



# The State as a Marketizer vs. the Marketization of the State: Two Organizational Models of Public Sector Corporatization

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## Abstract

Governments engage in corporatization by creating corporate entities or reorganizing existing ones. These corporatization activities reflect an interplay between political agency and environmental pressures, including (changing) notions of state-market relations. This paper discusses two ideal-typed organizational models of corporatization: the state as a marketizer and the marketization of the state. Whereas the first emphasizes the role of political design and agency in corporatization, the second emphasizes the role of (actors in) the environment for corporatization. Both models are assessed across five corporatization episodes in Norway and Sweden, where we also demonstrate the interplay between political agency and environmental pressure.

**Keywords** Corporatization · Marketization · State reform · Political design

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## Introduction

The modern state has been characterized as an “institutional confusion” (Brunsson, 1994) because it entails structural elements that are based on different, and potentially contradictory, principles of organizational specialization—yet without necessarily resolving inherent inconsistencies between them (Olsen, 1988). The resulting variety of co-existing organizational logics is particularly pronounced when governments engage in “corporatization”, that is in creating, adjusting, and reorganizing corporate forms within the boundaries of the state. These forms are most often discussed as “state-owned enterprises”, e.g., in infrastructure or finance, but also include other corporate forms, such as opera houses or lotteries.

Whereas a vast literature explores the concept of corporatization in (and by) the modern state from different scholarly vantage points (e.g., Bernier et al., 2022; Bjørnsen et al., 2015; Brunsson, 1991; Læg Reid et al., 2013; Obinger et al., 2014; Tavares, 2017; Voorn et al., 2018), this paper starts from the observation that corporatization is a crucial exemplification of “institutional confusion” because governments aim for an explicit blend between bureaucratic and market principles. Analyzing corporatization thus offers a fruitful empirical setting against which the relevance and interactions between different (sources of) organizational principles can be assessed. Hence, the paper distinguishes two ideal-typical organizational models of corporatization. On the one hand, corporatization may reflect the “state as a marketizer”, whereby governments take a proactive stance and create and restructure corporate forms in order to realize substantive objectives, which may be related to financial returns but also to achieving other policy objectives. On the other hand, corporatization may express a “marketization of the state”, by which governments respond in a mostly reactive fashion to external pressures, oftentimes to accomplish efficiency and performance benefits. Although these two organizational models present two opposites, empirical practice may also reflect them as two poles of a continuum on which governments engage in corporatization. The same corporate form may be created under the premise of the “state as a marketizer” and later experience structural changes, such as a merger with another organization or a change in its legal status, that may reflect the “marketization of the state”. We employ comparative case studies of corporatization episodes in Norway and Sweden over several decades, thus studying two countries with a long tradition for solving public tasks via corporate entities (cf., Christensen & Pallesen, 2001; Læg Reid et al., 2013; Svanborg-Sjövall, 2014). We ask to what extent the two ideal-typed organizational models exist, and under which conditions corporatization is associated with either one of the two models.

The paper proceeds as follows. The next section provides our theoretical framework, followed by an explication of our research design. The subsequent empirical analysis presents five empirical episodes of corporatization in Norway and Sweden. We show that political agency and environmental imperatives shape corporatization and we discuss these findings in light of the theoretical departure point in our conclusion.

## Two Ideal-Typed Organizational Models of Corporatization

Corporatization involves a mixture of principles from two “institutional orders” (cf. Alford & Friedland, 1985): the hierarchical bureaucracy and the market. This distinction of two institutional orders also helps to identify the main drivers behind structural choices associated with corporatization, as they provide connotations to how these choices come about.

In the first model, the state is viewed as a rational actor, capable of (re-)designing the institutional fabric of the public sector, and corporatization is a conscious effort to make use of market principles in order to realize managerial or policy objectives (cf. Olsen, 1988, 2010). The state as a marketizer is thus assumed to enjoy sufficient capacity to search among alternative organizational forms and to implement those with the highest expected utility (Christensen et al., 2020). From this perspective, corporatization is undertaken only if and when the resulting corporate organization will enable governments to realize their objectives. Corporatization thus requires considerable political agency and seeks to reap various benefits of the market and its production of goods or services valued by citizens. However, the state does not abdicate from its need to retain control over key public functions and, by extension, the market where goods and services are being exchanged. In sum, in this organizational model, corporatization is an expression of (efforts towards) the *political* organization of markets. It is furthermore likely to be shaped by the (changing) preferences for state–market relations that are held by political actors, in particular with regards to the expected utility of adopting market-inspired organizational forms in the public sector.

