariff wage, say B. And their productivity can be

on both sides as a non-monetary assessment. It can be below, and because we say their job is so important, we need to hold it at a certain level to keep recruitment and competence. An argument that might be counterintuitive, since they are so valuable, so their productivity might be higher. Mazzucato (2018) presents ideas from the pharmaceutical industry, that they take so high prices for their medicines, because they value the expected additional living years into a monetary value, and it then will be economically beneficial to pay for the medicines despite their high prices. Might be some moral arguments here, but if this is the case, for sure doctors and nurses have a productivity beyond their wages. David Graeber (2019) defines bullshit jobs as introduced to be work we do but we do not need, and these jobs are also very high paid. It is the market value that determines the productivity. Minimum wages are damaging (Friedman & Friedman, 1990), but still, we have wage regulations. Tariffs too might hold some salaries higher than their market value, for instance maintenance and cleaning. Tariffs can then work as a barrier for the number of such jobs available. Within education and the health sector, the government funds many of these jobs based on ratios for how many we need, despite wage levels. So, there will always be room for these jobs, but those who are in the private sector do not have a body as the governments to back up their jobs. Here, we can also see a clear contextual difference between Europe and the US, the former holds plenty of industries public, whereas the US and to a certain extent the UK attempts to provide the market with the regulatory force for how many jobs are to within various sectors that Europe continues to keep public.

So far not a clear indication for why so many fall behind is explicitly derived. Marginal productivity is one thing, another is the way we value and assess monetary benefits. The latter is clearly an issue for environmental and ecological systems. They are not given a monetary value, despite how important they are (Crowards, 1997; Dasgupta, 2008; Naess & Drengson, 2008). Our market-driven economy struggles to assess them or assign them monetary values. Costanza et al., (1997) have provided a calculation for how much value we gain from the ecosystems we surround us. And they receive zero monetary value, because the ecosystem provides them to us for free. The only thing we need to do is to keep these systems intact, that they have the generating force to keep these services coming.

Is it then the market that derives the issues for why many do not gain the productive level needed? The degrowth movement (D'Alisa et al., 2014; Kallis, 2018) as an economy criticises capitalism and the high material standards we live for. Doughnut Economy (Raworth, 2017) allows for plural parameters for how to assess and guide a modern economy, with scope beyond pure economic measures. The former does not address the need for work, and the latter

entails an idea that people are to be included in the labour market. But none of them discuss the underlying issues in our market driven economy. Robert Reich (2016) presents a new narrative in his book 'Saving Capitalism'. Here he presents ideas to support specific labour markets where the supply of labour at the tariff wages is too low to meet the demand. The market rules perfectly, with our intervention. It is not a discussion of degrowth, nor absent of public intervention or the private sector doctrine. It's a hybrid, a cooperation on several levels. The private can run the market, but the government allows for the existence of the market and protects the market to achieve service levels above what one would find if the same market was left unsupported.

The market struggle to allocate values, and many does not have the sufficient skills or competences to join the labour market. Background, however, is also something we know exclude people. In Norway, if you have educated parents, the likelier it is the children will perform better in school, and we also know performance in school is a key indicator for future participate in the labour market (Sandel, 2020). These backgrounds are not market driven. The market excludes on cynical grounds, yet the underlying cultural nuances is not accounted for. Keynes (1932) advocated with technological advance, that his grandchildren will not need to work in the extent we see today. One can formulate a hypothesis that if the labour market be more inclusive be open borders, and divide existent work on more people? This might break the marginal productivity theorem. Yet, a speculation can be that those in work are those who benefit from it. And they drag up the ladder for those who do not have an expected work productivity that is equal or higher than the wage rate. If we are to pursue a vision by Keynes, the enhancement in modern economy should enhance everyone's economic life, and then the global remaining work should be divided by all, which implicitly allows employees to work less. Still, if unemployment is some sort of negative externality, more jobs should be available. Hence, job creation could help consistent with a contributive justice view (Sandel, 2020).

4.4.2 Discussion of first part of research question:

Have we as a society failed those who fall behind in lens of receiving a certain income to sustain a daily life, is the premise for this section that will lead to a conclusion of this thesis first problem statement.

Throughout the preliminary parts of this thesis, a timeline is indicated for how economy has evolved. Through an anti-realist view is natural to accept changes in the economy as our modern

society evolve and adapt to new technologies. From an economy develop by moral thinkers to temporary economists who has taken new perspectives to hold on to. I mostly concur to studies and data collection that show how wages has stagnated despite increased economic productivity (Acemoglu et al., 2022; Eeckhout, 2021; Piketty, 2014; Piketty & Saez, 2014). Many argues that social economies have a great advantage because they continue to allow unions. These unions, however, do cause trouble by their strikes, but the society as general should accept these to certain view, as they generate rights for members of the society. Australia has on their side tried to cancel strikes as they did in 2011 (Rourke, 2011). US started off with their fights on strikes with Reagon when he shut down the air control strike in 1981 (Leopold, 2015). We then have data on reduced strikes over time, particularly in the US. Norway still holds strong striking rights, where these are important to make reduce pressure on devaluate benefits for employees. Yet, by have high wages, companies might adapt a view to hold numbers of employed down, and with the pressure one has on marginal productivity, this increases as the wages increase, where wages are set to be equal marginal productivity of labour. The market has gained technological enhancement that increase productivity extensively, and this has in high income regions put more pressure on productivity of labour. Norway for instance is considered ad high productive society, despite our more relaxed working environment. This is due our use of technology and high skilled labour who gains high economic productivity. For those who struggle to follow this path, also struggle to participate in the labour force. In this line of argument, it is not our market itself that generate losers and those who fall behind today. The market is here a distribution mechanism, a very cynical distribution mechanisms, that leave out those who have nothing to distribute with. From this, we have several choices, we can regulate the market so it does not appear so cynical, or we can aid those with less distribution capacity into this market mechanism. This thesis proposes a solution for the latter. Nonetheless, these thoughts do not provide an adequate answer for the question raised in this section.

Throughout history there has been unequal distribution of resources and wealth. As Graeber and Wengrow (2021) outline in their work, there has been a more ancient idea of equality and egalitarian thinking. Why else should a university hold an essay contest of the origin of an equal society? It has been, but we have lost it. The French revolution ended a regime and cleared way for the contemporary society we now live in, particularly the western societies. Elinor Ostrom (1990) frames her field work for how micro societies contribute to keep their natural resources intact. She got the Swedish national bank's memorial prize in economics, loosely referred to as the Nobel prize in economics, for her work on common goods. There has been work on the

collective good, where one is working together, and here it does mean everything has to be divided, or totally egalitarian, but the benefits are even distributed. Furthermore, focus on an equal preservation of scarce natural resources. A common understanding and collective burden for the common good is also thoughts Peter Kropotkin (1902) frames in his critique of Darwin's (1859) claim of the survival of the fittest. This on the fact that we as a society has overcome threats, barriers and has evolved as a society, a collective. It is our collective good, aka 'Mutual Aid' (Kropotkin, 1902) that has aided us to reach the top of the so far experienced ecological value chain.

A major source of financial distribution is taxes, and if we look to the US and how tax rates has changed throughout the past century, massive changes stand out, From a maximum tax rate on 90% after the WWII. Our neo-liberal market driven economy, driven by a homo economicus, we struggle to find empirical evidence for existence (Simon, 1957, 1972; Hands, 2016). Whereas this mythical homo economicus continues to shine through as the cause for massive economic inequality that has risen past decades, due to the strong faith economists hold to its in view of a maximisation neo-liberal economy perspective. This is clearly seen in how Acemoglu et al., (2022) presents findings for how CEO focuses more on profit maximization for share owners at a cost of increased wages for their workers. It in this data I concur to the idea that the market has generated losers. Technological enhancement might have a factor for why some struggle to gain a productivity that matched the marginal productivity in the market, but also how the market has been set to maximises profit for all records. Is the marginal productivity higher, than it should be? If so, then it naturally causes some to fall behind. Michael Sandel (2012) asks the question if money should be allowed to buy everything. He finds the concept that everything is up to purchase in our market economy must be morally wrong, despite we have rigged our economy to accept that a market should exist for all services and products. Obviously, an assassin is prohibited by law, so a certain touch of regulation does exist. But in general, there are things many views as ethically wrong to sell, yet, if it is not restricted by law the market is up for grab.

Many points of this thesis could even hold stronger morally arguments where many find out economy to be unethical in the way its driven. The 2010 ruling stood as a chock for many when it came, that gave enterprises as legal personal more rights to influence modern politics. Which I consider for now as a breach on the social contract and the foundation of the states. It is an own thesis in itself for how these enterprises can for instance be incorporated in a new revised social contract. Nonetheless point being is power. The force of power of what money can buy

and do, is very strong. And by not having money, you also receive less power and influence. So, for those who then struggle to get an income, also lose out in this game. That the market is so intense, and money driven which now also can be exchanged for power and political influence makes things even harder, this last point is what was shocking for Collier and Kay (2020) in their work 'Greed is Dead'. An intriguing title, and with evolution of the economy behaviour economy is more persistent.

Game theories such as the prisoner dilemma (Poundstone, 1992), or the 'Ultimatum game' presented by Harsanyi (1961) is booming in the economy. The former is a game of collaboration, where everyone is at risk, but a common decision among all creates the best possible collective outcome, still, if someone behaves self-interested, they can jeopardize themselves, and directly the other involved. Whereas the latter holds a more directly view of the homo economicus as I soon will come back to, that person A has an amount of money to share between oneself and another person B, with the crux that person B must accept the split among them for the amount to be paid out. In pure economic theory, person A can only divide out as little as one can, say 1 out of 100, where person B would accept this, as 1 is more than B had without this opportunity, so B will accept it. That is the theory, still various experiments contest this homo economicus thinking, that most person's B would not accept a so unfair share. Person A then should reallocate a higher share of the amount to be divided (Nowak et al., 2000). That three psychologists has won the memorial Nobel prize in economy says also much how economy is affected by human on our cognitive biases, or more accurate or cognitive capacity, as Simon framed (Simon, 1972) "bounded rationality".

Rationality is a key term in our economy, as homo economicus defines rationality to what generates the highest economic return for you as an person, coined homo economicus (Thaler, 2000; Yamagishi et al., 2014; Fleming, 2017; Urbina & Ruiz-Villaverde, 2019). An economic decision that increases one output without reduce others is considered as pareto optimal, which is the most decent economic outcome from a moral point, introduced by Vilfredo Pareto (1848-1923), (Schumpeter, 1949). The issue is when individual choices raise collateral damage. Like emissions of CO₂. Externalities in the economy is harder to incorporate in personal choices yet increase prices and costs in terms of fees is one way to cope with this. Another externality is when one choice of increase economic productivity like swapping out labour force with machines, is not pareto optimal in the sense that those who lose their jobs with get a reduced economic outcome as they get unemployed. Here an idea is about alternative pareto optimalization (Copp, 1987), which is about a compensation, so those who loose get

compensated. It does entail complications I will not address here. Rationality however is a diffuse term written extensively in social science. Derek Parfit (1984) in his book 'Persons and Reasons' write about several perspectives of what may motivate a person choice. Choice theory is complex, and I will not derive it further. Several has through collective ideas, and relationships disregarded homo economicus. Also, certain preferences of individualism disregard homo economicus as rising idea, despite how micro economic theories still holds on to the idea. Hyman Minsky struggle with the rationality of financial speculation, as it can destroy economies and create long-term damage for vast populations. Still it is accepted for a high risk financial sector, and no later than 2023 we had a new bank crisis, where a few banks went overboard (Ozili, 2023) .

As these crises emerge, the population is often the losers, and as the market seeks in maximize profit on money; return on invested capital, high risk if often taken. If the market is rigged in this manner, it also helps the view that many loses out.

In the aftermath of then finical crisis in 2008, millions of Americans lost their homes (J. E. Stiglitz, 2010), despite how the US banking sector was given finical rescue packages from US taxpayers. Paul Krugman (2020) would rather see a solution where families was given these rescue packages, and if these transactions was locked to be paid further to the banks, these families would not necessarily lose their homes. But bad policy created with, through a high-risk financial market. As the letter to the queen of UK in 2009, 100 economists signed a letter who claimed we did not do enough to cope with collective imaginary risk (Besley & Hennessy, 2009). The market did not consider the risk, and financial crisis was investable.

4.5 Conclusion First research question:

To wrap up this section, we have data that many falls behind, that or economy struggle to redistribute wealth, and in an even higher profit maximizing market, groups of our population struggle to keep their own marginal productivity aligned with what's expected, and they fall behind. It can be changed through regulation, yet the ghost of further technical enhancement will make it even harder for many to achieve marginal productivity. In total, market can be regulated, yet our present economy which is cynically market driven does cause many to fall behind, and to copy phrasing from Minouche Shafik, we have losers in our society, and indeed this need our attention.

5.0 An alternate path for reduced unemployment:

This section will address the second problem this thesis illuminate; *What could be an alternate path for a welfare state beyond directly payments, and are there benefits beyond pure economic goods?*

5.1 Wage settlement in Norway:

I will first in this chapter discuss why it can be difficult to just provide a job to everyone, as this thesis eventually propose. This due that we have a high economic productivity per capita, hence the first sections in this chapter will have a focus on wage settlement and mechanism in the labour market.

In Norway 'frontfagmodellen' standing strong. Frontfagmodellen introduced in 1966 by Odd Aukrust (1966; Thomassen, 2018). Erling Steigum (2018) focuses on how this model, especially in industrialized OECD countries in Europe allow competitive industries on the global stage to be first out to set the wages for the year. As these limits is acknowledged and incorporated in later wage negotiations across all branches. This is to keep wage levels to a sustainable level in industries that meet more global competition and are at higher risks for outsourcing than, for instance jobs within the health sector. These negotiations is then set between unions of the employers like NHO and unions for the workers. Wages are then set in intervals that become the baseline for wage tariffs in the labour market. In Norway we have the three parts collaboration, which traces back to 1935 (Steigum, 2018). Here the labour unions, association for corporations and the governments work together and set the further vision and guidelines together. Other European countries allowed the same policies in the 1930's too. Which is post-depression from 1929, where the Roosevelt administration set out for the New Deal, where the government was to interfere and regulate the market and get more involved. In the work among unions and corporative associations, the unions work for the workers, who are already employed. I will come back to this later, where also Steigum (2018) point out a power balance, whit those on the inside (those employed) and outsiders (outside employment) have different motives and incentives in these negotiations, nonetheless, only the insiders are represented though their unions.

As unions are reduced in numerous countries (Leopold, 2015), they are still important in some OECD countries. That is way it is so important to focus on those outside labour, the outsiders in Steigum's view, or those who lose out, or fall behind which has been the lyrics of this thesis. In Norway in 1992, 60 percent of the labour force were non-educated, which dropped to 21

percent in 2014 (Steigum, 2018). A common cause for this drop, not just in Norway is the enhanced opportunities that lays in technology and automatization (Steigum, 2018).

In modern economics there is considered always room for structural unemployment. There is some who get unemployed and never manage to bounce back into work, yet economic theory also suggest there should always be some unemployment. Steigum points out two blocks of reasoning for this.

