

MODEL OF A MODEL

Norsk Hydro at Home and Abroad

Ståle Knudsen



In 2015, I attended a seminar on “Understanding Culture in an International Workplace” at the Norwegian University of Science and Technology in Trondheim. The keynote was given by Norsk Hydro’s CEO Svein Brandtzæg. He underlined how the corporation had succeeded in the remote Norwegian township Rjukan one hundred years previously because they had taken social responsibility (*samfunnsansvar*), how an agreement with the union in 1967 made the corporation a pioneer for the Norwegian Work Environment Act (*Arbeidsmiljøvernloven*, 1977) and how they now enact the Hydro model in Brazil, especially by cooperating with their employees. “What we are doing in Brazil now is very similar to what we did in Rjukan one hundred years ago, for example by supporting education and taking care of remote villages.”

Three years later, Hydro was embroiled in scandals related to their alumina refinery in Alunorte, Brazil. It seemed that their CSR, sustainability, and community work had not been all that responsible after all – which brought the largest owner, the Norwegian state, into question for its passivity.

Currently one of the world’s largest aluminum producers, Norsk Hydro has also been a core corporation in the development of industrialism in Norway (see table 0.1 in the introduction). Whereas until fifteen to twenty years ago it was engaged in a range of activities, including oil and gas production, Norsk Hydro has consolidated its activities around the processing of aluminum and aluminum prod-

ucts. Their primary source of raw materials is their own extraction and processing of alumina in Brazil. Thus, when we first designed the Energethics project from which this book emerges, Norsk Hydro was not included since it is not involved in energy production outside of Norway. However, when pursuing our research from 2015 through 2019, we repeatedly came across references to Norsk Hydro as model, reference point, and example. It pressed itself upon us through informants' statements, in academic texts, in media coverage and opinion pieces, in parliamentary debates, and by journalists addressing questions to us concerning Norsk Hydro. Norsk Hydro seeped into the project from everywhere. This ubiquity convinced us that the story about how the state and the Nordic model influence the way Norwegian corporations handle responsibility when they operate abroad cannot be satisfactorily told without including Norsk Hydro.

Thus, by telling the story of Norsk Hydro, I will show in this chapter the importance of the example set by or granted to Hydro for the development of state policies and corporate strategies related to responsibilities of Norwegian capital abroad. The story of Norsk Hydro is indicative of general developments in the relation between corporations, industrial capital, the state, and the Nordic model in Norway. Zooming in on Norsk Hydro will also help us highlight many of the main dynamics, dilemmas, challenges, and tensions involved when taking Norwegian (state) capital and/or the Nordic model abroad. As such, this chapter provides a backdrop to the other chapters in the book and can fruitfully be read as a companion chapter to the introduction in that it develops many of the same themes. It does so by relating the story about one particular corporation that has often been considered a model for so many things in Norway. The Hydro model, in many respects, became a model for how capitalism could thrive within a social democratic polity, and, as Emil Røyrvik argues in his chapter in this volume, "Hydro is an exemplary company in the sense of both co-constituting and instantiating the Nordic/Norwegian model" (see also Røyrvik 2011: 182).

Norsk Hydro has been articulated as a reference point and model in many different areas, by various actors, and in manifold ways. We can broadly distinguish between:

- (1) an academic-political discourse that centers on Norsk Hydro as a model for state ownership and state-corporation relations;

- (2) references to Norsk Hydro as model for CSR either (a) in relation to communities and unions, articulated by Norsk Hydro itself or representatives of other corporations or unions, or (b) as a model for sustainability, as articulated primarily by academicians; and
- (3) Norsk Hydro as a model for the embeddedness of capital in society, exemplified especially by the alignment of “corporate values” with “Norwegian values.”