In the second model, corporatization is linked to a more entrenched normative understanding of the market as an institution that all actors, public and private, must adapt to. States are not the only—and perhaps not even the most important—actor involved in organizing markets (Ahrne et al., 2015) and thus corporatization efforts may well be triggered by processes and actors beyond the formal reach of the state. A larger literature discusses these dynamics and particularly the crucial role of multinational corporations in potentially shifting power away from governments (Dugger, 1989; Korten, 2015). Against this backdrop, governments engaging in corporatization as “marketization of the state” may implicitly or explicitly extend the scope and intensity of influence of corporate logics, including the imperative of seeking short-term financial gain. In this model, the state reactively adapts to environmental requirements that are deemed obligatory and without alternatives (DiMaggio & Powell, 1983; Pfeffer & Salancik, 1978; Røvik, 2007). Accordingly, corporatization unfolds in response to signals from powerful and norm-setting actors and processes in the state’s (technical and institutional) environment. The competitive market, for instance, can be considered as an important institutional “field” that prescribes certain organizational models (Fligstein, 2021). As a wider array of public services are commodified and subjected to competition, political actors need to adopt structures and practices prevailing in the market (see also Pfeffer & Salancik, 1978). Globalization may accelerate these pressures, moreover, as it exposes state policies and institutions to scrutiny from extra-state actors, who provide “scripts” with regards to the appropriate organization of state capacities across different policy domains

(Jacobsson, 2010; cf. Farazmand, 2001; Falk, 1999). International organizations such as the OECD and in particular the EU—whose regulatory capacities also render the adaptative pressures more coercive—prescribe a public sector akin to that of a “competition state”, wherein ever more areas of state capacity are made fit for market exposure (cf. Genschel & Seelkopf, 2015).

Again, the two models are ideal types and thus less likely to appear in pure forms when confronted with empirical data. What is more likely is that actual corporatization episodes will contain elements consistent with both models as well as that corporate forms may experience both models throughout their existence or rather the various structural choices that governments take when they create and readjust these corporate forms before they may ultimately engage in their privatization. The questions we are particularly interested in is, first, how far the two models take us when assessing corporatization episodes empirically and, secondly, how environmental pressure and political agency interact and interrelate as corporatization is contemplated, initiated, and implemented in the public sector.

## Research Design

Our research design is based on a historical-comparative case study, where we assess corporatization episodes in two countries, Norway and Sweden. They share certain contextual features pertaining to a Scandinavian state tradition (Arter, 2006), such as a particularly well-developed welfare state (Esping-Andersen, 1990), longstanding traditions of corporatism and the strong role played by the state in the economy (Sejersted & Adams, 2011). Moreover, both countries have traditionally employed corporate forms alongside administrative bodies in order to execute public tasks. Both were also similarly exposed to, and adopted, structural reforms linked to New Public Management, wherein corporatization was one of several key reform components (Lægveid et al., 2013).

The paper selects cases from different sectoral domains, and with distinct episodes involving either the creation of new or the reform of an existing corporate entity. We chose to analyze episodes that are particularly useful in order to illustrate the breadth of corporatization, spanning from structural reforms that come close to the two organizational ideal types, to scenarios where the interplay between environmental pressure and political agency produces hybrid corporatization episodes.

Accordingly, the paper focuses on five episodes of corporatization, involving three organizations. The first organization is *Norsk Medisinaldepot* (NMD), which was created in 1953 as a state corporation in Norway following the creation of a state monopoly for the wholesale, import and export of pharmaceuticals. NMD retained its basic structure until 1993, when it was reorganized as a state limited company in preparation of the abolishment of the state monopoly and the reintroduction of market competition in the pharmaceuticals sector, following Norway’s entry into the European Economic Area (EEA) agreement. We will investigate the creation and this reorganization of NMD, as two major structural choices. The second organization, *Akademiska Hus* (AH), was created as a state-owned enterprise in Sweden in 1993 by reorganizing a pre-existing state agency responsible for

property management in a segment of the real estate market where the state enjoyed a monopoly. A decade following its creation, a structural reform was contemplated but never implemented. We will thus investigate the creation of AH as well as the “non-decision” as regards its subsequent structural reform. The third organization is *Enova SF*, which was created as a state corporation in Norway in 2001 by seceding parts of two pre-existing state agencies (the Norwegian Energy Directorate and the Norwegian Energy Authority). This case selection allows us to shed light on the variation of structural choices involved in corporatization that goes beyond the initial decision to create a corporate entity. We draw on a combination of primary and secondary empirical evidence, including government documents, parliamentary debates, and previous research.