5.1.1 Frictional unemployment:

First is frictional unemployment. Steigum (2018) pinpoints how labour is a homogenous goods, not like electricity for instance. Where our electricity comes from is irrelevant for us consumers, as all electricity is the same and functions equally. Labour is not like this. Steigum (2018) continues with the distinction of information in the labour market, and how to match job seekers with potential employers. Here factor of education experience comes to play, as some jobs demands particular skills and capabilities, despite various jobs are demanding in their own ways. As we have discussed previously with the globalisation, the labour market has changed for many OECD countries (I accept the view that this thesis holds a very high-income country perspective – unfortunate), and that they have shifted from heavy industries to more service and consumption oriented. This has created a shift in works offered, that may need new skills, personal capabilities than what was in the past. Then again, new technologies also create new jobs, with technological development, automation and artificial intelligence offer several jobs, but as the technology production is outsourced to countries with lower wages as China, Vietnam and Taiwan and the former textile industry is located to south-eastern Asia (Gereffi & Sturgeon, 2004). Those who lose jobs do no longer have the needed skills as previously discussed, and the new jobs created by new opportunities and technology are not necessary at the same spot. Technology and innovation and money flows are more global, flexible, and mobile than ever before, and those who want to continue to live on the same cite as previously, may lose out in this global game. Temporary unemployment in these shifts is prevalent, and the welfare benefits as various paid benefits in between, both long and short terms can also increase rate and length. Benefits can aid increasing odds for a good match when apply for a new job, rather than be forced to accept the first offer (Steigum, 2018). It can also be a pillow for wait, and postpone the shift, which may risk for a long-term fall out (Steigum, 2018). Overall, the benefits for some benefit or assistance for re-educate is economic beneficial for the society. Yet, this frictional unemployment is not the whole cause for the high unemployment rates several countries

experience, which leads us to other causes and mechanisms for unemployment in the labour market.

5.1.2.1 Wage setting mechanisms:

Second point Steigum (2018) addresses is mechanism in the labour economy such as efficiency and minimum wage. Here efficiency is meant by the economic output one generates to be equal the marginal wages received; I give a whole part in this thesis for this theory. What Steigum (2018) means with the idea of efficiency wages, is that some companies will provide a higher wage than necessarily. This for gain motivation, as some jobs cannot monitor efficiency for all workers. If some employees suffer from reduced motivation, productivity fall. By have higher wages, they receive more, and they also hold a higher risk if losing the job, that can motivate to increase effort at work, hence productivity. Wages as motivation factor exists, then more in sense of external hygiene factor rather than an intrinsic motivation. According to the Maslow pyramid of needs (Maslow, 1943), those at the bottom will be motivated by salaries to achieve the necessities in life. At the opposite, where self-realization, challenges and other needs, wages might not be so determinant for wages anymore. I question how much this efficiency wage theorem causing the unemployment we see, as the theorem suggest by increase wages to workers, wage gap increase, and one will allow fewer workers to keep total wage costs at an acceptable level. This might be the cause, nonetheless, I find the minimum wage theorem to hold more intuitive strength as a cause for unemployment, where the total cause in the end, I struggle to accept the view that there are enough jobs, especially full-time work as the Chinese 996 movement (Wang, 2020; Xiao et al., 2020) to be achieved globally. Hence my belief in the greater distribution and the future vision Keynes (1932) presents for his grandchildren.

Minimum wages have over decades been up to debate. Milton Friedman high protector for the free-market disgust such penetrating regulation. He put his faith in the optimalization and reallocation mechanisms in the free market. Freidman (1953) addresses minimum wages as example for his introduction of positive economy, where he argues a model should have predictive power, and for this, assumptions can be false. He even empathizes the more predictive power in a model, the more 'widely inaccurate the assumptions can be' (Friedman, 1953). Here he argues for the free market, and assumes that minimum wages will increase unemployment, and this assumption can be false in a falsification theory, yet, in the positive economy as Friedman introduced as a paradigm in the economy, which builds on the ideas of instrumentalism as scientific work, assumptions can be false, and they does not need to be tested for their realistic strength (Cartwright & McMullin, 1984). Several economic theories use

assumptions that simplifies the reality to create models that are able to predict, without consider all various complex aspects, many scientific fields do so. It violates somewhat the ideas from Popper (1934) that an theorem holds as a hypothesis and should be tested frequently until its defeated, and the new hypothesis then take the hold for further testing. Friedman does not necessary rejects this view, as assumptions can consciously be wrong, but if a model does not predict, or eventually fails to predict due surrounding changes, the model must be revised or put in the draw.

The issue for minimal wages is that this assumption Friedman addresses might hold in the sense it can cause increased unemployment. As Friedman and Friedman (1990) emphasizes how minimum wages discriminate against those with low skills, it functions as a barrier for those with low skills, hence productivity. From time to time one can read in the media how people struggle to find job, and that many first-entry jobs require extensive experience, and those straight from school or been out from the labour market need to gain this experience required. It is than a damage that such jobs that should be more easily to obtain are hard to get. Minimum wages are more damaging, than an aid for low-income earners. Friedman and Friedman (1990) illustrates by a low-skilled workers who only accepts 2 USD in salary (they take 1979 as base year, and here the minimum wage was set to 2.90 USD), the worker might do so, to get job, gain salary for daily expenses, but also as they emphasise, to receive training and work up the ladder as the experience will grow with time. Rather than force the business to pay 2.90, where they explicitly mention the remaining 90 cent is for charity reasons, they will not take more workers in, as they do not do charity. Hence increased unemployment, as some does not reach up the productivity ladder set by minimum wages.

In countries that has tariff wages, such as Norway, there is then a minimum tariff, and this minimum tariff then work as a minimum wage. This limit goes at the expense for the outsiders, who will remain unemployed, in Friedman and Friedman (1990) words, reduced opportunities. Figure 5.1 illustrates how minimum wages cause increased unemployment, and also how it is perceived in general economic theory.

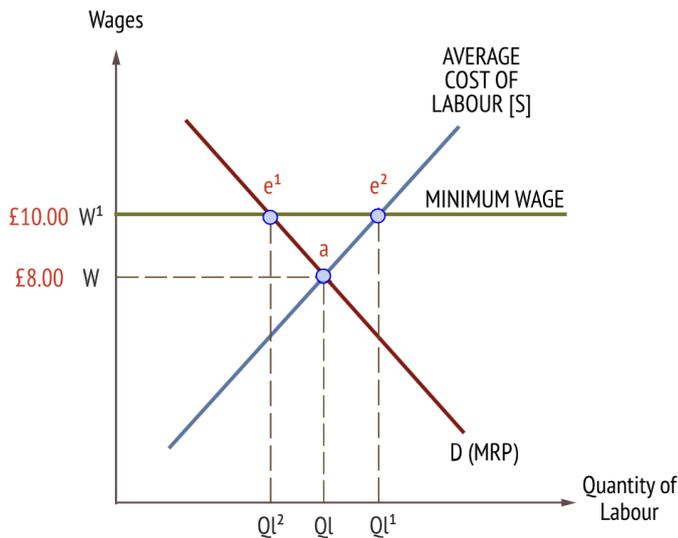


Figure 5.1, Effects of minimum wages on unemployment rate.

In this figure we see the market equilibrium in a free market postponed by Friedman, will set wages to W , which provide employment of Q_l . Thus, with the introduction of a minimum wages W^1 , this contradicts the market equilibrium, and here the employers will only hire Q_l^2 . Where then the new market equilibrium with a regulatory minimum wage goes from a to e^1 . In this figure overall, unemployment would exist, yet it now increases with the difference from Q_l to Q_l^2 in addition of what is right of Q_l .

Friedman and Friedman (1990) discuss further how the free market works, and how the free market is set to protect the actors between them. Workers are protected by the threat to go to new employer, they are protected by many employers, and as already mentioned the friction in the market, that opportunities information and mobility is not a homogeneous good, so these effects can protect the workers, as the employer might struggle to replace them. They further illustrate workers that are not protected, those with only one employee, and those with no employer at all. These falls behind. The first, they uses a baseball player that fill a whole stadium, and the New York stadium for the Yankees is the only one big enough and to utilize this players full potential, hence profits can be at max for Yankees, and they can pay the highest salary for this player, and this player is then only protected by the response of not play at all. Market equilibrium can be achieved, still I find this example puzzling, but going to leave it there, where the latter group is what is of interest, those with no potential employer at all. It is this group, that cope with daily stress, lose out and have to overwin the productivity barrier of a minimum wage where it is set. I will address ways to response to this, where Friedmans ideas

for an economy that will trickle down, I struggle to accept in the world economy we have experienced for the past five decades.

As Friedman and Friedman (1990) addresses it.

“When workers get higher wages and better working conditions through the free market, when they get raises by firms competing with one another for the best workers, by workers competing with one another for the best jobs, those higher wages are at nobody’s expense. They can only come from higher productivity, greater capital investments, more widely diffused skills. The whole pie is bigger—there’s more for the worker, but there’s also more for the employer the investor, the consumer, and even the tax collector. That’s the way a free-market system distributes the fruits of economic progress among all people. That’s the secret of the enormous improvement in the conditions of the working person over the past two centuries” (Friedman & Friedman, 1990, p. 247).

We see an increased unemployment in countries, and overall, there is a high global unemployment rate. We see a rapid increase in economic output through return in capital, financial speculation, increased returns in the real estate market, from advanced and enhanced technology, many workers do not receive the gains from this, still they work hard for the wheel to go around. In early 1900th, the CEO earned approximately twenty times more than the average workers, now it is more than 200 times the average workers, even for some 800 times the average workers (Leopold, 2015; Reich, 2019). In the working paper by Acemoglu et al., (2022), how MBA students favour maximizing profits for shareholders rather wages for the employees, that to strong degree contribute to this profit.

Nonetheless, I do concur to these economic ideas of minimum wages, but I also hold the belief it does not need to be that way. When Keynes introduced the cyclical tensions in the economy, his theory suggests in low economic business cycles, that we should increase public investment. We need incentives to reduce savings and increase spending to speed up the economy. In the opposite, when the economy is in high economic business cycles, we have a driving economy that reduce pressure on public spending, so the public sector can set aside resources for future deficits, and private consumers can increase savings for poorer times as well. Classical economic theory always considered supply and demand and did not have the tools to analyse or break throughs such cycles, that become a harsh reality in 1929, with the deep depression. In the aftermath of Keynes and his theories, I now will go into Hyman Minsky, he both question these cycles, where he tried to construct theories for a more stable economy that is not so

vulnerable for shocks and cycles shifts, and also in Hyman Minsky's ideas, he seeks more employment, actually full employment for all times, which contest the view of structural employment as previously discussed. As the deep depression caused massively unemployment, drop in economic output and devastating losses in the financial sectors as the stock market crashed (Minsky, 1993) . These results caused the idea for how a welfare state should support in poorer times, as there previously was a lacking welfare state (Steigum, 2018). This welfare state needed funding, and it wasn't clear at the time how that was meant to be, and the welfare state grow into the post-war era, and until 1970's, it was often poor funded, yet, taxes took of the burden, but after 1970' Friedman introduced a new era. And now several countries struggle a lot to keep their welfare state going. In here, nuances lay ahead. Steigum (2018) discuss how the Norwegian welfare provider (NAV) provided lower unemployment rates as the Norwegian bureau of statistics (SSB) do. This is due NAV takes the burden for people, which as they then consider as unemployed, yet SSB does. So, the number differs, and Steigum (2018) points out various reasons for why we should work for more participation in the labour market.

It is here thesis become relevant, also in how it builds more on the ideas of Minsky. Minsky (1993; Dodd, 2007; Minsky & Kaufman, 2008) criticise the capitalism economy for increased inequality, and also critics the welfare state. He argues the best way to cope with inequality and poverty is to provide jobs.

“One striking flaw of capitalism - which was identified by Marx and Keynes - is its inability to maintain a close approximation to full employment over extended periods of time. Keynes recognized that capitalism is not merely a market economy: it is also a financial system” (Minsky, 1993, p. 11).

Keynes advocate how investments, especially public investments should stimulate a falling economy, and through these financial packages, as we have seen for the past decades, can be achieved through public loans, hence public budget deficits and debt. Still the financial industry goes ahead, and the market set prices and provide demand for capital and financial capital. Without such investments proposed by Keynes, what we see is fall in investments, hence why the government should secure these, then we see a long-lasting fall in economic output which results in unemployment.

5.2 Minsky welfare-job program:

Hyman Minsky focuses on how to reduce poverty, and his proposed solution is through employment. As the life expectancy increased, social welfare systems around did not follow (Minsky, 1993), where France in 2023 had a shock wave in the attempt to increase retirement age (Le Monde AFP, 2023; Méheut, 2023). To reduce pressure on social welfare and pensions scheme, governments are forced to increase the retirement age, we live longer and working age should simultaneously be adjusted for this. Thus, as Minsky accurately describes, with rising working age, the working force will increase, and put further pressure on jobs available, and unemployment.

It is here social welfare state can receive reduced pressure on funding through provide jobs for all. In Minsky's proposal for 'Employer of last resort' (ELR) (Dodd, 2007) he propose a solution, which also make sense to fulfil a social obligation, accordingly from a perspective from the social contract. There is some philosophy in the normative work Minsky presents in a very theoretic narrative way, which I also find to fit very well with the underlying obligations among citizens and the state in a social contract context.

In this view of a narrative vision economy, as Keynes presents in 1932 for how technology is a source for prosperity through technological enhancement for all. Joseph Schumpeter (1954) continues this visionary journey in his 'History of Economic Analysis', where he sets forth various social theories. Economics over time has been theory construction through a notion of values, perspectives, ideological views, and is through the logical sense they lay upon with more advanced math and logic they spring further out in life. Still, some underlying theories and intersubjectivity gives these social theories a life, as they spring out of a social constructed theorem. According to Dodd (2007) Minsky acknowledge and emphasizes the social philosophy behind Keynes ideas, as he set forth through economic policies. Indeed, as Keynes biographer Robert Skidelsky (2003) celebrates Keynes as an egalitarian thinker, as he hold many views from a philosophical and societal stand. Despite Keynes effort for full employment, we never reached this, and Minsky here goes beyond Keynes with his ELR policy proposal. Those not employed in the market, should be guaranteed a job through a government, programme, at least for all those willing, but even more, able to work. These should be granted work, at a minimum constant wage, set by the state.

"The philosophy underlying this strategy takes the unemployed as they are and fits public jobs to their capabilities. Such public employment for adult workers would be at the national

minimum wage; part time work to supplement social security and child maintenance allowances would be available; youth wages could be set at some discount from the legislated minimum wage. This is analogous to farm price supports: the legislated minimum wage is replaced by a wage floor set by an always available alternative. Jobs will be available to all; there would be no means test for participation” (Minsky, no date, in Dodd, 2007, p. 16)¹.