Before discussing each of these varieties of the model, this chapter first provides a brief outline of the history of the corporation and its role in the political economy of Norway. The last section takes a closer look at Norsk Hydro in Brazil and discusses how and to what extent the varieties of the Hydro model came into play and were challenged and negotiated when the corporation recently experienced several incidents/scandals related to its operations there.

Norsk Hydro in the Political Economy of Norway and Beyond

Norsk Hydro has arguably been the most important corporation in Norwegian industrial history and remained by far the largest industrial conglomerate in Norway up until the early 2000s. In many respects, Norsk Hydro exemplifies and symbolizes major trends in Norwegian political economy. The pre-1940 history of Norsk Hydro is characterized by early industrialization fostered by foreign capital. It was established in 1905 by Norwegian entrepreneur Sam Eyde, Norwegian chemist Kristian Birkeland, and Swedish investor Marcus Wallenberg.¹ Supported by Swedish and French capital, Norsk Hydro initially experienced great success producing synthetic fertilizers. Although Norsk Hydro is known for its cooperation with local communities and unions during this period, it also saw fierce confrontations with workers and their unions, most dramatically displayed in the infamous Menstad battle where police and military personnel were mobilized (by then Minister of the Interior Vidkun Quisling), in an understanding with corporate management, to quell a large incident of worker unrest (Lie, Myklebust, and Norvik 2014: 50–51). The narrative about cooperation with unions and communities in Hydro’s early history is obviously a curated or selective nar-

rative, retrospectively allocating identity, continuity, and values to the corporation.

Norsk Hydro was largely taken over by the Nazi regime during World War II, with the German shares falling into the hands of the Norwegian state after the war. The state became a majority owner of Norsk Hydro, but it was a reluctant owner. The previously revolutionary leaders of the Labor Party now underlined that there were limits to the state's engagement in the corporation (Lie et al. 2014: 51). Yet, during the next decades, Norsk Hydro also experienced strong pressure for aligning with the social democratic project, becoming one of the important arenas for the development of the tripartite model, all while the state refrained from involvement in business operations. Industrial crises involving fully state-owned corporations during the 1970s and 1980s became a major drain on state finances and resulted in increased legitimacy of the hands-off approach the state had taken with Norsk Hydro. In the ensuing restructuring, ÅSV—a major state-owned industrial corporation—was taken over by Norsk Hydro.

Although the leading social democrats considered the way in which the state enacted its ownership of Norsk Hydro to be wise and were generally pleased with the corporation's activities, their stance was more reluctant when it became clear that Norway was to embark on the development of significant offshore oil and gas fields. The Conservative Party wanted to make Hydro the major instrument for developing the resources, while the Labor Party preferred to establish a new, 100 percent state-owned corporation. With the establishment of Statoil in 1972, it was the latter view that prevailed. Still, Norsk Hydro remained an important actor in the oil and gas sector. Hydro was Statoil's (later Equinor's) main domestic competitor and was often considered the more dynamic and effective of the two.

The corporation developed and diversified into a holding corporation with far-flung interests in production of metal, fertilizers, oil and gas, as well as other produce. From the 1970s onward it invested in Brazil and elsewhere. Despite a tendency toward corporatization and privatization in Norwegian policies since the 1980s, the state retained more than one-third of the shares in Norsk Hydro, and there was a great deal of continuity in the way governments related to the corporation. Starting around 1990, Hydro embarked on a more conscious strategy for internationalization and, from the end of the 1990s, reformulated—in accordance with international trends—its purpose toward creating shareholder value. This shift from industrial

to financial capital had effects on the ways Norsk Hydro relates to Norwegian institutional mechanisms and articulates responsibility.

The corporation also changed strategy from being a broad-based industrial conglomerate to concentrating on aluminum production, selling off other aspects of production—including fertilizer production (which was incorporated as a new independent company, Yara). The oil and gas division of Norsk Hydro was merged with and in effect taken over by Statoil in 2008. Norsk Hydro is now a transnational corporation specializing in aluminum. It has—according to its own website—operations in forty countries, engaging thirty-five thousand workers involved in all stages of the production of aluminum and aluminum products. Headquartered in Oslo, the corporation’s activity in Norway is typically centered on research and development and high-end aluminum production in small communities where Norsk Hydro is the dominating employer. It was only during this last period—from approximately 1990—that Norsk Hydro emerged as an explicit model.