## Empirical Analysis of Five Corporatization Episodes

### Episode I: The Creation of *Norsk Medisinaldepot*

The supply of medicines is considered as a critical public good. Traditionally, the role of the state has been that of a regulator whereas the actual development and supply of medicines have been left to the market. Yet, the supply line is vulnerable against sudden global crises, such as wars or pandemics (Moen, 1998). In Norway, a long history of contemplating a stronger role of the state in safeguarding the supply of medicines culminated in the creation of a state monopoly for wholesale distribution, import, and export of medicines in 1953, to be administered by the newly created state corporation *Norsk Medisinaldepot* (NMD).

The creation of a state monopoly for the supply of medicines was not without precedence. A similar structure had been contemplated in the wake of international crises ever since the Napoleonic wars. Throughout the 1800s and until the inter-war years, consecutive government commissions had been dedicated to the question of how to secure the supply of medicines, but they fell short of recommending a full-scale monopolization (Øydvin, 2015). The issue re-emerged after the Second World War, and with several additional policy objectives added to it, as the Labor Party government presented its plans for a state monopoly and, enjoying a parliamentary majority, had the capacity to force it through amidst fierce parliamentary opposition (Moen, 1998).

However, NMD was not only to secure access to critical medicines during crises. Rather, it was also seen as an instrument for securing lower prices for the end consumer, strengthening the state’s regulatory role, and guaranteeing pharmacies equal access to medicines regardless of their location (Sosialdepartementet, 1952: 3). These additional concerns were all considered to be lacking in the market-based alternative of the status quo, and by expanding the original justification for a monopoly (which had focused on supply security only), NMD became a “signal project” for the rapidly expanding social democratic welfare state project (Moen, 1998; Hobæk & Lie, 2019).

Partly as a consequence, a particularly heated parliamentary debate surrounded the passing of the bill that created the monopoly and laid the grounds for NMD’s

operations, in which the government faced a unified opposition, based on ideological and more functional or pragmatic grounds (see *St.tidende* 27/1, 1953). Concerning the latter, the opposition argued that the government was ill-informed about the market's ability to secure the supply of medicines during crises, with reference to the situation during the world wars where medicine supplies had been secured by depots initiated and organized by Norwegian private companies. Moreover, the opposition univocally pointed towards alternative mechanisms for protecting the interests of consumers and vulnerable user groups, ranging from regulatory measures to direct subsidies, thus also rejecting the government's assumed link between a state monopoly and the realization of additional health- and social policy objectives. Underlying these factual disagreements was a deeper ideological dispute concerning the relationship between the state and the market. The creation of a new state monopoly was seen as a first step towards bringing the entire pharmaceutical sector under state control and thus framed by the opposition as indicative of the Labor Party's "socializing" ambitions writ large. As illustrated by the Labor Party majority in the committee deliberating the bill, this criticism was not entirely unfounded:

"The committee majority assumes that the question of a societal operation (sic) of pharmacies will be further considered once *Norsk Medisinaldepot* is operational, and we have some experience related to how the arrangement works. The committee considers the proposal for establishing *Norsk Medisinaldepot* a first step towards placing pharmaceutical supply in its entirety under society (sic) and finds it reasonable to proceed stepwise in this matter and, at present, limit oneself to the wholesale revenue" (Innst. O. I. 1953: 3).

While a large-scale collectivization of the sector never took place, nor was it further contemplated, the Labor Party's parliamentary majority secured the passing of the bill which created a state monopoly in the wholesale import and export of medicines. NMD was created as a state corporation, that is, a public company fully owned by the state, in order to administer the monopoly.