Minsky (1965) argues against the investment driven economy we held. He goes beyond Keynes, where Keynes introduced investment, but left out speculation, especially from profit seeking financial investors. It is this uncertainty which scientific models in general struggle to comprehend, furthermore, it is well speculated upon in our economy, and according to Minsky, we somehow need to cope with this better. It is the cyclical instability in our economy Minsky was most concerned about. How we borrow money from bank to speculate for gains, and if these speculations fail, in vast numbers the bank will suffer, which will lead to a downfall in our economy. This was clearly seen in 2008, as many has called the ‘Minsky moment’ (Whalen, 2008; Cassidy, 2008; Bellofiore & Halevi, 2011). As recent as 2023 we had a minor crash in the bank sector, that also pushed the Credit Suisse over, one of the two major banks in Switzerland, which holds a big banking and financial place globally.

5.3 Increased employment has always been on the agenda:

Sachs (2011) presents 8 goals towards prosperity, then in the context of the US. The first is; *“Raise employment and the quality of work life”* (Sachs, 2011, p. 186, table. 10.1). In this he seeks a clear reduction in unemployment, and claims the US should aim for an unemployment rate of 5 per cent. In a continuation of this first goal, he seeks improved governance of CEO’s salaries, as they have skyrocketed. Finally, he presents under this first point increased rights and paid maternity leave (Sachs, 2011).

5.4 Increase employment and participance in the labour market:

This section will employ a response to the framework presented above. By constructing the conceptual narrative that builds upon the social contract and the ideas from Minsky (1987). Our economy can change, and we have shown that our economic history has changed in various directions across time and place. It is time to acknowledge this more widely, and follow Hyman

¹ This is unpublished work by Minsky, and Dodd provides year (1965, and page 99), Randall Wray (2007) however, cite this as no date, and I have followed this, since I have failed in conforming the year of 1965.

Minsky in his view for more employment, and inclusive labour market, is a respect to our fellow citizens. This section will bridge such views towards the social contract; indeed, the social contract has various view of interpretations, but in light of social changes and societal developments, the social contracts can be seen as binding responsibilities to a common good. I will combine these ideas to the presented framework, that will allow for the next coming sections to emerge as a discussion of these combined thoughts.

5.4.1 Social Contract in the labour market:

This section will illuminate how it can be perceived that the social contract to provide obligations and draw a path from the views it is founded on. Hobbes says we need to find the state to protect each other from us. In a world with armed conflicts, wars, tension and with a past vast presence of imperial powers, we globally how proved us wrong to cooperate. Yet, how the European Coal union forced ways for cooperation and trade, that now has created a regional democratic union, that compromise 27 countries, with a diverse background, allows to say we can cooperate. To scale it down, a nation is quite suited to mobilise domestic purpose to cope with the ideas we fight for. To allow another view, the Covid-pandemic we have left behind us, proved we can set others needs in front of our own. Some with more legislation than others, but still, it has been possible. To scale it even further down, Elinor Ostrom who build here work on small communities that cooperative handle and protect environmental resources and keep extraction to a level that does not tear down future regeneration capabilities, is strong evidence that we humans can cooperate, and that we actually need each other. Peter Kropotkin (1902) argues directly against Darwin (1859). Kropotkin argues for how we as a common society needs each other, no one survive without help among commoners. The survival of the fittest Darwin advocate cannot be right, as clothing, hunting, manufacturing, and innovative force are often incremental, which means it always builds on a former step. A step created from others. In our modern society this is even clearer, as we live in a global world, and everything is transported around the globe. Comparative advantages and trade as proposed by Ricardo (1821) has given prosperity. We know even talk about the democratic peace, how democracies do not go towards war to another nation (De Mesquita et al., 1999). This can be extended to nations that trade with each other not go to wars. As there is an implicit military order by China and US in global resource trade, that might obscure this view. Nonetheless, trade creates peace. And neither Kropotkin nor Darwin could predict the vast population we now have become. We are so many, that we do need to cooperate in greater collectives. Eastern-Asian countries are

said to be more collective than western, and the western view with me and I in front, has been at the cost of us and we, that we now need to find back to (Heine, 2015). For the purpose of this thesis, the social contract as presented by Hobbes might be what needed at the time, but for a revised social contract for the 21st century, we will not pursue these ideas further. That leaves us with Rousseau and Locke. To address the latter first, Locke (1690) argued for those who work on unappropriated land, can get exclusive rights over the land, and the state should further be constructed among the social contract from the land owners. Many philosophers struggle to accept the view of land appropriation itself, and who gains right to exclude others directly? This is coined the 'Territorial exclusion problem' (Cox, 2017; Sager, 2020), and with increased population and global problems, I am personally a cosmopolitan thinker of view. The brute luck of being born in Norway versus Singapore in terms of access to space, or United Kingdom versus Somalia in terms of access to visit other countries with passports, should not be so randomly allocated. The fact that more people live in poverty and poor conditions, does not allow the people at the top to withdraw the ladder. A state that are founded by the few that lived in time where they gained the right to take land, I cannot stand by. Rousseau then, is the one view that stand out. He also holds a more holistic collective view, we need a facilitator to bring rights and also facilitate the common, so we give the state our sovereign power to rule, but the ruling powers have strong obligations to us, a more reciprocity view for a social contract. A view John F. Kennedy tried to bring to the US; when he rhetorically asked what we can do for others.

Thus, Reagan turned this, to ask what can the state do for me? Which we have seen gave the political support for the neo-liberal market economy that struggle to incorporate the common good. As we have set the two American views aside, the further purpose of this thesis will derive from Rousseau. As Jonathan Sachs see the French constitution that builds on Rousseau, we have a right to rights from the state. As the state is founded on our own sovereignty, to keep it, it has to hold a few obligations and help those of us in need. This can be seen through a lens of welfare state as too Norway has adapted. But it can be, to aid people into employment. Say if a factory goes bankrupt, or reallocate the factories to low-cost countries, and has to reduce the work force with X number of workers. Sometimes the enterprise we work for, reallocate its workforce to new jobs, that often can be accepted. If not, some enterprises also have re-education programs, but allow for this example's sake, to reject such views. This new unemployed workforce directs their attention to the government for support. A government which has three clear alternatives; First, provide welfare benefits, such as unemployed benefits

or others. Second, is to allow a form of re-education programme. Lastly, is to see if there is an alternative position these persons can fit into. If the latter, can the state demand that someone either move to accept it, or accept it even if it is in close surroundings, for instance same city? Through the origin of the social contract by Rousseau, no clear answer is to be perceived, whereas these was not issues Rousseau discusses explicitly at the time. Yet, he did write a well-known essay on the origin of social equality, and this means, social inequity must come from somewhere, as recently published thoughts by Graeber and Wengrow (2021). For the sake of simplicity there is ground to support the view that one is to accept a job when offered, rather than derive an income from a welfare state. We are then to take a job, despite the lack of motivation and grid to take it. Thus, if the job is far off from where one live, this allows for a more ambivalent view. Family, housing, and belongings to a community can disturb this view, and governments might be precautious to take a such view. However, if the job is in close by surrounding, the view stands stronger. The state can allocate us to an income giving job, and fulfil its obligations to us, and the view that we can have a sufficient income for our personal economy. Thus, it appears easier for us to pay taxes and aid some in need, or provide extra funding to a local elementary school, rather than provide financial aid to those in distance from us, for instance the poor in Bangladesh (Dobelli, 2013; Singer, 1997). Yet, rejecting an existing job offer is not supported, and gaining job rather just welfare services also gives an emotional feeling of belongings and acceptance (Collier & Kay, 2020; Sandel, 2020). Also, allow everyone who can employment is better to cope with poverty than welfare, as proposed by Minsky (1987), even more to allow citizens the opportunity of contributive justice. In the next section I will illustrate further the idea of employment and how Minsky propose this to occur, in lens of a job inclusion framework I propose through this thesis as an alternate path to help those outside labour.

5.5 This thesis proposal:

In short, I propose through this thesis that the government should introduce a policy for those who fall outside the labour market and provide them an opportunity to gain work. Particularly I propose that among those unemployed and outside the labour market today will have great benefits and several aspects about themselves they can bring into the health care sector and provide great benefits, and contribute to the society, in combination by being provided a way to fulfil what Sandel describes as contributive justice. This follows the ideas to Minsky, that if one is being perceived to have to low marginal productivity compared to wages, in last resort,

the government should provide jobs. One can do so, directly, as provide them with jobs and a minimum wage, funded through the state budgets. This will reduce the pressure on the welfare state, where this is one of the ends Minsky seek to reach. Reduce welfare and reduce poverty. He sees this as the most convenient way, through fiscal job creation. As I concur to Minsky, I even step beyond, and argues the state should do so, as an obligation for them in view of a modern social contract. Everyone should be able to contribute, there is a contribute justice here as introduced through Sandel (2020).

Furthermore, as I propose the government to enact a fiscal job policy, this job should not be random as a 'Bullshit Job' as Graber discuss (2018). Nor as random as everything as I interpret Minsky to accept. This policy can also aid a growing problem. Norway has a huge welfare state, we have a public funded health service, and yet, we keep struggling to gain enough employed in this sector. We, as I will discuss later, has a sub-optimal utilization of qualified health workers. By introduce those on the side line, as non-educated heath workers, they can bring labour force, hours, into the health sector and reduce the pressure on those inside. Explicitly I propose a policy that nudge those on social welfare benefits into the health sector, by providing an extra direct payment for each hour worked in this sector. I presume many here will not accept a full-time job, there will be plenty of facilitation and coordination problem this policy needs to handle and coordinate. Furthermore, in long-term, through various policies many of these non-educated workers can gain experience and practice, and in long-term horizon, there should be a path to take a practical exam to become a qualified health care worker.

As a second support for this policy, if Minsky argues for how the government should create fiscal jobs, and as I support, create jobs in the health sector as an act to the obligation to the social contract, those able to work, have then a societal obligation to abide, in lens of the discussed social contract. As we all are a part of the society, we are to think us, as a common population. Minsky addresses those able to work, and obviously, there are many unable to work, that should receive social welfare benefits, but many are able to work, and this policy is set to nudge more people to accept a job created by the state, in this proposal in the health sector.

Their job can be as easy to sit at an elderly home, drink coffee, play games, socialize with the residents, and reduce risks of dementia, boredom, and loneliness. As easy things, the educated workers at these institutions struggle to get time to. It can be reducing risks of depression, go for a stroll a nearby park, very easy things. With time, the tasks can be more complex, as one starts training and further education as this policy should allow.

I will discuss various tasks, how the health sector work force mix is, and economic perspectives for this proposal later. Everything is drawn to the beginning that these people have too low marginal productivity, hence why they are unemployed. If we cannot increase their marginal productivity in the labour market, other policies should be enacted, and since these people already gain welfare benefits, we can ask something in a reciprocal way, as the modern interpretation of the social contract I lay forth here. In the coming I want to address the issues of the marginal productivity, and how it works, and why it causes so many in our high competent and high productivity economy to fall behind.

5.6 Marginal productivity:

Basic economic theory states that wages shall be equal to the relative marginal productivity. This is the golden standard within economy, yet Joan Robinson (1967) struggle to find empirical evidence for this. As we also have stated, wages in the modern economy have stagnated while our economic productivity has continued to rise. What's been coined the 'profit paradox'. In this section, the idea of what marginal productivity is will be elaborated more in depth. Then Joan Robinson critique will come to light, where I lastly will address why none of this matter in our modern economy.

5.6.1 Marginal Productivity:

A main thesis in economics is that wages equal the marginal productivity of labour. This section will address this and contest this postulate. Furthermore, as Smith (1776) discussed how quantity of labour increase economic output, Joan Robinson (1967) has emphasized that quality might be more important, and yet this is not even considered in this main theory. Robinson's critique on the theory of wages to be equal marginal productivity is an essential part of her work (1967). This section will first address marginal productivity in its plain sense, second address Robinson further work, and lastly, work in more recent times, that both conceptually and empirically contest this theory.

Adam Smith (1776) accepted the view of individualism, yet, as he stated very clear in the 'Wealth of Nations', that we all partake in the value chain for maximise output and specialise in various tasks. For ourselves, but our good comes the general common to good as well, in a synchronized harmony. In his work he exemplified through a pin factory, if we all specialize in a very limit task, we can produce more, rather than continuously shift between different tasks. An idea that the Norwegian labour force would not be a found off, and I also presume other work cultures would dislike this perspective as well. We humans need stimuli change and

environment of inspiration, work in a factory as many does today, is not something all strive for. Furthermore, the underlying point here is that Smith was more occupied by the idea of labour force as an quantity of an extra unit rather than the quality of this input (A. Smith, 1954; in Kryńska & Kopycińska, 2015, p. 40).

It is this extra unit that is the key essence of the marginal productivity labour theory. Which is through adding one extra unit, what is the marginal benefit by this extra unit. The optimal equilibrium in the labour market is then where demand and supply meet each other, and one utilizes labour to the extend where there is no more profit to gain by adding one more unit. In economics, this is viewed through the production function, which has the following mathematical form; $Q = f(K, L, M)$. K is noted capital, L is Labour, and M is materials, both raw materials, but also processed materials further up in the value chain.

As this thesis focus on those who are unemployed and fall behind in the active labour force, they have an economic output which is lower than what they economically produce, determined in a market economy. Which might not necessarily value contributions and hours work equally. Furthermore, if the profit is much higher than the wages, one can hire more, as one can still produce more and achieve profits. Lastly, this theory builds on various assumptions of the free market, transparent information flow etc. Many argues against these assumptions (Hausman, 2008; MacKenzie, 2008), however, later I will discuss other issues about this theory, I find more significant. Still, for Norway, wages are set through negotiation, and we do have a tariff wage, so the marginal wage idea not the leading persistent theory in the Norwegian labour market, which is what will be discussed further in this thesis.

5.6.2 Joan Robinson:

Throughout her career, Joan Robinson (1967) was concerned about the theory of wages to be equal marginal productivity. As she denotes; in the Soviet Union wages was equal to the plan, and for enterprises in the former Yugoslavian republic, enterprises set wages accordingly to the distribution of accumulated wealth. Where this had a clear opposite post, investments. The more investments, less wages, and opposite. The theory of marginal productivity according to Robinson (1967) is only fitted in a market economy where the decision of add extra labour force. An enterprise will not add extra labour force if the estimated wages will reach beyond the net benefits from this labour. Thus, this is not the same as that wages are equal marginal productivity. If the extra labour cost is less the estimated benefits, it does not mean then in practice that the extra revenue gained will go to increase wages. In the production function, when its derived, one focus on one variable, and keep the rest constant. There are further

assumptions but let's keep to the idea to segregate the variable, as there is no elasticity, nor substitution. Nor any further need of other input variable as the labour increase. Hence, the marginal productivity, if increased should go to wages, on the outcome of the labour. The spare extra on capital, or materials goes to investments and other return on capital. Still, the idea that no extra profit on labour goes to the owners, I found hard to believe. Same does Robinson; "In our primitive model, when the landlords employ workers, the margin product of labour covers both the wage and profit on working capital" (Robinson, 1967, p. 82).