The First Model: State Ownership

While the Norwegian state has been and is a major owner of large Norwegian corporations (see introduction), its ownership of Norsk Hydro since after World War II is seen as particularly successful in that the distance the state has kept has been combined with commercial success. As such, the way state ownership of Norsk Hydro has been enacted is often talked about as the “Hydro model,” which comes with positive connotations, with the designation “model” signifying an ideal to be followed in the way in which the state enacts its ownership in other major corporations. While policy papers (e.g., green and white papers) do not explicitly refer to a Hydro model, the concept is widely used in public debates,² including in (business) scholars’ contributions in the public domain,³ and by think tanks (Gitmark 2014; Storsletten 2019).

Scholars consider that the Hydro model of state ownership was replicated and spread in Norway from the early 1990s onward (Lie et al. 2014: 64) and that the Hydro model constituted a template for more explicit and consistent policies for state ownership from the late 1990s when former state agencies were corporatized and partly privatized (see introduction). The following quote nicely summarizes what the Hydro model is usually taken to mean:

the so-called Hydro model ... entails that the state is *one* among several owners, and that the company is listed [on a stock exchange]. It has been a core principle that the state behaves as any other owner and respects the company's integrity as a listed company, and that the state as the dominant owner does not discriminate against minority shareholders. That means that the state respects common rules for good corporate governance of ownership (*eierskapsstyring*). That means in practice that the state does not send governance signals (*styringssignaler*) outside of the formal channels that the ownership affords. (Christensen 2015: 4, my translation)

One major reason it developed into a model for state ownership was that Norsk Hydro, unlike corporations that the state owned fully and which ran into a suite of political and financial problems during the 1970s and 1980s (Lie 2016; Lie et al. 2014: 62), continued to be a commercially successful corporation. It has been argued that it was successful precisely because the state kept a distance. "Through the larger part of the 60 years that the state has had the majority or 'near majority' [of the shares], the state has not 'governed' [*styrt*] Hydro—or tried to govern Hydro—through its ownership. ... The state has been a passive owner" (Grønlie 2006: 160, my translation).

While this hands-off policy on the part of the state is commonly considered to have facilitated the commercial success of Norsk Hydro, state ownership has also been seen as a factor in securing stability and promoting long-term strategic thinking (Lie et al. 2014: 62). In practice, governance of listed companies with state ownership has, since the 1980s, gravitated in the direction of the Hydro model. Rather than being the result of a conscious strategy by governments, this emerged as a political consensus when state agencies were corporatized and state corporations partly privatized. It has been and continues to be a reference point for managing state ownership when reforming (partly) state-owned corporations. For instance, when discussing the potential partial privatization of Statkraft, one scholar suggested that "partial privatization in accordance with the so-called Hydro model would be a good solution for Statkraft."⁴

The Second Model: CSR and Sustainability

While reference to the Hydro model will usually denote the model for (distanced/inactive) state ownership, it is common to refer to Norsk Hydro as a model in other respects also, more closely connected to the diffuse field of CSR, corporate responsibility, or sustainability. This is less articulated in public discourse but is regularly invoked

by people working on corporations' relation to unions, communities, and the environment, who will then often consider the way Norsk Hydro does things to be a good example of the Norwegian Way.