## Episode II: The Reorganization of *Norsk Medisinaldepot*

NMD's survival over the next four decades comes down to a combination of political structure and pragmatism. The political conflict of its creation remained and became something akin to a "frozen cleavage" (Lipset & Rokkan, 1967). The question of "returning" NMD to the market was frequently brought up by the Conservative Party and the ensuing debates primarily served to flag the party's ideological opposition (Moen, 1998). Even though the Labor Party's parliamentary dominance had faded steadily since the 1960s, an alternative majority could not be established around the Conservative Party's insistence on reversing the state monopoly. The other parties in the non-socialist block had come to accept that the economic consequences of creating the monopoly—both for the state in terms of creating and staffing a new organization as well as for those private companies that had been cut out of business—were essentially sunk costs, and that returning to the status quo ante would imply losses (Moen, 1998).

Concerning the practical relevance of NMD, moreover, the state corporation had earned a good reputation among key actors, such as the pharmacies, and there were no imminent pressures calling for its abolishment (Moen, 1998; Øydvin, 2015). Still, the state monopoly remained at odds with how the sector was organized internationally, and yet it had gradually become accepted (or tolerated, at least) among most key political and industry stakeholders. It was not until the 1990s that this equilibrium came to an end. Contrary to its creation, the eventual dismantling of the state monopoly generated little political debate. Two external conditions contributed to this lack of conflict surrounding the de-monopolization in 1993: Norway's entry into the EEA agreement from 1994 and the gradual ideological reorientation within the Labor Party that had taken place from the 1980s onwards (Moen, 1998).

During the EEA negotiations it was expected that the rather unique state monopoly in Norway would conflict with the rules on the free movement of goods and more specifically the EEA state aid regime (Moen, 1998). This provided the initial push towards dismantling the state monopoly and, by extension, removing the main justification for NMD's existence as a state corporation. Thus, dismantling the monopoly also necessitated a reorganization of NMD to make it better suited for the new market situation. The Labor Party government consequently proposed changing its legal form into a state limited company, which would be fully owned by the state but as a separate legal entity with its own budgetary responsibilities. This move was also favored by NMD itself, as it would provide it with more autonomy for reorienting towards a new competitive market (Moen, 1998). While there was a minority government, the opposition fully supported the government's proposal as it aligned with its long-term interests in abolishing the monopoly (St.tidende 137, 1992/1993). However, the Socialist Party and the Center Party opposed the proposal, expressing a principal stance in defense of the status quo (the Socialist Party) but also against the EEA process (both parties, Moen, 1998).

The Labor Party was principally aligned with the Conservative Party regarding European cooperation, but its stance on the state monopoly was to a large extent influenced by ideological changes that had taken place from the 1980s onwards. Throughout this period, ideals of a strong state were increasingly supplemented by a new openness towards and emphasis on the competitive market for the organization of the public sector, and ultimately culminated in various "third way" alternatives at the turn of the century (cf. Bandau, 2022; Thorsen, 2013). Such a re-orientation also characterized the Labor Party especially from 1981 onwards and thus created a political space for an increased emphasis on organizational principles imported from the market. Thus, while the EEA process may have ignited the initial spark, the peaceful dismantling of the state monopoly and subsequent transformation of NMD into a corporate actor aligned towards the competitive market cannot be fully understood without considering this ideological reorientation within the governing party that remained its principal sponsor throughout its existence.

### **Episode III: The Creation of *Akademiska Hus***

Since 1918, university and college properties in Sweden had been administered by the National Board of Public Building (NBPB). During the 1960s and early 1970s,

the responsibility for property development of universities rested with special program committees established for each university location to meet the accelerated expansion in university premises, hosting the increasing number of students at that time (Nilsson, 1994). In the early 1970s, market-like rents were introduced, and universities became tenants of NBPB as property management body.

In the early 1990s, in the wake of a substantial decline in GDP and increasing unemployment, the pre-existing detailed budget management was replaced with goal and result-oriented management across Swedish central government (Sundström, 2006). This transfer of managing resources to single government authorities included resources for their premises and premises supply. Correspondingly, the parties of the center-right coalition in office, which had advocated in favor of a corporate solution for the state's property management for a while (1990/1991: FiU:30), aligned with the opposition towards a general stance against the existing monopoly administered by NBPB, which they regarded as outdated, bureaucratic, and inefficient. Hence, the minority government introduced a bill to parliament in 1991 to formulate novel guidelines for state property management, including a reorganization of NBPB. One major goal was to conduct property management with a market return requirement that would cover capital costs in acquisition, create space for building up equity, and thus preserve the asset value and achieve higher efficiency. As part of this bill, NBPB was to be reorganized in order to separate the management of state properties from the responsibility of supplying the premises, thus turning NBPB into a more "demand-driven staff and service authority" (Prop. 1991/92:44; cf. amendment 1991/92:FiU8, rskr. 1991/92:107).