To continue in the agricultural sector and illustrate how the marginal productivity is set to work, Robinson (1967) illustrates how an acre is more utilized with more labour, wages increase and result in less employed. This is due if the prices gained in the market is too low, and the profits shortfall, there will be no room to employ new employees, as the extra output they produce does not reach the new wages set. Robinson then postulate that some will offer their labour for less, and this again drive demand, particularly when more people do this, so there is more demand for labour than what is available. Then the wages raise again, to the hypothetical equilibrium which then arises in the labour market, which then equals to the marginal productivity, in this case the sector of agricultural and available land. Wages will go up and down, and some gain more than other, but the equilibrium accept such deviations. Still, for the landowner, a profit are to be gained, that also covers the profit on wages.

This derives us to the point of no constant variable, as Robinson (1967) set out, if we allow two variables, land, and labour. Labour does not gain any benefits in the agricultural sector if there is no land to work on. More labour usually corresponds to more land.

"When peasants finance themselves and hire land, their income is not a wage. Let us introduce an embryonic capitalist into the story who provides finance, lending corn for the wage fund to the landlord in the first case and the means of subsistence to the peasants in the second. Then the rate of interest will vary with the amount of finance available and the degree of competition among lenders. The rate of interest and the time-pattern of production determine the share of profit in the excess of proceeds over rent. The marginal product of labour is equal to the wage only when the rate of profit is zero" (Robinson, 1967, pp. 82-83).

Joan Robinson also takes up on this issue of interests on capital. Whereas landowner gain rent on land that is farmed or used particularly in the time for agricultural purposes. They receive benefits from the soil; however, the landowners do not work on the land explicitly. They have workers who then receive wages for the labour they put down into the land. David Ricardo

(1821) was interested in increased economic output on capital as rent for landowners, and how this particularly benefited the landowners. Thoughts Henry George (1879) built his thoughts upon, and how he perceived this to be unfair for the working, particularly in his work 'Progress and Poverty' (George, 1879). Paul Collier (2018) has in modern times elaborated more in this with land, and increased profits on rent of land, and has advocated higher taxation this. I will leave these discussions for a later occasion. Piketty (2014) in his second law of capitalism discusses how return on capital grows faster than the economic itself, as its located to few hands. To derive us back to the point and critique of the marginal productivity, Fred Moseley (2014) criticises Piketty for his misinterpretation of the marginal productivity. Which leads us to the more contemporary work on the marginal productivity of labour theory.

5.6.3 Marginal Productivity labour theory today:

As stated, some countries, like Norway have a high degree of tariffs in the wage setting. Some countries follow other structures, and the US for instance who has fought against unionisation (Sachs, 2011; J. E. Stiglitz, 2019; Leopold, 2015), how a declining middle class and still struggle to recover from the main outsourcing due to the globalization. I will start off with some brief empirical studies, then I will head over to further theoretical discussions about wages, that Fred Moseley (2014) provides a thought-provoking conclusion.

Kryńska & Kopycińska (2015) starts off with how wages have been agreed upon over time has been for debate among economists since the early start with Adam Smith (1776), but also David Ricardo (1821). The former argues for how accumulation of capital is the main drive for economic growth, and this capital is accrued through savings, savings which is derived from labour (Kryńska & Kopycińska, 2015). This are thoughts that follow greatly with Piketty and his second law of capitalism, and Thomas Piketty has done immensely work for how accrued capital reaches few hands, and there is a high degree of unfair wealth distribution across the globe Elgin & Kuzubas (2013) has also done empirical work on how there is a wage-productivity gap. If the wages are equal marginal productivity, there should be no such gap. Elgin & Kuzubas (2013) has done a comprehensive study based on OECD data, yet they emphasize how these numbers are highly aggregated, and more through studies on branches sectors etc. Should be conducted. Yet, as they find this gap among 31 countries within OECD. Same authors has done more explicitly and narrow studies in individual countries too, for instance Turkey, and also here there seems to be empirical findings for a gap tradition economy does not hold (Elgin & Kuzubas, 2012). David Graber (2019) in his work 'Bullshit Jobs' asks

why some earn so much, and do so little good for their society, and yet, some do so much important for the society there are a part, still have a non-living wage. This thesis includes the decay of unions in some countries, and also reduction in strikes (Leopold, 2015). In New York, the garbage workers strike, and as the strike lasted New York become dumped in garbage, and soon everyone realized, we need those who pick this up and remove it (Burnstein, 1990; Shefter, 1992). It tells us also some about our consumption society, but I will leave it out. Point be, we depend on so many workers across various industries, and who set the wages, and who gives the value for what's important, and what is useful, the market. David Graeber (2019) goes a bit against the morality and the reasoning for this and discuss for it may not be the case that those who actually produce great outcome vales, receive the goods from it, as we have various ways and means to determine economic output. For instance, those in the financial sector is considered as high productivity workers, but as Graeber synthesise, some are, but not all (David Graeber, 2019). Taleb (2005) have argued for the same in the financial sectors, that many have built their careers on more brute luck, rather than directly skills in their field. Here I have presented some more empirical data work, and so vaguer, but for me the work by Graber is intuitive, and it is also the emotion and state of mind I do have. I struggle to accept the view for who set the wages, is the productivity they give. An anecdote can be externalities and how we as an economic society struggle to value no monetary goods, like water, fresh air, and our eco system in general. Some have tried, yet their thought are not persistent in the society (Costanza et al., 1997). I can support this view to be valid for wages too, what we measure is not what we should measure, which also is a though used in several fields, including happiness (J. E. Stiglitz, 2019). Now I will continue this discussion in a more theoretical world, where I particularly are influenced by Fred Moseley (2014).

His main postulate is "*Marginal productivity theory continues to be invalidated by the non-widespread existence of marginal products*" (Moseley, 2014, p. 8). This is founded on the point Robinson emphasised early on, how wages as an input cannot be set in the model itself (Moseley, 2014). Robinson (in Moseley, 2014) criticises how we take prices as given, in a model where marginal productivity is set to set the prices. Joan Robinson (1953-54, p. 81, in Moseley, 2014) argues for how the main neo-liberal thinking around marginal productivity has one great achievement, 'miseducation'. Moseley (2014) discusses how to keep variables constant in the production function cannot be the case as the assumption of these variables are not always as independent as we perceive them to be. Moseley cites Miller (2000) on this matter, as the strongest argument against the marginal productivity theory is the fixed proportions,

which is the quantity of how labour, and for instance capital work together. Moseley also discusses the diminish returns on investments, and the paper is an overall critique of the misplacement theory of Thomas Piketty within the theme of marginal productivity. Moseley argues this theory does not hold, and ends the paper with a quite harsh conclusion, where he does not see the wages to be set through the marginal productivity but rather set with the power balance in the society as a class conflict. This falls really in the words of Marx and Engels (1975). As the appendix in Moseley (2014) states, Picketty appears to have misinterpreted Marx, and find Marx work hard to comprehensive, I then will not attempt to interpret Marx.

Still, this section has been more on those in work, that might not get paid as deserved. This thesis focuses on those outside labour, those on the platform left behind as the economic train departs. They have in the new era not the adequate skills to gain tickets for participating, their marginal productivity is too low, compared to the output they create. We can discuss the idea that they might have, as we derive back to the brief discussion of how we evaluate and assess productivity. Thus, this discussion, some would still have a to low marginal productivity. In that sense, the theory is valid, and the theory is valid for whom this paper concerns.

5.6.4 Why does this not matter in our modern economy?

Minsky says it so poetic, raise minimum wages is just an empty gesture, it will still give the unemployed nothing (Minsky, 1987). Here I will address the issues with marginal productivity because it is only valid for those who has a high enough productivity to be counted for. By counterargue the profit paradox, one helps those already in labour. If one claims their salary is below the marginal productivity, it should in economic terms increase. Those unemployed however, have a marginal productivity that is low than the general wages. By hiring a low productivity worker, the enterprise will suffer from increased costs and steadily low productivity. So, one does not hire people on these terms, that does economic sense. Therefore, it become more important to increase the productivity, or the functions to improve capabilities in an Amartya Sen idea, then the wages and labour participance will come by itself. Yet, this is more easily said than done. There are various reasons for why some falls behind in a marginal productivity matrix.

If we coin wages w , marginal productivity αY , we get $w = \alpha Y$. Various ideas presented above in section of economic history and where our economy started to fail the common good is worried about that $w < \alpha Y$. Nonetheless, issues we present here is when $w > \alpha Y$. When your

productivity is too low, no employers will accept your services. With the result that many then have to stand outside the labour market, which breaks their access to contribute directly to the economy. Yet, they can do volunteering and other activities. To participate in the local community is important, and to actively engage is even more important. One can do volunteering, and one can work, and other activities. But the idea for a welfare state is that everyone contributes and work, that then increase taxes that works for the welfare state. This can easily be understated by the vision for the Norwegian tax administration; ‘Namely to secure the financing of the welfare state’.

Furthermore, give advocate income for the people is an important economic goal. For politicians to provide sufficient income for citizens through employment, so they can gain sufficient lives, although material wealth does not exactly provide happy lives, but that is another debate. From a social contract point of view, we can see it as important for the politicians to create jobs. Another economic perspective for why Keynes advocate full employment is to keep demand. And this is also the core in his work, keep demand up, to create a more stable economy. Keynes publishes his immense work in 1936, as a result of the great depression in 1929. Without interfering with Roosevelt, Roosevelt's New Deal had a Keynesian touch, that the government should and can stimulate the economy to keep up demand. This through fiscal and monetary politics. By keeping up demand, keep people in productive work, the demand and growth of the economy helps reduce the shocks in the economy. Yet, as we have discussed with Minsky, shocks can too be prevented with other regulations, particularly how we regulate and legitimate the financial industries, with banks and more importantly, financial speculations (Minsky & Kaufman, 2008). By keep up demand and the activity in the economy, we gain the self-fulfilling economy that once again allow for more employment. With more technology and automatization, some fair that the working age will come to an end, and who will this benefit. Stiglitz (2019) for instance asks critical questions in a time of AI and technology, will we be even close to keep up employment rates? If we are not, what then. The answer here is by many higher taxes, which we seem to suffer from, another idea, yet not fully scratched out how to come by, is universal basic income. Universal basic income for sure fulfil the idea for a income for the citizens from the state – since it is obviously enough, that is should come from the state. This is intact with the social contract, but this is not a long-term idea. Long-term idea that also keep public budgets intact and in balance is employment. Hence, the importance for work and employment, far more important to allow the market cope with this

alone. This perspective will shine light for the next section, where I will discuss more in depth how the Norwegian labour market function.

5.7 Norwegian Labour Market – With international comparisons:

The Norwegian labour market contains three central group. The government, employers' workers unions (which still stand strong in Norway) and the industries (business) through a common organization that negotiate and lobbying towards the governments and workers unions on their behalf. In the latter, NHO (The Confederation of Norwegian Enterprise's) is the biggest one. When it comes to worker's rights and unionisation, they stand strong and are well bedded in regulations. However, when the annually negotiations for benefit packages, that includes wages is on the table for negotiation, it is NHO and the biggest union LO (The Norwegian confederation of trade unions) who negotiate this, and then these early negotiations set the tone as benchmark for the rest of Norway and the coming negotiations across all branches and industries.

Often these federations and others are unable to find common ground and strikes occur. No later than in 2023, it broke out a strike between LO and NHO. As said, the striking rights, and the use of it is both strong and high in Norway. The right to strike is high across Europe, but the US has slowly fall apart. As strikes in Norway continues to be high, the US is in stark contrast has experienced a rapid reduction of these, where former US president Reagan set the tones with his lockdown at the air traffic controllers in 1986 (Leopold, 2015).

5.7.1 Dropouts in the Norwegian Labour Market:

This section will address those who falls behind. As the section above has addressed those who participate in the labour market, the issue this thesis seeks to highlight are all those who are not able or given the chance to partake. That many drops out or fall behind is common in Norway, despite our visually statistical low unemployment rate. This section will address this unemployment rate and decompose it, where the actual status quo is not so good in Norway. We are allowed to have this because our strong welfare state, and here the social contract can be seen fulfilled from the state, by provide everyone with an income that can provide a sufficient life. Nonetheless, is this too easy, and has this sufficient life enough variables to give a sense of commonness and feeling of mastery give some subjective well-being? These are core questions

for this section. Where I first will decompose the unemployment rate, second, I will present some technical economic ideas about marginal productivity as index for wages, before I end this section for how and why Norway then has allowed themselves to have such a strong welfare state.

According to this thesis, I have discussed how Norway have a great deal of social welfare benefits, which I aim to reduce, where one should be able to work, if not in the open labour market, through a governmental funded job, as Minsky propose. Yet, there are other alternatives, and OECD (2023b) has conducted studies for how much OECD countries spend on various subsidies. Which ranks from training activities, wage subsidies, other directly jobs, in addition to social welfare benefits as unemployment benefits. In figure 5.2 we can see that Norway in comparison to OECD countries perform quite well. Norway spend only a fraction of their GDP on such activities. Approximately 1.75 per cent of GDP. Spain for instance, who suffer from a high degree of unemployment among youth, spends 4.5 per cent of their GDP on unemployment related activities to increase participation in the labour market. The status quo, here in Norway is not that bad, yet, as we already have seen, we spent huge amounts on those outside labour and education, whereas many already receive other social welfare benefits and are then in view of NAV, outside the pool of unemployment. This thesis will then implicitly suggest that we can allow ourselves to increase spending accordingly to GDP on such activities to increase labour participation. Frankly we score low here, and there is indeed room to increase.

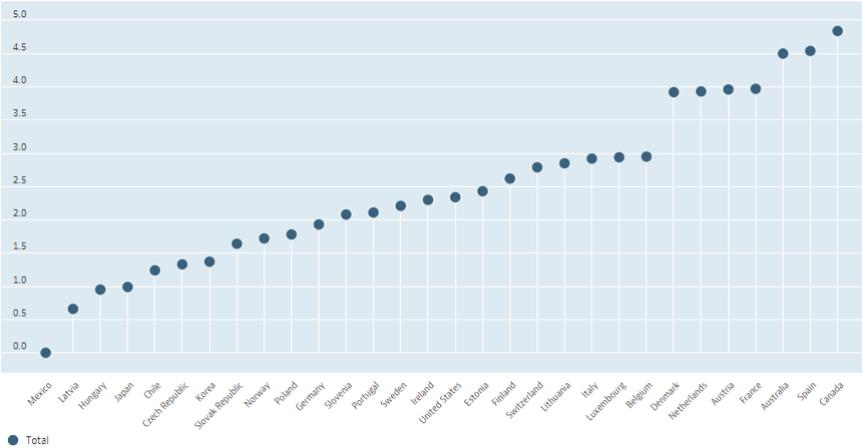


Figure 5.2 (OECDa, 2023), Public Spending on labour markets. Total % of GDP, 2020.