An Equinor manager with extensive international experience stated in a workshop organized by the Energethics project that "CSR is there to create the foundation for the business we are going to have. That is very important. It is embedded in the Norwegian DNA." Here, he referred to Norsk Hydro at Rjukan and stressed that Norsk Hydro cared about not only the environment but the whole community. Similarly, a union representative, who was involved in the establishment of a union to interact with Equinor in Tanzania (see Lange's chapter in this volume), stressed how Norsk Hydro had one hundred years of experience with industrial workers and had learned how important cooperation is to avoid in-house unions (*husforeninger*). She considered that, contrary to Statoil (later Equinor), they managed this well on the Norwegian shelf. She praised their way of doing things in a tidy and orderly manner (*ryddig og ordentlig*) and said that "this is what one envisioned down there [in Tanzania] as well. It is much better to have one [union]. We tried to have a kind of Norwegian model."⁵

It is important to note here that not only corporate management but also union representatives consider Norsk Hydro to be a model for how to handle CSR and relate to the environment and local communities. LO, the major industrial union in Norway, embraces Norsk Hydro as a model of the Norwegian model. A team from the union visited the Hydro operations in Brazil and reported, in an article in a magazine published by the union, that there was close cooperation between the corporation and its employees. The Norwegian government and LO had been pushing for such cooperation. They noted that there was some conflict concerning what issues should be included in the work of the local union (education, politics?), but, overall, they relayed that "the Hydro model is puttering along, also in Brazil" (*hydro-modellen putrer og går, også i Brasil*) (LO 2011).

Norsk Hydro's self-presentation—as exemplified in the vignette—as well as references to Norsk Hydro as a model tend to focus on its history and experience of dealing with communities and unions. Until the 1990s, this was not articulated as being CSR (or *samfunnsansvar*; see chapter in this volume by Maraire and Hugøy). However, toward the end of the 1990s, "CSR was put on the agenda in a new way, as a matter of self-driven, strategic initiatives," with Hydro hosting an international seminar on CSR (Carson, Hagen, and Sethi 2013: 26) and appointing an executive vice president of CSR (Røyrvik, this

collection) in 1999. This was, notably, the same year that the board decided to adapt to the financialization of the global economy and let shareholder value be the primary yardstick for their operations (Røyrvik 2011: 150). Local resistance against Hydro's Utkal project in India, and the corporation's subsequent backing out from the project in 2001, was instrumental when the Hydro management decided to heed the advice of Norwegian Church Aid and embed a dedicated strategy for CSR in corporate governance (Hveem 2009: 394).

Scholars who have surveyed the adoption of CSR by corporations in Norway, or focused on Norsk Hydro itself, have also conveyed this narrative of Hydro being an early adopter of CSR. This includes sustainability: "Norsk Hydro is a representative example of the sustainability frontrunners among the largest and most influential companies in Norway" (Ditlev-Simonsen, Weltzien, and Ihlen 2015: 178). This literature stresses that Norsk Hydro had a central role in the formation, in the early 1990s, of the World Business Council for Sustainable Development (Weltzien, and Ihlen 2015: 178) and that Norsk Hydro was among the first to publish a sustainability report (in 1989/90; Brun and Thornam 2013: 91). Rather than being a model for the Nordic/Norwegian way of doing things, these moves toward sustainability may indicate that Norsk Hydro is emerging as a model for sustainability/CSR in a globalized business environment.

The Third Model: Embeddedness

The self-presentation of Norsk Hydro not only portrays the corporation as a model for handling relations with communities and unions (as illustrated by the vignette) but also subtly aligns corporate values with widespread understandings of Norwegian values. For instance, an article on Norsk Hydro's website profiles their former CEO (or "general director") Johan B. Holte, stressing how he

got rid of the class symbols in the company. The red carpets that paid homage to former managing directors were removed. So were the sleekest cars in the garage. Holte drove his own Volkswagen when he needed to go to Notodden or Rjukan. This was noticed. The distance between top management and the workers lessened, just as the managing director intended.⁶

While this may be read as an independent initiative on Norsk Hydro's side to be more egalitarian, a more comprehensive analysis demonstrates that Norsk Hydro was also induced or pressed to adapt to reigning social-democratic policies in post-World War II Norway.