However, during the parliamentary debate of the bill, the opposition demanded that university and college properties (as well as castle facilities, the crown lands, and national cultural institutions) would require special attention. As a response, the government mandated a Swedish Public Inquiry Commission (SOU) to formulate measures for transforming NBPB, which submitted its report in 1992 (SOU 1992:79). The SOU devoted a chapter of its report to the academic property management and stated the special nature of university activities and subsequent needs in property development and management (SOU 1992:79; pp. 61–64). It discussed three potential future organizational designs for NBPB's successor: (1) university properties enter a cohesive property group (together with most of NBPB's properties), (2) university properties are placed in a separate property group while NBPB remains, or (3) university properties are placed in special profit centers inside the universities. The committee favored option (1), putting forward that two entities would increase the total costs and impede dealing with problems of empty premises. Instead, one cohesive real estate group was regarded as better in finding tenants and keeping vacancies low, while achieving a given volume of income with lower rents due to its broader coverage and expertise. Furthermore, one corporate entity was regarded to receive a better external rating for its capital debt invested in the capital market than two entities (SOU 1992:79; pp. 88–91). However, in contrast to SOU's report and the previous bill version, the government's renewed bill proposal followed option (2) and stipulated that most of the university and college properties should be transferred into a separated property group (Prop. 1992/93:37). The main argument put forward was the special needs for higher education premises, assuming



that if these premises were integrated in a cohesive property group, they would hinder a more efficient property management for other premises (Prop 1992/93:37, pp. 9).

Although some representatives of the largest opposition party, the Social Democrats, criticized the timing of ending the monopoly, the reorganization came into effect in 1993. NBPB was split up into two agencies (the Swedish Property Agency and the Swedish Local Property Agency) and two state-owned enterprises (*Vasakronan Holding AB* and *Akademiska Hus AB*), which became responsible for university and colleges properties. In sum, the creation of AH followed the almost traditional Swedish approach whereby “Swedish governments (independent of political block) have not initiated any ideological or economic debate on the importance and design of ownership” (Gratzer et al., 2021: 179).

#### **Episode IV: The Non-Decision to Reorganize *Akademiska Hus***

Although it was not tasked with a formal monopoly position, AH’s market shares in student cities remained at ~80% (2001/02:RR12). Correspondingly, the largest increase in value of the entities succeeding NBPB was for *Akademiska Hus*.<sup>1</sup> Already soon after creating AH, another SOU analyzed the reorganization of the state real estate management and concluded with a proposal to introduce a special rental model for “purpose-built properties” such as university and college properties (cf. SOU 1997:96). However, the government rejected these conclusions and saw no need for reforms (Prop. 1997/98:137). It did follow the inquiry’s conclusion, though, whereby universities and colleges should no longer be represented in AH’s board in order to foster the separation between tenants and AH as their landlord. This lack of action did not pass unnoticed, representatives from all parties except the Social Democrats signed a joint motion urging the government to instead follow the recommendations explicitly and remove the capital return requirement on purpose-built properties<sup>2</sup> (Motion 1997/98:Fi14).

However, the renting issue remained controversial. In 1997, a survey among universities and colleges commissioned by the parliament’s education committee had found that those renting premises from AH paid a slightly higher rent than those renting from other property owners, and that the higher education institutions’ negotiating position vis-à-vis AH was perceived as weak (1996/97:URD2). Only in 2001, the Swedish Court of Auditors investigated the government’s renting and real estate administration (2001/02:RR12) and noted that the governance of those corporate forms and agencies involved in the real estate management is not satisfactory, especially with regards to the rents—given that the tenants in this segment of the housing market have only limited alternatives and thus depend upon the state as their

<sup>1</sup> The estimated value of *Akademiska Hus* increased from SEK 7.2 billion in 1993 to approx. SEK 50 billion in 2011 (SOU 2011:31).