On the other hand, we have a great deal of employees in the governmental sector. Norway have a public education, from kinder garden through high school and the university sector. With

public health care sector, from hospital, to long term rehabilitation, and elderly care, we are prone to a higher share of the labour force in the governmental sector, than other countries who have more limited public services. Yet OECD (2023c) data show that Norway has the highest share of the active labour force employed in public sector, higher than any other OECD country, and with this proposal this thesis holds, it can increase further. With low unemployment rate, the increase will be a bare minimal, and I also believe it is positive in view that Norway have another point of view of health care than other countries, who expect more help from close family (Alcock & Sadava, 2014). There are positive effects on this, if this expectation in Norway, who rely more on the government to be fulfilled, than the criticism against a growing public sector. Another stronger objection is that if we reduce unemployment with one per cent, it is not that much, the numbers increase rapidly if we gain an increased share of those almost 20 per cent outside labour into public sector, then we talk more about a scale maybe of 5 to 10 per cent. With an active labour force take about 30 per cent a job in government if we increase this force, and they continue to go to public sector, an objection in long term will be funding. Norway has it oil fund, yet, as most countries, the future is uncertain, and we will transmit from an oil dependent economy to some new industries yet to be developed. There is a concern to fund such a huge public sector. Taxes can be a way another is to reduce the welfare payments can also be a self-funding idea, if we allow people to contribute, and gain self-esteem rather than directly pay outs, which ideas to universal basic income, many find hard to finance.

OECD offer statistics on social services in relation to both GDP and taxation. The latter is interesting. With fewer employed, reduced income for the government, which then put more pressure on state finances. If only on fifth is in work, and this number decrease over time, by combining this will increase elderly population, that have high pensions and costly benefits, this pressure will be higher for the employed population to satisfy. We saw recently in France that they wanted to increase retirement age, which caused vast demonstrations. Minouche Shafik addresses this in here book of a revised social contract, that we are to renegotiate pensions and other social welfare schemes, in light of more contemporary times. Population ethics is an aspect to address which I will leave out. Somehow another view to consider is what comes forth in Harari's work Homo Deus. Increased health, at least for the affluent, will allow the elderly population to live longer. With low retirement ages, and increased automation and AI, more pressure on those n work. AI is something many discuss rapidly, but if we are to fight poverty and to some idea keep social cohesion in societies, full employment is the political goal. Then the strive for this is important. This is foster that the population too want to gain work in

some form. I can allow the idea for reduced working hours, in form of 4-day week or 6 hours working days. This would more easily allow more people to work and share the burden. In high competence societies as Norway then, the competence, skills and capabilities must be in place. Education is the prime factor, not necessarily higher education, or as we somehow see in Norway with a master's degree hysteria. It can be more practical educations too, which too are important.

In 'Homo Deus' (Harari, 2016), Harari goes against death itself. And draw lines for where medicine and technology might take us, and he even discuss a life expectancy of 140 years. This is far out in time, but there is no doubt that we live longer, we even live longer with an increased well-being. France now tries to increase retirement age, as the low age they have is costly. In a century, which might be our most advanced century yet, average retirement age increase by 0,2 years table 5.1 Pensions is costly, and it puts pressure on future generations. With more people falling behind the labour market, but also when wages stagnate, undoubtedly it becomes harder to allow such generous pensions forms we now have. Either more people need to work, or more taxes must be applied. By leaving the questions of taxes aside, the former is what's left.

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	1949	1958	1971	1983	1989	1993	1999	2002	2010	2020	2030	2040	2050
Australia	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	66.0	67.0	67.0
Austria	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0
Belgium	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0
Canada	70.0	69.0	68.0	67.0	66.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0
Czech Republic		60.0	60.0	60.0	60.0	60.0	60.0	60.5	61.0	62.2	63.5	65.0	65.0
Denmark	65.0	65.0	67.0	67.0	67.0	67.0	67.0	67.0	65.0	65.0	67.0	67.0	67.0
Finland		65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0
France		65.0	65.0	65.0	60.0	60.0	60.0	60.0	60.5	61.0	61.0	61.0	61.0
Germany	63.0	63.0	63.0	63.0	63.0	63.0	63.0	63.5	65.0	65.0	65.0	65.0	65.0
Greece	55.0	57.0	57.0	57.0	57.0	57.0	57.0	57.0	57.0	60.0	60.0	60.0	60.0
Hungary	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	64.5	65.0	65.0	65.0
Iceland		67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0
Ireland	70.0	70.0	70.0	70.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0
Italy	60.0	60.0	60.0	55.0	55.0	55.0	55.0	57.0	59.0	61.0	65.0	65.0	65.0
Japan		60.0	60.0	60.0	60.0	60.0	60.0	61.0	64.0	65.0	65.0	65.0	65.0
Korea						60.0	60.0	60.0	60.0	60.0	62.0	64.0	65.0
Luxembourg	65.0	65.0	65.0	65.0	65.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0
Mexico		65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0
Netherlands	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0
New Zealand	65.0	60.0	60.0	60.0	60.0	60.0	61.1	64.1	65.0	65.0	65.0	65.0	65.0
Norway	70.0	70.0	70.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0
Poland	60.0	60.0	60.0	60.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0
Portugal	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0
Slovak Republic		60.0	60.0	60.0	60.0	60.0	60.0	60.0	62.0	62.0	62.0	62.0	62.0
Spain	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0
Sweden	67.0	67.0	67.0	67.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0
Switzerland		65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0
Turkey			60.0	45.0	45.0	45.0	45.0	44.0	44.9	48.6	53.1	57.7	62.3
United Kingdom	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	66.0	67.0	68.0
United States	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	66.0	66.0	67.0	67.0	67.0
Average	64.3	63.9	63.8	62.9	62.7	62.4	62.4	62.6	62.9	63.5	64.1	64.4	64.6

Note: Germany refers to West Germany for the period 1949-2002. Czechoslovakian data are used for the Czech and Slovak Republics where appropriate. Where there is more than one value per calendar year, these have been averaged. The recent amendment, in the United Kingdom, to the rate of increase in pension age is not reflected in the table.
Source: National officials, OECD calculations and Turner (2007).

Table 5.1 (OECD, 2011, p. 25), Men's pensionable age in OECD countries, 1949 – 2050².

With rising retirement ages, people stay longer in work, at least for those who have. This increase the barriers for the youth in some means to enter the labour market, and as we already have seen, even in OECD countries there is a high unemployment among youths. This is why it is important for the government to address these issues and front policies that present solutions to provide its citizens with an opportunity to gain an income for daily life and create a more stable economic future. Where this thesis presents such policies in light of job allowance in the health sector, which in Norway is primary public funded.

² Females retirement age in same time period is reflected in the same report, page 26. Overall there is a trend that females have a lower retirement age, nonetheless, that is irrelevant for the discussion and point being presented.

6.0 Discussion of proposal in view of the Norwegian health sector:

This chapter will address the proposed policy in the Norwegian health sector, and which other problem the proposal can be a solution to.

6.1 Background on the labour force mix in the Norwegian health sector:

The health sector involves various of professions, where some require more complex training than other, but everyone involved fulfil a role, there is an interdisciplinary dependency among the professions. In this sphere of interdisciplinary tasks, it is not necessary that the one most qualified do the task, it can even be in a pressurized situation, that some not what qualified must to a certain task. Nonetheless, as presented by Ingvald (2019), there are some tasks nurses claims they do as is not directly involved in their daily tasks. Some argue it is necessary for nurses to do these tasks as well, rather find anyone else to do them, as this might not be a time efficient approach. On the other hand, nurses can do tasks that doctors usually do, and non-educated can do tasks nurses sometimes does, but not as a necessary task. In this former part I propose we can involve those standing outside labour, who will bring a contribution effort to the table, and solve some of the issues seen in the health sector today (Myhrer, 2023).

6.1.1 Working in the Norwegian Health services:

This section will discuss concerns debated about the Norwegian health sector for years, due an aging population. This thesis not only propose an idea for help those outside labour to be included, but it also suggests a solution to the predicted concerns in the health sector. Particularly as it increases involvement and human resources in the health sector.

Recently a public commission published their work on the future organizations and challenges for the Norwegian health services (NOU; 4, 2023). Among the recommendations and conclusions was, there will be no increase in hands (a metaphor commonly used in this sector for human resources). From the OECD report on the status quo of Norway in 2011, Norway ranks at the top end in employed people in the health sector in relation to our population. We then, already have more hands than our counterparts (other OECD members). So why will this thesis then propose an increase in these services? There is counterintuitive point that there is a need, nor resources. Norway has a low unemployment rate, and within economic theory, a structural unemployment rate should be found at approximately 2,5 % (Steigum, 2018). According to the Norwegian statistical agency (2023) - (SSB), we have a unemployment rate at 3.4 %. This is compared to the available work force, but if include those who are on societal benefits, hence excluded from this population, we are below 2 per cent. Norway has by June

2023 an unemployment rate of 1,7 % (Sandblom, 2023). Thereby, our unemployment rate is below an expected structural unemployment rate. A brief conclusion here is that we do not have access to the increased hands. There are not enough unemployed in the market. Particularly with advocate skills and knowledge to fulfil further roles within the health services.

For two reasons this thesis suggest otherwise. First, the same OECD reports tell us another narrative, we have more people outside of the labour market than any other OECD member. This as percentile of population. As Stiglitz (2019) discuss future labour market, and unemployment, we are to focus on full employment. Despite how technology challenges this, but employment should be a future goal, and the government is to act on this. Such an act can be, to allow people do good where needed. Stiglitz point out teaching and education for instance, where Norway too would need more reinforcement. Reinforcement, despite the public report in Norway is needed in the health sector. And to increase workers here we keep activity and employment. Second is, we know from various reports in Norway that many doctors and nurses, and other healthcare workers use less and less time on actual healthcare tasks. Both the health commission (NOU; 4, 2023) describes this phenomena, which also the Norwegian nursing association have written several articles about (Bergsagel, 2019). They fill their days with paperwork, struggle with poor journal systems, are more social workers (as many struggle with loneliness and boredom). That nurses use their day to serve coffee to elderly, serve a purpose. But as this thesis supports, we can reduce such tasks for the qualified healthcare workers. These people should use their experience and knowledge to complete healthcare tasks. Then other, such as random unqualified people who need a job, can with minimal training do more social working tasks. Serve coffee, sit in the living room in the elderly homes (since Norway has a politic that the government should take care of the elderly, rather than family), and keep they cognitive busy, and reduce boredom and loneliness.

That Norway has the highest ratio of workers in the health sector, should raise the question of optimalization and efficiency in how we structure and organize our healthcare. Yet, we have afford to it, and we have until now aimed for the best practice possible (omsorgsdepartementet, 2023; Skogstrøm & Dommerud, 2023). A policy goal we are about to abandon (Skogstrøm & Dommerud, 2023). Still, by allow healthcare workers to do more healthcare related tasks and allow unemployed and unqualified workers participate in this sector is still a win win situation. It is at a cost, where it is two folded. First the premium suggested for those who accept to work a few hours or a day a week as social workers. The other is the required minimum training and the extra facilitating needed from the particularly elderly homes, since these are most prone for

this policy. This policy will too however, have great benefits. By reducing unemployment and give purpose for those who falls behind. Allow the social contract to be fulfilled by allow some to participate and make a purpose of their day. Create belonging feeling of mastery and also reduce loneliness for those who fall behind. This has a great mental health benefit attached to it. Those who fall behind suffer from depression, and other mental health related issues, among stress. Give these people a new vibe, a sense of craftsmanship through take such task as social worker in healthcare, this has strong benefits for our communities. Not at least it free time and allow our healthcare workers do what they can the best, provide healthcare services. A positive externality here is that we can also increase the services and quality at our healthcare system, Norway suffers from long waiting lines, and this policy can reduce these waiting lists.

6.1.2 Employment in the health sector:

This part will briefly sketch out how the mixture of the labour force in the Norwegian health sector look like, compared to the international mixtures. If we look at figure 6.1, Norway score high both in terms of nurses and doctors to every 1000 citizen, this compared to EU/EEA countries in 2019 (NOU; 4, 2023). With approximate 18 nurses and privately 5 doctors for every 1000 inhabitant. In the figure, no EU/EEA country rank higher in terms of access to nurses, doctors however some country rank higher, but in a combination Norway in comparison in these statistics, scores outstanding. These numbers are high in this comparison, and according to the Norwegian health commission (NOU; 4, 2023), we are not estimated to increase this ratio, where Norway will have a quite stable population growth and minimal increase in active employment in the health services. This despite they point out various intervals for predicted abundance in future demands, where in a low interval for future needs, we will have a total lockage of 14 100 (Jia et al., 2023; in NOU; 4, 2023, p. 33). A high alternative abundance is set to be 123 600, and there clearly a high need for educated health personnel in the future, a number Norway is predicted to struggle to reach. Where these numbers set out are mainly due to trained and skilled health employees. We focus that some of these can be swapped with non-educated health workers, where they can be given training and gain further experience. If we also adapt a policy where one can combine working with formal training, reach the minimum level of education in Norway; healthcare worker (helsefagarbeider)³ can be achieved.

³ Healthcare worker is translated from the Norwegian profession 'Helsefagarbeider' which is a senior high school education, based on two years of basic school at high school with focus on health-related courses, with is followed up with two years practical training through a form of trainee position at a local health centre, or a

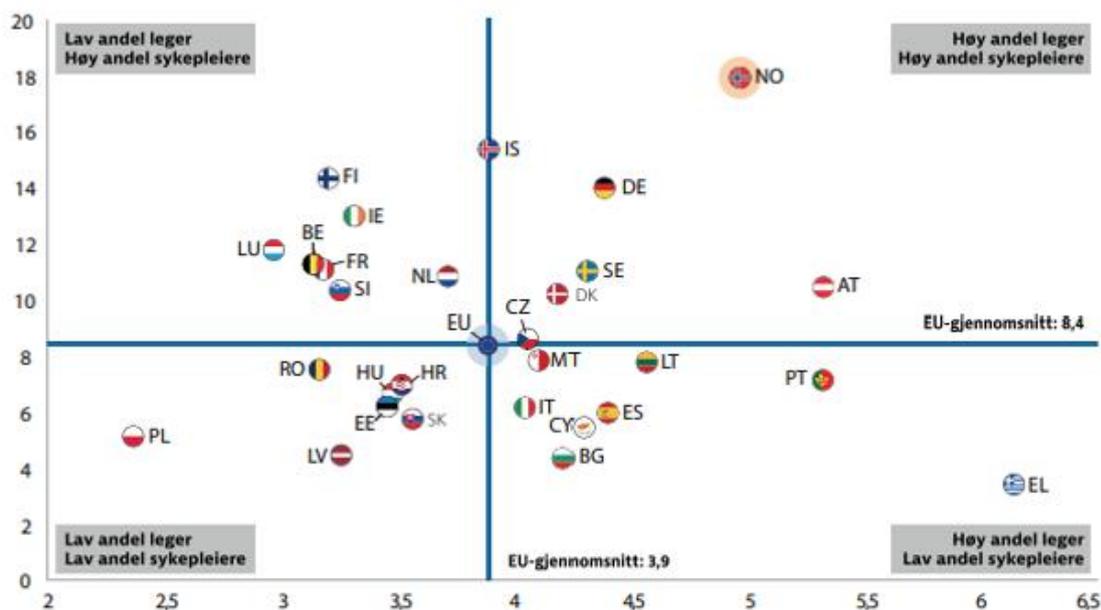


Figure 6.1 (Retrieved from NOU; 4, 2023, p. 28), Practising nurses and doctors pr. 1000 citizen in EU/EEA in 2019.