The Norwegian Industrial Democracy Program from 1962 focused on areas of work-life relation and workplace democracy, which Norsk Hydro came to pioneer from the late 1960s (see Røyrvik's elaboration in his chapter; also Røyrvik 2011: 156), and constituted core pillars of the Norwegian tripartite model. Thus, the way Norsk Hydro related to unions and workers, and labor overall, came to be considered not only the way Norsk Hydro did things but the Norwegian way, of which Norsk Hydro is considered an exemplar.

Scholars and politicians, focusing on Norsk Hydro's cooperation with unions and communities as well as on the way state ownership is exercised, tend to emphasize the institutional dynamics of the Hydro model. This is largely congruent with academic approaches that consider institutional mechanisms as core to the Nordic model (see introduction). However, it has also been argued that the legitimacy of the Hydro model may be based on a more comprehensive and wider model concerning how the corporation is thoroughly embedded in and intertwined with Norwegian society through an informal implicit contract between the corporation, society, and the state based on "a multitude of attitudes, perceptions and expectations more or less mutually held" (Grønlie 2006: 160).

Diverting from the formal as well as informal institutional embeddedness described by scholars, the management of Norsk Hydro—along with employees and unions—tends to emphasize values as core to the way Norsk Hydro does business. In current business parlance, this is articulated in their "Purpose" to foster a "more viable society," or what they call the Hydro Way.⁷ During the presentation mentioned in the vignette, CEO Brandtzæg stated that "the Hydro Way is about putting a name on the culture of the corporation. It is about the values we take with us to all countries in which we operate."

While corporate leadership could rhetorically anchor their approach to responsibility in a history of care for communities, in practice this was not seen as sufficient or comprehensive enough when going global, both because the legal and regulatory framework was often weaker and because the corporations were less familiar with and embedded within the social and political landscape. With the internationalization of the corporation and, especially, the turn to shareholder value, the embeddedness dimension of the Norsk Hydro model is less convincing. The values that Norsk Hydro claims to take with it abroad are not explicitly articulated as being Norwegian values. Rather, the corporate values presented are very generic—it is typical speak by management in transnational corporations. At the seminar

mentioned in the vignette, a veteran Hydro manager reflected that “the Nordic model has something to do with our view on humanity” and described how an employee representative had come with tears in his eyes and thanked him after Norsk Hydro had implemented the Norwegian model in a foreign company Hydro had bought. Thus, undoubtedly, the particular history and embeddedness of Hydro in Norwegian society does give it a capacity to mobilize egalitarian and transparent management forms when expedient, as the case study by Røyrvik demonstrates. Røyrvik argues that in practice Hydro operates with dynamic and hybrid management forms.

However, the corporate culture’s Norwegian character is partly reemployed by the corporate management by repeated reference to company history. The corporation’s particular (Norwegian) history of “Care, Collaboration, and Courage” (keywords in the Hydro Way) subtly aligns the corporate values with Norwegian values, as was expressed in the Equinor manager’s earlier comment concerning CSR as embedded in the Norwegian DNA. The Hydro culture fostered through more than one hundred years of history, embedded from the very start in both the local community and wider society, is thus often referred to when discussing the responsible business conduct of Norwegian corporations abroad. However much the corporation has become internationalized, it remains convenient to refer to the Norwegian background to foster and articulate an identity and a culture.