<sup>2</sup> This term became rather controversial, and the government noted already in a bill proposed in 1998 that distinguishing a “purpose-built property” from “commercial premises” is often difficult and that the state owns many properties that are not to be regarded as “purpose properties” (Prop. 1997/98:137).

landlord. Subsequently, another SOU was tasked to investigate the tenancy principles for the state's purpose-built properties and to propose a reform that is sustainable and acceptable to the stakeholders involved (SOU 2004:28).

More importantly for the "organizational integrity" of AH, the SOU was mandated to investigate whether a "state expert body" should be set up to advise and provide an opinion when AH as landlord and its tenants disagree on rents, including how this body could be established within or in close proximity to the central government. Eventually, the SOU suggested a rental model that follows market rents but allows for having cost rents for purpose-built properties such as universities and colleges. With regards to the organizational form of AH and the potential establishment of a novel body coexisting with AH, it recommended to create a "State Board for Determining Rent in Purposeful Premises" that can hear disputes between AH as a landlord and tenants in buildings rented by a university or college (SOU 2004:28, p. 21). Such a board would have thus left the organizational form of AH untouched and yet introduced an additional mediating actor in-between AH as a landlord and its tenants. The government rejected these recommendations, referring to opposing views by other consulted stakeholders.

### **Episode V: The Creation of *Enova SF***

Since the early 1990s, the Norwegian transition from state-regulated energy supply to a more market-driven approach was accomplished by separating energy production and grid operation in two different entities (Thue, 1996). *Statkraft* became the state-owned electricity production corporation (along with a range of other producers) and *Statnett* became the grid and systems operator. However, by the late 1990s, it became apparent that this state-regulated energy supply also needs a transition towards more renewable energies, which is particularly challenging in a country operating such large oil and gas reserves. The government proposed several energy policy objectives that were tightly interlinked with the various state entities engaged in Norwegian energy policy:

"The suggestion for a new financial model and reorganization of the entities is, according to the ministry, supposed to tidy up and simplify today's administration. The financial frameworks will become more stable. The fragmented and unclear division of labor (...) will be solved by gathering the activities within one organization. Increased use of competition for tenders will be facilitated. All in all, the changes lay the foundations for a more cost-effective use of funds, and better control and follow-up (...)" (Innst.O. nr. 59 (2000–2001)).

In the subsequent parliamentary debate, the establishment of a new corporate form, *Enova*, faced little disagreement, with the exception of the Progress Party arguing that such an entity was undesirable as another organization requiring public expenditure and increasing an already large state apparatus. Interestingly, the focus of the parliamentary debate was mostly on other issues, such as the possible establishment of a center for gas and its potential location. The Conservative party explicitly referred to marketization, as e.g., argued by one of their members of parliament:

“The Conservatives have for a long time wanted a more rational and market-oriented handling of the state’s efforts for energy economization (...). Although we initially were skeptical to a new state entity, we are now happy that we have a breakthrough for a stronger market-oriented thinking in this area.” (Høie, cited in Innst. O. nr. 59 (2000–2001)).

The Minister of Petroleum and Energy Akselsen (Labor Party) argued strongly for distancing the funding for Enova from the political level and therefore suggested to create a trust (Innst. O. nr. 59 (2000–2001)). The rationale was that the distribution of funds to support the necessary energy transition would vary over time, which would make ordinary state budgeting difficult and complex. In contrast, establishing a trust would autonomize the financial aspect and create less strain on discussions on state expenses for the future. Hence, the combination of the transactional market orientation of the right-wing party and the autonomization arguments from the Labor Party supported the structural distance between the new corporate entity and the political level.

In 2001, Enova SF was established as a state corporation to administer and distribute financial support to businesses and consumers for energy-related projects, funded by the Climate and Energy Fund, which is part of the state’s budget. Enova took over the mandatory energy savings programs from the public energy producers as well as the administration of funding for energy transformations from NVE. Moreover, its legal and organizational foundation allowed for securing sectoral (climate and energy) policy objectives in combination with trade, industry, and business policy objectives. As a state corporation, it was also possible to accomplish slightly more direct and ambitious political control than other legal types for corporate forms in Norway such as state-owned stock companies.