If we look at the OECD statistics, accordingly with 38 OECD members states in 2021, they introduce levels of training of practicing nurses, yet aggregated statistics allow the first place to Switzerland with 18.0 practicing nurses for every 1000 citizen. Runner up Norway is close by with 17.9. At the bottom, one finds South Africa with 1.1, and the OECD average among the 38 countries included in the study, reaches 8.8 (OECD, 2021).

In combining the finding in the EU/EEA area, where one see few nurses compared to numbers of doctors in Greece, the OECD (2021) has conducted studies in this aspects. The ratio of nurses to practicing nurses, Greece is then expected to have a low ratio, and indeed they have. According to the OECD statistics, their ratio is 1,8. On the other hand, among the EEA/EU countries Norway is expected a higher ratio, as they gain a ratio of 3.6. At the Top one finds Japan and Finland, respectively with 4.7 and 4.4, whereas the OECD38 average is 2.6.

From this, we see a great advantage in access to health-related personnel in the Norwegian health sector compared to other countries. These statistics, however, does not tell us about the population general access to health-related services. Norway with its public health service, provide public access to everyone, and everyone, at least to a certain degree get access to the

local health service provider. The education ends with a final practical exam, at the end of the apprentice period.

help they need. That some countries, like South Africa are unable to provide the same services for their population, might reduce the need for these personnel, despite it should not be that way.

That Norway also scores higher than average, does not mean it is to many either, the demand can still be present, and there is a pressure on the Norwegian health services. If we examine this numbers in terms of the Norwegian population, we see a steady decline 2010 to 2018 in the Norwegian population, and it grew in 2019 (Haug, 2020). This mostly due net migration, where in general the Norwegian fertility rate is low, and we gain an aging population.

The Norwegian health commission presents statistics on the changes in various segments of the Norwegian health care sector, and in the local municipality part it grew with 11.3 percent from 2015 to 2019, in personnel, with 176 589. See table 6.1.

Utdanningsnivå	Utdanningsgrupper	2015	2016	2017	2018	2019	2015-2019
Helse- og sosialfag videregående opplæring	Aktivitar	1229	1191	1162	1069	993	- 19,2%
	Barne- og ungdomsarbeider	1051	1128	1260	1333	1475	+ 40,3%
	Helsesekretær	2573	2582	2640	2651	2645	+ 2,8%
	Hjelpepleier, omsorgsarbeider og helsefagarbeider	46333	47076	48145	48355	49688	+ 7,2%
	Andre med helseutdanning på vg. nivå uten autorisasjon	3337	3374	3584	4036	4400	+ 31,9%
Helse- og sosialfag høyere utdanning	Barnevernspedagog	915	946	969	1071	1185	+ 29,6%
	Ergoterapeut	1944	2044	2214	2338	2438	+ 25,4%
	Fysioterapeuter	4690	4806	4966	5039	5115	+ 9,1%
	Leger	5457	5585	5823	5963	6094	+ 11,7%
	Miljøterapeuter og pedagoger	3984	4205	4433	4857	5220	+ 31,0%
	Psykisk miljøarbeid	168	168	180	186	176	+ 4,6%
	Sosionom	1381	1446	1597	1733	1919	+ 38,9%
	Vernepleier	7921	8259	8683	9058	9416	+ 18,9%
	Sykepleiere med bachelorgrad	25812	26654	27725	28273	29006	+ 12,4%
	Sykepleiere med videreutdanning, herav:	10154	10644	11184	11629	11997	+ 18,2%
	- geriatrisk sykepleier	1814	1857	1934	1969	1977	+ 9,0 %
	- helsesøster	2660	2777	2904	3025	3125	+ 17,5%
	- jordmor	372	421	462	520	565	+ 51,9%
	- psykiatrisk sykepleier inkl. psykiisk helsearbeid	2227	2266	2358	2407	2455	+ 10,2%
- sykepleier med annen spes./ videreutdanning	3080	3323	3526	3708	3875	+ 25,8%	
Andre med helseutdanning på høgskolenivå uten autorisasjon	2442	2450	2649	2971	3139	+ 28,5%	
Helseutdanning på ukjent nivå	Helseutdanning på ukjent nivå uten autorisasjon	853	917	923	1023	1096	+ 28,5%
Uten helse- og sosialfag	Andre i brukerretnede tjenester med annen vg. utdanning	11647	11999	12778	13206	13866	+ 19,1%
	Andre i brukerretnede tjenester uten vg. utd.	17920	17333	17358	17758	17797	- 0,7%
	Uspesifisert, annet	2671	2572	2570	2804	2573	- 3,6%
Service og administrasjon	Servicefunksjoner	4332	4475	4480	4515	4495	+ 3,8%
	Administrativt personell	1918	1898	1845	1896	1856	- 3,2%
Totalt		158730	161752	167166	171765	176589	+11,3%

Kilde: Statistisk sentralbyrå

Table 6.1 (Helse-og omsorgsdepartementet, 2022, p. 12), Changes in health profession in Norway from 2015 to 2019.

From Figure 6.2 the same tendency is provided, more people employed in the health branches, and as discussed earlier how the western world in a globalized society has decreased employment in tradition industries, shown with the stippled blue line. Agriculture has also fallen, not as much as the industry, and the public sector appears to be stable over time. The rapid increase appears to be in the health sector (NOU; 4, 2023).

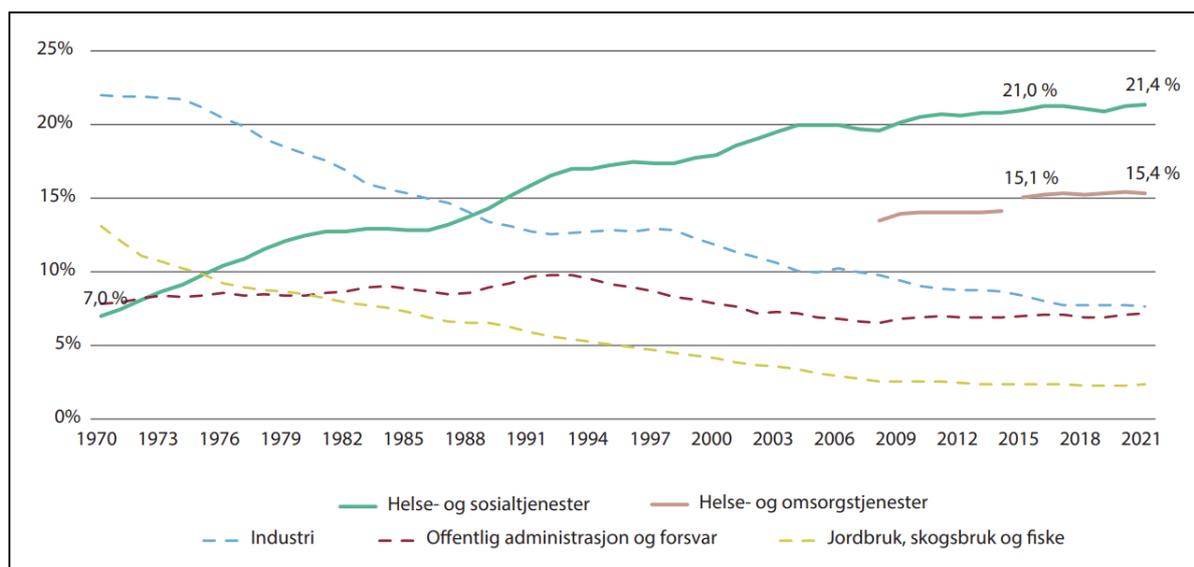


Figure 6.2 (NOU; 4, 2023, p. 27), Development in share of employees in selected branches 1970 – 2021.

According to Helse- og Omsorgsdepartementet (2022), and their report ‘Kompetanseløft’ they focus on recruitment, and with the numbers in the municipality sectors has increased from 2015 to 2019, they continue to presents the difficulty it is for small municipalities to recruit new personnel. Norway has approximately 400 municipalities, and in 2016 close to half responded they lacked nurses. NAV predicted in 2019 a absent of 4500 regular nurses, and 1100 specialized nurse (Helse- og Omsorgsdepartementet, 2022). The causes they present for this are plural. Access to educational facilities and capacities, special for instance provide sufficient practice and training capacities. Another perspective they present is that the health sector have a persistent use of part time employees.

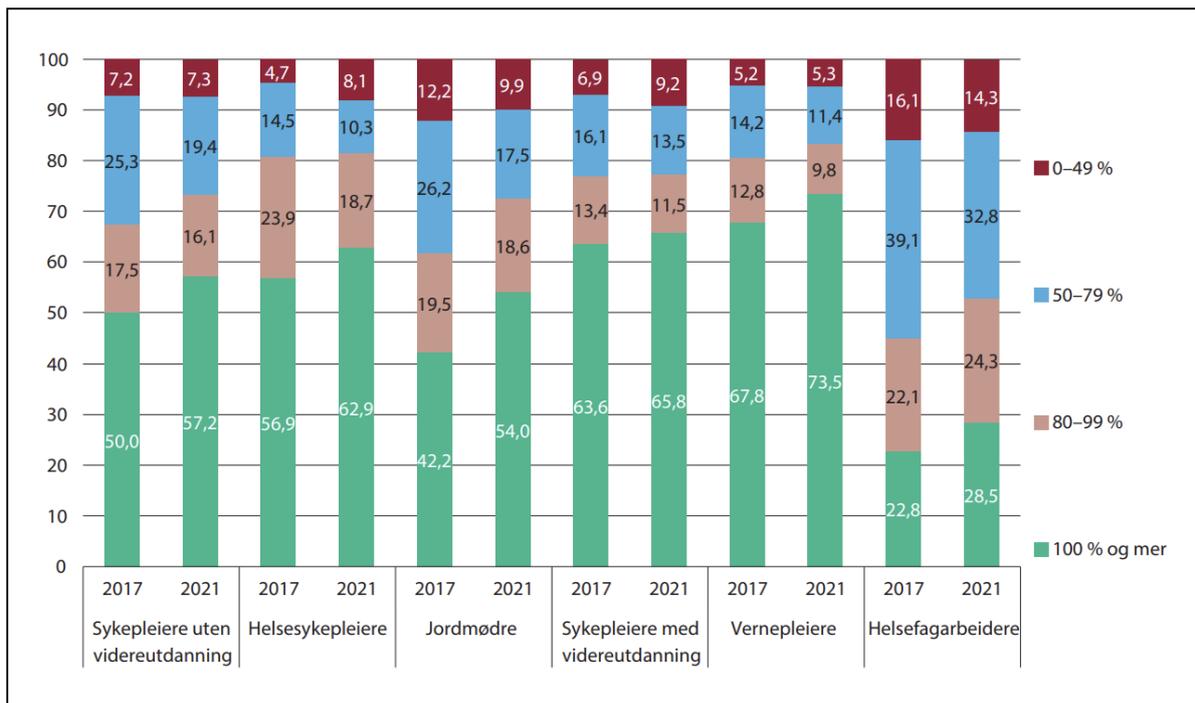


Figure 6.3 (NOU, 4, 2023, p. 158), Share employed with various positional sizes in the municipality health sector 2017 and 2021.

Further breakdown is shown in figure 6.4

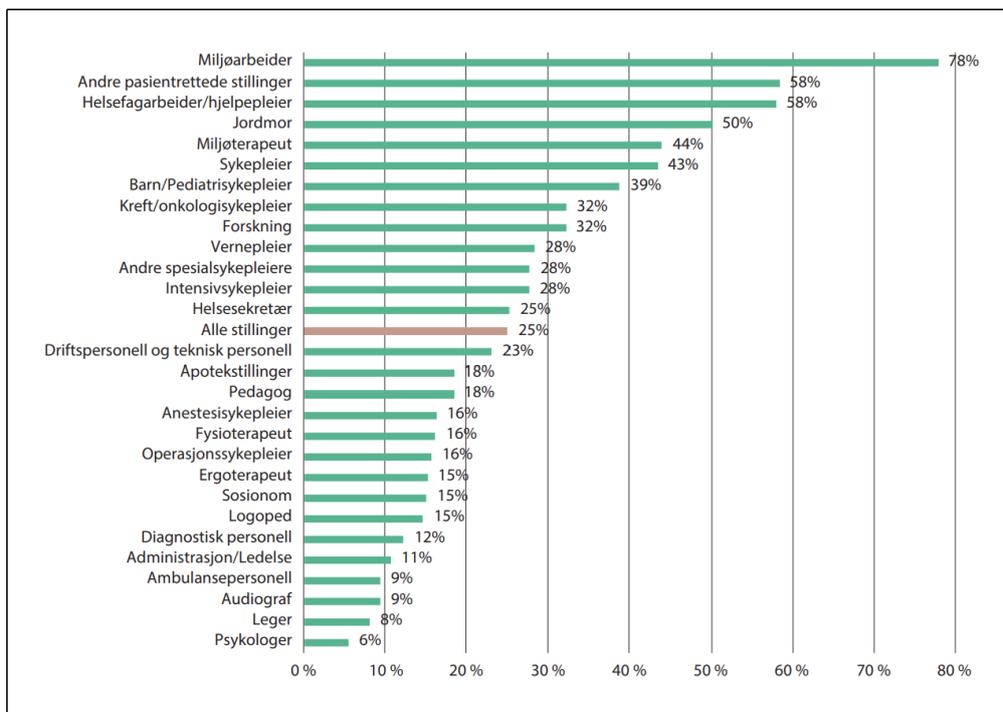


Figure 6.4 (NOU; 4, 2023, p. 159), share of part time positions in the specialised health service sector in 2021.

Doctors and psychologists are the jobs with least part time positions. Nurses, which translates to ‘sykepleiere’ in Norwegian, has a share of 43% of the positions as part time in 2021. There has been numerous reports and examination for why there is such a high degree of part time positions in the Norwegian health sector, which is also a sector dominated by females. I will leave this discussion here. Norway could increase hands in the health sector by employ all those in part time in full time positions, nonetheless, such policies appear easy in writing, but does not consider all the aspects and variables for why the numbers of part time positions originally exist.

The health commission (NOU; 4, 2023) finds that there is not that many that work below 70 per cent among those who work part time. Increase part time positions to 70 per cent would then results in limited effect, to an extra 2 700 annually full-time effect in 2040. However, if everyone did hold a fulltime position, the overall effects would be 43 300 extra fulltime jobs hours annually in 2040. Thus, these employees will be hard to find, and Norway already in educational purposes have a high degree of graduated health professions. If we look to OECD statistics, in general Norway too score high in the education of nurses.

