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## **Taming the Regulatory State: Politics and Ethics**

**Noralv Veggeland ; Cheltenham, UK: Edward Elgar Publishing, inc; 2009; 185 pages; \$100.00; ISBN 9-781-8484423-2**

In the wake of the recent financial crisis, there is perhaps no timelier subject than economic regulation. Its increased importance within the public lexicon makes it imperative to investigate its origins as well as its ethical and empirical implications. Noralv Veggeland's book does well in this respect – offering a concise and illuminative account of the “regulatory state”. Particularly impressive is its excellent contextualisation of the birth and spread of a regulatory paradigm as well as its potential impact equally on traditional welfare concerns and emerging problems involving the environment. Acknowledging these strengths, the work nonetheless suffers from a lack of critical engagement with the broader ideological ramifications of this shift along with a rather narrow empirical focus on the European context, particularly the Nordic region, which elides the wider effects of regulation globally. The manuscript is divided into nine tightly written chapters ranging from theoretical and historical foundations of regulation to enlightening case studies of contemporary regulation in practice. The first chapter explores the transition from an “interventionist” to a “regulatory” state centring on the move from central control to public governance, a process linked in the second chapter to the intellectual evolution from Keynesian planning to Schumpeter's growth priorities. This is followed by an illuminative analysis of the paradigm shift associated with the “creative destruction” of the market, specifically 1970s stagflation, leading to desires to “maintain” and “minimise” the function of the interventionist state to more radical changes seeking to fully “marketize” and “modernize” (model on the private sector) public services. Building on this discussion the next chapter interrogates regulation's effect in the post-war European context, specifically its challenge to and re-organisation of its “three general welfare state models” – “The continental”, “Anglo-Saxon”, and “Scandinavian/Nordic” respectively.

While the first half of the manuscript focused on the intellectual and empirical roots of regulation, the fifth chapter looks at ethical considerations of democracy, particularly its potential loss, in this new social framework. The previous chapter ended with a brief treatment of the “tradeoffs” involved with regulation, primarily the sacrificing of equality for the sake of dynamism. However, regarding democracy, while admittedly the switch to a “regulative” state can produce a definite democratic deficit nonetheless countries are seeking to use these changes to increase public accountability through creation of new agencies, greater involvement of civil society, improving the control of parliament, and a “growing political will to make the overall system more legible” (p. 98). It is this “taming of the regulatory state”, endeavouring to “bring people closer to the socio – economic realm, in the sense that they, being social capital, tend to be integrated as active and participatory citizens” (p. 99), which provides the manuscript its name and overall impetus.

The final four chapters turn to a variety of European based case studies to address this underlying concern. It begins with a study of the emerging “Nordic model”, stressing their reliance on what they term “flexicurity” describing a blending of policy resulting in “social security combined with a flexible participatory labour market”. This leads onto an analysis of regionalism, focusing on Norway, noting how present attempts to enhance intra-national democratisation through regulation are stymied by a growing embrace of an “Anglo – Saxon style of politics” stressing national actors whereby “regional development measures and strategies have become the output of national policies, which displace regional and local polities out of deliberative processes and innovative initiatives” (p. 119). By way of contrast the penultimate chapter looks at cross-border regionalization, which more positively reveals the possibilities of regional corporation between national partners (in this case the Arctic region) to deal jointly and productively with common social problems like those involving the environment. The book ends with an in depth study of the “regulatory taming” of the Norwegian Petroleum sector through the three pronged strategy of an “exercise of ownership rights” (reinforcing the ability of businesses to take advantage of a global market), “negative screening” (designed to assess the ethical and humanitarian credentials of these enterprises), and finally “exclusion” (to ensure compliance through

punishing violators). The concluding hope is the creation of “substantial regulation by laws” which combines the benefits of growth with demands for ethical behaviour and public participation, one which “deviates from regulations by the market” and comes closer to establishing a “risk-regulation regime embracing a totality of effects – and side-effects- along all dimensions” (p. 155). The strengths of this work are manifest. Specifically, it provides a good introduction into regulatory politics. Its historical and intellectual background to this transition is superb and offers insights for the uninitiated and knowledgeable alike. Moreover, it is excellent in its sustained description of the potential problems of regulation and the ways it may be “tamed” for achieving broader social and the ethical objectives.

However, it is exactly in its strengths that much of its weakness ultimately materializes. An immediate question which arises, especially in the current climate of crises, is why regulation continues to be so hard to reform? In particular, why do state actors and public pressure groups find it so difficult to transition regulation away from exclusively market concerns and toward an emphasis on “human” and “social capital”? A stronger engagement with the relationship between values of regulation and the ideological legitimisation of “neo-liberal” capitalism more generally could shed light on these tensions. This is especially prescient given the author’s stated desire as an academic to “break the trend that supports the dominance of economic language and the considerable reductionism and myopia this dominance generates” (p. 109). A deeper investigation of this paradigm’s ideological, rather than simply policy effect would do much to illuminate the complexities of such a task by shedding light on how regulation has been strategically deployed to ideologically reinforce the very market values it proposes to “tame.” In the very least this ideological aspect should have been at least addressed as opposed to being lumped together with abstract discussions of intellectual history and the growth of a “knowledge economy”.

Connected to this theoretical objection are empirical concerns over the lack of diversity in the case studies. While undoubtedly the Norwegian examples bears a number of more general insights, it nonetheless suffers from a certain narrowness of scope. An investigation into the US or the developing world would provide a more holistic account of the impact of regulation within different contexts and internationally. For instance, acknowledging Veggeland’s point that regulation, and its ability to be tamed for non-market goals, is dependent on culture, it would be interesting to see how political pressure could potentially re-orient this paradigm in nations with a strong “free – market” ethic like the US. Similarly, how has this regulation impacted upon processes of globalisation? To what extent have developing countries used it as a basis for political action both in global negotiations and as part of its own internal debates? What is the role of regulation for paradoxically strengthening the very problematic “neo-liberal” global system it is purportedly trying to reign in? In sum, this manuscript is a welcome addition to the current interest on regulation. Despite its shortcomings, it provides readers with a comprehensive description of regulation and the ways in which it may be improved.