## Discussion

What do these five episodes of corporatization tell us about the state as a corporate actor and, more specifically, to what extent and how (far) do they express the two organizational models?

Across all five episodes, political agency plays a pivotal role. The creations of AH and Enova demonstrate proactive governments motivated by reaping the benefits of organizational models associated with the market, also pushed by fiscal pressure (AH) or by novel policy objectives (Enova). The creation of NMD also reflects a proactive government and yet, it is rather a case of “de-marketization”, as various economic and policy considerations led the government to eliminate competition in a former market in order to form a state monopoly. The failed reorganization of AH shows an active government resisting calls for structural change and instead continuing its stance for the state as an “imperfect marketizer”, benefitting from AH’s value for the state budget while ignoring the side effects of its failed rent management. Hence, the state seems to act as a marketizer especially when creating novel corporate forms or when maintaining corporate forms despite criticism. To succeed with this organizational

model, political agency is crucial, either safeguarded by a political majority or by consensus between government and opposition.

However, several episodes also display how corporatization may express the marketization of the state. On the one hand, the reorganization of NMD was strongly shaped by Norway's EEA objectives, which heralded a novel legal status and eventually NMD's privatization a decade later. Thus, external pressures shaped the political preferences towards reorganization, although these pressures were primarily political and much less market forces expressed explicitly by competitors in the market. In a similar vein, budgetary concerns forced the Swedish government to resist any reorganization of AH and instead keep it as an imperfect and yet highly valuable asset for the state budget. Again, external fiscal pressure pushed the government into this stance rather than competing companies from the real estate market. Yet, the government's continuous emphasis of marketizing real estate and property management surpassed any other potential objectives, most notably those addressing housing and social policy.

As a result, the marketization of the state is particularly visible in episodes in which governments aim to readjust or defend the non-adjustment of existing corporate forms, arguably also because it takes some time until corporate forms owned by the state may serve as some sort of "access point" for further marketization. The selection of episodes in Norway and Sweden may explain why these marketization forces were mostly regulatory or budgetary respectively, whereas in other country contexts or sectors these pressures for the marketization of the state may as well be put forward by competitive corporations in a globalized market (see Farazmand, 2001; Falk, 1999).

## Conclusion

This paper illuminates the relevance of two ideal-typed organizational models of the state as a corporate actor against empirical observations on several corporatization episodes. Drawing on organization theory, a distinction was made between the state as a marketizer and the marketization of the state, emphasizing the different explanatory relevance of political agency and environmental pressure. This distinction is ideal-typical, however, and we assumed that actual corporatization episodes would most likely contain elements of both. Whereas the relevance of political agency can be observed for different structural changes involved in corporatization episodes, such as the creation of a novel corporate form but also the (non-)reorganization of an existing one, external pressures were most visible for (non-)reorganizations. Next to case selection, this finding may also indicate the virtue of a sequential empirical analysis of the relevance of various organizational models throughout a corporate form's lifespan. It is reasonable to assume that external pressures trigger only a fraction of creations of new corporate forms in the public sector across countries and sectors, whereas they may indeed provide a forceful image of allegedly more efficient organizational formation of existing corporate forms at the fringes of the public sector. Put differently, governments may start following an ideal of the state as a marketizer, for various reasons, and come across instances of re-engaging with this

ideal or revoking it—and the latter is often triggered by external drivers warranting more marketization. These external triggers may not only refer to contextual dynamics or other supranational bodies and arenas providing opportunities for mimicking and best practices, they may also be advanced by private sector actors pushing further the corporatization of the state.

Theoretically, a more fine-grained account is warranted, factoring in the relationship between political actors and (the relevant parts of) the bureaucracy, regulators, private sector actors, or others. This would also entail further unpacking political preferences towards corporatization. As a possible corrective to the first model, for instance, we have not looked further into the possibility that corporatization—rather than being initiated in order to realize substantive policy goals—expresses a strategy of “exporting” policy problems to actors outside central government, and thus exonerating political actors from the responsibility for deciding over priorities and resolving contradictions (Hood, 1978). Hence, our explanations of patterns of corporatization are also paving the way forward to assessing its implications for democratic accountability and control.

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## Declarations

**Ethical Approval** None.

**Informed Consent** None.

**Conflict of Interest** None.

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