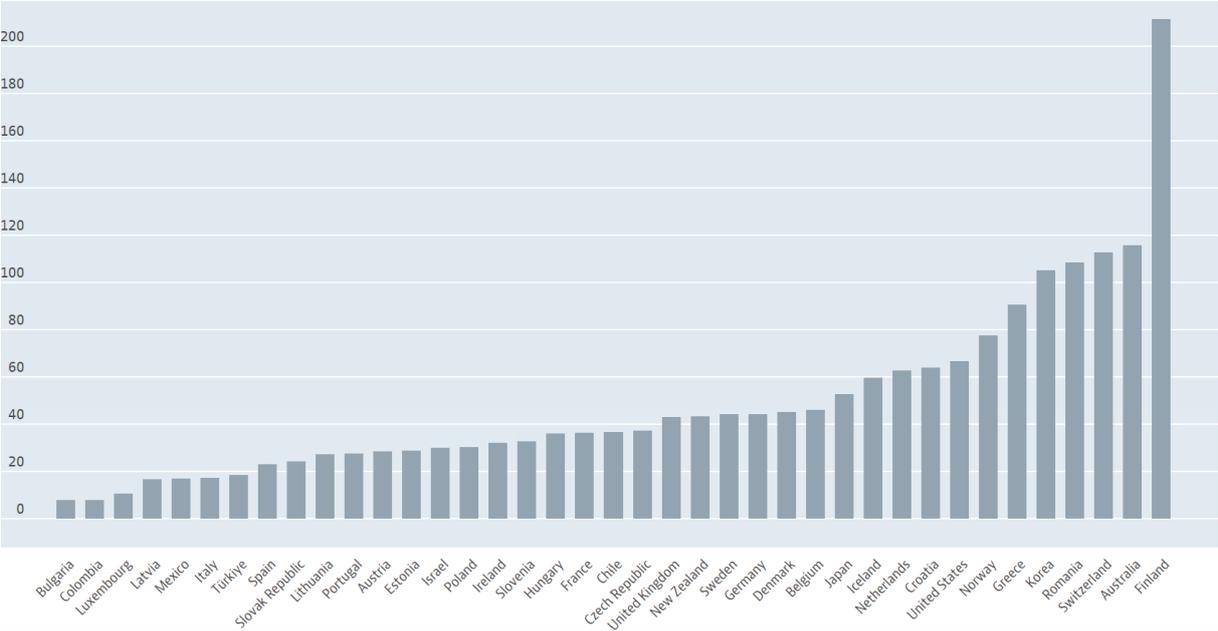


Figure 6.5, (OECD, 2023a), Nursing graduates from 2022.

Norway has relatively better access to educated personnel, and we also employ relative higher degree of qualified personnel than the OECD average. Still, we argue we are to few, and we will have a future shortage of human resources in this sector. A concern I now will address.

6.2 Challenges in the Norwegian health sector:

Norway suffers from an aging population, a phenomenon observed in various high-income countries. Herwig Birg (2000) coined this the 'demo-economic paradox'. Where the opposite is intuitively expected, but we see correlations of the opposite. As this phenome is of concern for many countries, it implicitly says a greater share of our population becoming older, and they live longer. These variables resolve in higher demands for our health sector. With a growing share of elderly, and lower fertility rate, the younger working share of the population then decrease over time, as observed. This creates a shortage in the access to labour and human resources. That we have a health sector not suited for the growing demands and needed health care in a growing share of the population, a consequence is that we need more people in this sector over time. A scarcity we struggle to meet, and this is something the health commission acknowledge, there will be no rapid increase in access to human resources in this sector (NOU; 4, 2023). I contest this view, by employ available resources in the pool of unemployment, we have a labour force that can even without training conduct simple tasks and relieve health personnel some tasks. A great plus from this, is that those with qualified training and competence can utilize this to the better for the patients and allow some other non-complex tasks to be taken care of by this pool we hold now in unemployment. This reallocation of tasks is feasible, furthermore necessary to increase human resources in the health sector. Which will be illuminated in the next section.

6.2.1 Are the health personnel tasks optimized to their qualifications?

According to Bergsagel (2019) nurses in Norway report they are doing various tasks they mean other persons could to. From cleaning, maintenance, general care, socialising, administrative work. Nurses report that they sometimes complete tasks above their qualifications, as doctors should have done some of the tasks they fulfil. Medication in simple manner can too be levelled down to other employees with healthcare competence. Among more, they also seek to reallocate some of their tasks to close by family. Introduce those outside labour can give a positive effect for themselves, as they gain a contributing factor, self-esteem and a notion of belonging. Even in the start, by doing simple tasks, they can contribute. We know nurses and other employees in retirement homes have limited time to interact with the residents. Daily activities, like serving coffee, talk, discuss random news and how the world has changed, can slow down dementia, by activate cognitive capacities. In home services, many are alone and feel isolated, by introduce visitors in this purpose, and do simply tasks, as a social workers, it does not need to

entail any directly health care activity, can reduce notion and state of mind of loneliness, boredom and depression (Birkeland, 2013). A starting point of this policy is to utilize a pool of resources in such activities the health personnel does not have time to. By time, these employees can receive more in-depth formal training, they gain experience, and the tasks can evolve over time. This can result in reduced tasks demand for other health personnel, as they also want to be interactive with their patients. They too, want the time to discuss various matter with their patients. From arbitrary weather talk, to also discuss health matter, and answer and allow time for patients in questions they sometimes must overlook. Another alternative is to increase knowledge and be updated, as some mentions limited time for this mean (Kristiansen, 2022). Clearly there are many aspects in this sector to consider, and we will lack qualified personnel in nearby future. A shortage that is possible to comprehend, and indeed, there are good reasons for why we should do so. Not only to increase resources in this sector, but also as a mean to fulfil an obligation we have for those excluded from the labour market.

6.2.2 Increase employment in the health care sector:

By include those outside labour, we fulfil our moral rights for those in need, we can solve an existing problem as discussed in the health sector. Furthermore, there are economic aspects that support this view as introduced by Hyman Minsky. Minsky argues for increasing jobs, if so, fiscal jobs with meaning as a governmental obligation. I continue for on this line and claim the government may have this obligation as a part of the social contract we bridge between the citizens and the state. If this is the case, there might come at an increased cost. Where Norway already has a high cost of our health care services. See Figure 6.6 We rank as number two, just behind Switzerland (NOU; 4, 2023). Still, I argue we have afforded to a policy described.

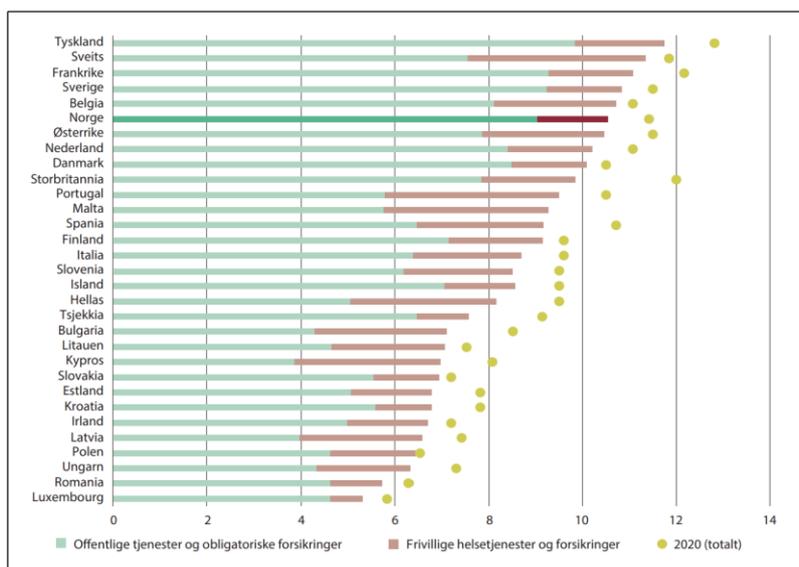


Figure 6.6 (NOU; 4, 2023, p. 52), Health expenses as share of GDP in EU/EEA countries, UK and Switzerland in 2019 and 2020.

According to NOU; 2 (2020) Norway is among the OECD countries with highest share of population on health related benefits. Norway holds a solid public health service, and there is room for interpretation if the Norwegian population is in so poor health condition as the OECD data shows. There are aspects who creates underlying objections I will not discuss in depth. These objections I will leave out, but the proposal raise other concerns, such as unintentional incentives among employees. Where I the next chapter will discuss how I perceive this proposal to be in practice, and how it can be enacted and implemented.

7.0 Discussion second research question:

I have above discussed concerns in the health sector with a limited futuristic access to human resources. On the other hand, I have too concluded that we as a nation fail many of our fellow citizens, by exclude them from the labour market. That we have a pool of people standing outside the labour market, as we simultaneously argue we have a shortage of labour in contra intuitive and something this thesis implicitly addresses in the view that we have an obligation to provide a job for those left behind. This chapter will then address these concerns and elaborate more in depth the proposal given, to provide a feasible discussion to settle a conclusion for the second problem statement I hold; *What could be an alternate path for a welfare state beyond directly payments, and are there benefits beyond pure economic goods?*

7.1 Outcome from this policy, an alternate path away from unemployment:

Hyman Minsky proposes that the government should provide jobs for all able to take one. These jobs need to be found. Furthermore, it is even better if they also hold a purpose. As mentioned in the introduction this thesis attempts to find a proposal for increase the work force in the health sector by including non-educated workers. The societal benefit from this policy is the most prominent if these extra workers come from the unemployed pool. In the social democratic country of Norway, forcing these changes through would be politically feasible. We have a huge welfare sector, despite that the ruling government is under pressure. They have increased welfare benefits to a level where one can discuss if taking employment is too costly for the social benefit receivers. Hence, they would reject it. This has resulted in a debate if ‘arbeidslinja’ (work line) is under siege (Grinde, 2023; Hegnar, 2023; Lederavdeling, 2023). In our post-war policy, the Norwegian phrase ‘arbeidslinja’ has been central. All to work, and those not willing nor able to work, should receive benefits, but these were set to be below expected wages (Øverbye & Stjernø, 2012).

This due, it should be beneficial to work, and there should exist work incentives. More people in work, more tax income, and less pressure on the welfare state. An aging population in Norway, as in many other countries, increases these pressures: fewer people work, reduced tax income, more people on pensions and other welfare benefits, and more health-related issues. We need more people to work in the health sector, and we in general need more people in work among them in the working age population, which in Norway is considered those between 15-74 years (Steigum, 2018).

The recent health commission in Norway said we will be unable to increase the work force in the health sector, and among the OECD statistics, Norway already has a high ratio of health workers to population, compared to OECD members.

Keeping the vision behind ‘arbeidslinja’ in Norway requires that we need to have higher wages (w) and social benefits (n), $w > n$. It is NAV that provides, monitors, and supervises social welfare benefits in Norway. For NAV to nudge potential workers into the proposed health related job programme, which I propose to fulfil the idea of Minsky for a job guarantees for unemployed workers, NAV can give two alternatives:

(1) participate in the suggested work programme and receive an extra amount A. Or

(2) accept amount S isolated. S is then lower than A , $S < A$. In this proposal, salaries for working in the health sector will be through NAV, but eventually the idea is that the health sector itself will pay for this.

Another way to increase probability for people to accept the first choice is to reduce S , i.e., to make the distinction of work and non-work stronger and address the issue of a declining working policy. With a total population U of 618 000, some will have an illness or a previous health related accident than make them willing but unable to work. Hence, it is reasonable to assume many will be in a group of U_x , those unable to participate. These can in Norwegian standard receive a decent welfare payment over time, where if U_s decreases, it becomes easier to keep U_x at a decent level as present. Through nudging for A , U_a is presumed to increase, whereas today U_a is set to zero. There are in place some policies in Norway, and for the purpose of this thesis we leave them out. The more U_a increases, the more M increases. In figure 7.2, M is set to be the marginal cost for each extra hour in the work sector. Doctors and nurses have tariff wages which in the short run do not drop in this policy. Instead of hiring more doctors and nurses we just reallocate the hourly mix in the sector by introducing more uneducated health workers at lower wages. This could reduce the total wage bill in the health sector as nurses and doctors can do more specialised tasks matching their skills, and lower skilled workers to provide “extra hands” for increased quality in services offered. The benefits of this are:

The benefits of this are:

Allowing for “more hands” in the health sector with a smaller increase in the sector’s wage bill compared to a situation with no reallocation of tasks. This enables for better care.

Better utilization of the scarce skills of doctors and nurses.

Benefits to society, particularly if the “unskilled” moving into the healthcare sector are recruited from those who are currently unemployed.

7.2 Labour outcome from an economic perspective:

If we adapt the policy as sketched out above, that through NAV, one can gain an extra payment by work for certain time in the health sector. Suppose the extra payment relative to unemployment and disability benefits is 20 per cent. This will create initiatives for further pressure, where other industries might see this policy adequate and seek it to be implanted

across industries, as NAV take the bill, and the industries themselves gain free employment. This is unfortunate, but as proposed, it reduces the burden of administration work, as NAV is the contact person, they pay out the welfare, dispute as they have lower unemployment rate than that recorded by Statistic Norway (SSB) since not everyone registers at NAV. From an economic initiative point, there should be a transition period. NAV can take the first months, but eventually, it should be the employers who take the bill.

This corresponds to the apprentice (lærling) system: An apprentice in Norway usually works for two years. In this period the apprentice's swage is gradually increased as the apprentice gains more experience and capabilities. This would be a better economic solution for the proposed framework, and here it would be easier to implement a formal training period which result in formal qualifications. This latter might be harder to implement because more of the work and coordination cost are reallocated to the business themselves, in this instance the health sector. Furthermore, this proposal also implicitly should lead to a gradual reduction in welfare benefits, and then the choice theorem presented vanishes. I will stay to the presented choice theorem, despite, economic theory suggests otherwise, and what argued here should be what one aim for. So, there can be an underlying transformation period for the proposal as a whole: NAV implements and coordinates workers and the payment initiative for say three years, and after that, they re-enact the policy as presented here into a more pay as one go and increase payments, to reduce unintentional economic initiatives. Nonetheless, the result from both might not be the same in practice, but the aim and goal for both these thoughts I consider to be the same, increased general participation in the labour market. For the health sector this leads to more 'hands' and increased worker-patient time. I address these issues in more detail in the next section.

7.3 Economic results:

In figure 7.2 I have combined how wages and employment can be if we allow increased use of non-educated worker (NE). Here non-educated workers might sound harsh, but untrained health-personnel are the essence, but I will keep NE as notation. I could have included other professions within the health sector, but have restricted myself to those non-employed, which is focus group for this thesis, and doctors (D), and nurses (S). There is a dynamic in how these three groups affect each other in the labour markets if one allows for instance nurses to do more work that doctors typically do. By allocating time for nurses to do more health-related tasks, their qualifications and skills are better used. Then, other needs to do some tasks nurses now

typically do (Bergsagel, 2019). As mentioned, allowing non-educated workers in the health sector relieves nurses for some tasks and makes better use of nurses' skills, and may provide benefits for society in terms of more attention to patients at lower costs.

This view contest the proposal that there will be no more hands in the health sector, as the recent report from the health commission in Norway stated (NOU; 4, 2023). Hands are used as metaphor for employed human resources, but this thesis argue this might not be the case. There are alternatives for increased human resources in the Norwegian health sector. By employ those standing outside the labour market. We can both gain a more inclusive labour market, but also better usage of the resources and competence within the health sector.

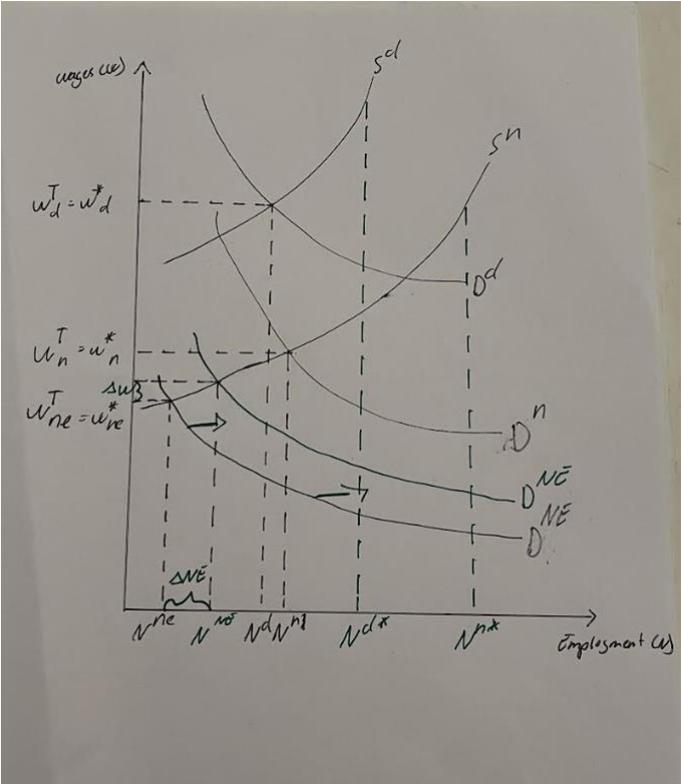


Figure 7.1 Labour market impacts from allowing non-educated workers in the health sector.

As we can see from figure 7.2 the health sector has a fixed tariff, which mean wages (w) are set in the market through unions and negotiation. So, we can increase employees within these groups without getting increase in wages overall, and these are set to a level public sector can sustainably bear. And we are lacking employees, particularly nurses and doctors. Some educated nurses and doctors are not working in the health sector. The unemployment rate for doctors and nurses is low. For simplicity I therefore assume full optimalization of supply given tariff. So that we get employed doctors N^D and employed nurses n^n to be what the market offer given the tariff wages. So, for nurses $w^{*n} = w^{Tn}$, where T illustrates the tariff. Nurses argue they

perform tasks less skilled labour could do. Allowing more non-educated workers to do easy routine tasks, enables nurses to do more complex tasks. They can even reduce the burden on doctors. As they also have several tasks, they from my normative perspective should not do. Hence, this reform will reduce pressure and need for doctors, nurses might still be a growing population, but overall, as the figure shows, is that the general wage level increase, as we gain increased employment in the health sector, particularly due to the increased rate of non-educated workers. The former group will need some guidance and training, and here nurses will also play a key role. This is something they do anyway, as there always are nursing students in practice, other part time workers in general, and there are employees in this sector that are non-educated, because we struggle to educate enough skilled health workers. Norway has a high degree of nurses pr 1000 inhabitants, yet we seem to still be lacking health personnel. By employing unemployed persons to do some tasks currently done by nurses, the demand curve for nurses first shifts to the left. When nurses perform some tasks doctors currently do, the demand curve for nurses shifts right and the demand curve for doctors shifts left. This reduces pressures on doctors particularly, which is an important due to the scarcity of doctors partly due to their long and costly training. Freeing up doctors' time to concentrate on tasks where doctors possess more skills than nurses therefore appear as an interesting and viable way to go. Reallocate tasks and use nurses to reduce workload or simple tasks for doctors is crucial and beneficial. Administration costs, simple training costs, but also facilitation costs will occur, but overall, this policy appears to have great benefits.

We struggle with enough people in health sector, we have a workforce that struggle to gain jobs, and through the social contract this thesis employs, the government might have an obligation to aim for inclusion and provide labour, which entails new reforms, and where is this population to most use, to gain highest degree of marginal productivity. We presume youth work, school, and education, lastly health, and this thesis focus primarily on the latter. In the lens of Minsky, it is better for the society to increase employment and provide jobs, rather than keeping unskilled labor on unemployment benefits. As mentioned earlier NAV's registered unemployment is less than of Statistics Norway (Steigum 2018), suggesting that these benefits are larger than expected using NAV's figures.

The health sector in Norway is mainly public, which also makes it easier for Norwegian authorities to push through such policies. Furthermore, education is mainly free in Norway, and as the Trøndelag county has done, enacted a path to become health care worker through work and practice, and take a few extra courses on the side. It has been done, and we can keep reform

how we train workers and obtain a healthier work environment. Reduce the pressure and workload for those within the sector already should also be a positive concern this reform entails. Now as we have seen what this proposal is about, and what we perceive it will entail, I will now address a major obstacle for this reform, as it might never see the days of life.

7.4 Potential barrier and obstacles in the proposed policy:

This brief part will discuss a potential barrier to overcome for this policy to be enacted. One can anticipate an objection from the workers union, particularly the Norwegian association of nurses has a strong position in Norway.

If we adopt a policy that revise the workload and tasks for the health industry, to allow more unskilled workers come in, nurses can do more specialised tasks they have the training for. As we see, this will reduce the demand for nurses. The long-term impacts of this could be a smaller increase in nurses' tariff wages. This is one possible explanation for nurses' trade unions to be sceptical towards such task revisions. The health reform recently released stated there will be no more hands, despite the discourse in Norway over the past decades that we will need significant numbers of nurses in the years to come (Jia et al., 2023; NOU; 4, 2023).

My proposed changes also entail lower demand for nurse training, all other things equal. However, all things are not equal as Norway has an aging population likely to demand more health care in the future. This suggests that it may still be necessary to educate more nurses, and to induce a larger share of educated nurses to work longer hours through higher wages. The latter is important as a small share of nurses (26%) work full time (Dolonen, 2019)

Still, without my proposed changes, demand for nurse training and nurses, are likely to increase less, which would affect nurse wages negatively. This is likely to be met with scepticism by the nurse trade unions, and possibly even with some resistance.

A society in general always need to prioritize its resources, and drive for an effective outcome. There are clear benefits in including those left behind in the labour market give them a new purpose, in this case, it helps in reduce workload and burden for other professions in the health sector. A society should be allowed to make such choices. We also reduce the needed numbers of nurses, which is a number we most likely want reach, and this point also falls in line with the recent health commission. Unions stand for a minor part of the society, and the society through

the social contract are to be represented by everyone. A challenge here is therefore to convince unions that reallocation of tasks is necessary and most likely will make it more attractive for skilled health workers to work in the health sector. An example of this challenge is found in the treatment of Norwegian nurses with their education abroad, where additional certifications and entry level work is needed for nurses to be fully certified to work in the Norwegian health sector.

The health sector is riddled with such issues. For example, recently 130 students trained abroad sued the Norwegian government (Evensen, 2023). The case is that to study psychology and medicine in Norway is very competitive. It is hard to be admitted to those programs, and the number of students admitted is low. Students then decide to go to Denmark or Poland to study medicine, or Hungary for instance for psychology studies. After education and practice, they return to Norway and seek certification for their profession so they can obtain work in Norway. To the case, these students struggle to be admitted and certified in Norway. Many argue this is due the unions to keep those who have studied in Norway at an advantage, that the education in Norway suit more Norwegian conditions. Medicine students from Denmark can through 18 months of renewed practice get certified in Norway (Evensen, 2023). This prolongs the time it takes for these students to land positions at the tariff wages, and limits supply of trained health personnel to a sector with high demand for labour. This policy is protectionist and does not help the Norwegian society at all.

By renewing these policies, we can obtain more qualified workers in the industry, and we are blessed if students go abroad and obtain education and experience in the international community. This is having knowledge grow and find new paths. Norway then has this opportunity too, reduce the barrier from students abroad. Which I agree too, but for the purpose of this thesis I will leave that path for now. In the nudge to gain support from the nursing association in Norway, a strong point is better work conditions, reduced work pressure and stress, and increased numbers in the health sector which is something they advocate. Just not the untrained workers we seek to include. Furthermore, by allowing nurses to be more specialized, they will have more tasks they are suited for and contribute strongly.

I predict that work environment by this policy will improve, so there is a benefit here for nurses too. Furthermore, as we already have discussed, nursing wages is at a tariff, and there is not directly postulate in this thesis that these tariffs are to decrease. An economic outcome of this thesis might reduce the leverage level for the unions. Yet, the unions hold a strong position, and indeed they should. This policy will require plenty of coordination, to bring in unskilled, need

training, mentors, and if they are part time, we know that many users of health services like more stable conditions, so there are various concerns that will require extensive facilitation in this proposed policy.

8.0 Discussion of results and implication through a narrative conceptual approach and limitations:

Here I will first address the second problem statements; *What could be an alternate path for a welfare state beyond directly payments, and are there benefits beyond pure economic goods?* In the view of chosen methodological approach, where this thesis brings normative thoughts to descriptive phenomena, and uses conceptual thoughts for a further idea of what we can do to address these phenomena. Lastly, this chapter will also address limitation for this thesis, and chosen method.

8.1 Choice of scientific approach:

This chapter summarizes the normative approach this proposal has in a descriptive lens. I have suggested with inspiration from Hyman Minsky that the government should enact policies to increase employment opportunities for including a larger share of the un- or underemployed potential work force. I have argued this is something they might be obliged to do, through the concept of the social contract. The social contract can be extended in numerous ways, and I have argued for why I have adapted to Rousseau perspective. Economics as a theme in social sciences is that it does not hold any pure objective values that fit a universal scientific law approach. It changes and adapts to new theories and phenomenon it observes. In recent economic development, econometric theory stands out. Utilizing observed phenomenon through data points which then are computed further. Econometrics is a developing topic within the sphere of economics. In this chapter I take a closer look at the phenomenon I see and read daily. There is something obscure with our economy, I observe this phenomenon, and there are data sets to utilized further. Unfortunately, some of these data sets have restricted access, making an attempt to do econometric analyses risky or even infeasible within the time and resources available for a masters thesis.

I have therefore chosen to investigate and discuss the issues of labour access through a social contract perspective. Here, I bridge these thoughts that the government are to do something

from a normative perspective. Openly available aggregate data are often unsuitable for further econometric analysis, I take use of existing data and analysis as I descriptive present some of them, but as I combine this thought with Hyman Minsky's perspective. Hence, I propose a policy without any underlying data that support this policy explicitly. I describe a policy I find to stand strong isolated through the normative lens presented. I allow myself to be normative, as economics are in many means normative in its own way.

Adam Smith and his invisible hand never utilized data sets explicitly. Keynes introduced various means of mathematic logic, but no data analysis. Friedman had an op-ed in New York times that changed the world (Friedman, 1970), which also held a normative idea, he assigned corporations a clear purpose, maximize profit. Stoknes (2011) using metaphors to enhance economic understanding in presence of a story telling. McCloskey (1998) adapted to rhetoric, with its appealing and linguistic strength. Many of our great ancestors and politicians today use rhetoric as a tool to persuade potential voters and get their point through and construct support for such views. I have not set up this thesis in that mean in light of those tools, yet I use a conceptual approach in lens of a proposal I support in view of not just underlying theories, but also underlying historical data and observed phenomenon. Furthermore, I present these ideas as a form of what I find the government to be obliged to do. I stand by my choices here in lens of the social contract. That there is an underlying non-objective phenomenon and foundation which our government rests upon, that provides the claims I present.

Yet, I am aware of its underlying lack of a more economic methodology and data analysis which may cause a limitation for the suggested policy.

8.2. Limitations:

This section addresses potential weaknesses of this thesis without disregarding the main points I have aimed to address.

A possible main weakness of my work is the absence of using micro data and formal econometric analysis. Instead, I rely on theory and aggregate numbers. I argue against the findings of the recent health commission in Norway (NOU; 4, 2023), in how I see a way to achieve more labour in the Norwegian health sector without using detailed data and econometric analyses to substantiate my claims. Thus, I hold no data that support this view.

I accept the proposal by Hyman Minsky, that to end poverty, jobs must be created. If so fiscal arbitrary jobs, which I may not directly support. The contributive justice for global citizens

should stretch beyond that, and in so, we are to aim to provide more meaningful purpose driven jobs than what we are arbitrary able to introduce. Once again, I have no data to substantiate how feasible and achievable my claims are. Still, I believe they can be achieved.

Another objection for what this thesis claims, is that I have none direct input on how such a policy would be embraced in Norway. In a world where sickness and health related issues are to times arbitrarily taking place, many are prevented to take part in this pregame, I clearly understand and acknowledge this. Still, I argue that great parts of those nearly 20 % who stand outside education and labour markets would like to be a part of the working community. The labour surveys in Norway from Statistics Norway claim that over 100 000 persons seeks to gain a job, without success (*Arbeidskraftundersøkelsen*, 2023). One of my main concerns relate to these persons, their livelihoods and their quality of life. I argue that and we are to, and able to include a larger share of those left behind in a more purpose driven society.

Besides that I have no idea how my suggested proposal and perspectives behind will be accepted, received among citizens, politicians, and other involved parties. A practical potential caveat is that current health workers must provide training which introduces a coordination cost. It may also be challenging to facilitate the whole process, and many of these objections are barely touched in this thesis. Yet, I argue that these costs will be lower than the total benefits from my proposed framework.

9.0 Conclusion:

This thesis had two problems it wanted to illuminate. The first is that if our modern economy and labour market fails some of our fellow citizens. By citizens here I thereby include those who are not able to enter the labour market. Through various mechanism in the labour market, particularly the theorem of marginal productivity, and various observations, I conclude that we as a society have mechanisms that generate losers, there are fellow citizens left behind. In view of this, the second problem this thesis raise, is how can we help those falling behind.

Here, I set forth ideas from the social contract, that I interpret holds the force that the government are responsible to help and enact policies to include those falling behind. This thesis then set forth a proposal for such policy, that we can provide these with a meaning full job in the health sector in Norway. Inclusion accordingly to Hyman Minsky is necessary to fight poverty, and the means to alleviate poverty is through job creation.

Finally, I also contest some of the conclusion in a recent report about the health sector in Norway, that argues it is not feasible in the long-term to increase worked hours in this sector.

By employing those outside labour market today, I have contested this view and I argue this is totally feasible. Economic history and the theories I have chosen to use suggest we can change our society, we are not forced to conventional approaches that to some extent appear not to work.

I even claim we must change some mechanism as we our state resting on a social contract, a contract that need revision. To fulfil the social contract, the government can adapt to policy proposal introduced by Hyman Minsky, 'Employer of last resort'. To provide guidance for how such a policy may look like, this thesis has presented an alternate path for job creation, hence job inclusion. A must for a striving society for inclusion and provide its citizens with their right to fulfil a societal purpose and contribute the society, as Michael Sandel coins a contributive justice, a right to participate and contribute.

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