Norsk Hydro in Brazil: Business, Scandals, and Politics

This section explores how the Norsk Hydro model is challenged, negotiated, and defended—both at home and abroad. Since the Hydro management obviously thinks that Brazil is a good place to look to see how the corporation pursues responsible business abroad based on their history in Norway, Brazil will also be my focus here. Norsk Hydro’s long history of engagement in Brazil, their reliance on their processed raw materials from Brazil, as well as some recent controversies relating to their operations there makes this focus particularly appropriate.⁸

Norsk Hydro has been active internationally since around 1970 and made their first investment in Brazil during the mid-1970s. The investment in Brazil was important in order to have some control of the extraction and first processing of raw materials for aluminum production. However, this early investment in Brazil became controversial, partly because Brazil was then a brutal military dictatorship

but especially since their bauxite-extraction activities in Trombetas had severe, negative impacts on indigenous populations and the environment (Akerø et al. 1979; Leira 2020). The scandal resulted in the Norwegian state pulling the fully owned ÅSV out of the Brazilian consortium in which both ÅSV and Norsk Hydro were partners. But Norsk Hydro waited it out, retained their shares, and eventually so expanded their activities in Brazil that more than 50 percent of all of Norsk Hydro's workforce is now located in Brazil, and Brazil counts for almost half of Norsk Hydro's industrial activity. In 2010, Norsk Hydro bought most of the Brazilian bauxite producer, Vale. The price tag—4.6 billion USD—meant that this was (by then) the largest Norwegian investment abroad. This takeover of the larger part of Vale meant that Hydro secured access to bauxite in a “100-years perspective” (Leira 2020: 116).

In 2018, Norsk Hydro operations in Brazil faced two challenges to the image of Hydro being particularly responsible and ethical: the first concerning toxic spills, the second relating to corruption.

Following heavy rain in February 2018, local residents in the Barcarena municipality and Brazilian authorities accused Hydro of allowing toxic spills from the alumina refinery, Alunorte, which were polluting rivers and posing a threat to local populations. Brazilian authorities fined Hydro 50 million Norwegian crowns and required production to be halved while investigations took place. Alunorte is the world's largest aluminum refinery with two thousand employees, and the partial closure had severe consequences for Hydro since the company depends on the Alunorte production of raw material for further processing in Norway and elsewhere. While the Brazilian authorities' experts documented toxic spills, the external consultants hired by Norsk Hydro found “no environmental damage.” The incident received a lot of attention in Brazilian media, and Norsk Hydro faced the combined trouble of reputational loss and severely reduced production capacity. In this context, CEO Brandtzæg stressed that they would “strengthen our societal engagement to ensure that we contribute to sustainable development in Barcarena in line with Hydro's strategy for CSR.”⁹ In a primetime interview on NRK, the major state TV channel in Norway, the same day, he stressed that his major concern was the well-being of the local population (Leira 2020: 94). This aligned well with their announcement to the Oslo stock exchange the day before that Norsk Hydro would invest 250 million Norwegian crowns in a Sustainable Barcarena Initiative, which would address the local communities surrounding the Alunorte facilities.¹⁰

Thus, the frame of reference for Hydro's handling of its responsibility initially was not the Norwegian model or Norwegian values but the international business language of CSR and sustainability, which was mobilized here as it would have been by any other large TNC faced by scandal that threatened their bottom line. They needed to rebuild trust and find ways to get the Brazilian authorities to revoke the instruction to operate at half capacity. This was their major concern, as this cut inflicted a loss in earnings amounting to more than 400 million Norwegian crowns per month. The value of Norsk Hydro shares plummeted 15 percent in the first month after the incident (Leira 2020: 93). Writing about Norwegian business interests in Brazil, Torkjell Leira shows that it was only when the business implications of the incident dawned on the management that they took action: "Hydro did not define the situation as a 'crisis' before the sanctions from the Brazilian environmental authorities came, in other words not until it had serious consequences for the corporation's bottom line" (Leira 2020: 95, my translation). Thus, it was not Hydro's values relating to communities and responsibility but the effect the incident had on shareholder value that directed the way Hydro responded.

The second critique against Norsk Hydro's activities in Brazil came in December 2018 when NRK released a documentary about them. Contrary to political discourse, which focused only on the event of alleged toxic spills, the documentary portrayed a much more complex picture of Hydro's presence in the state of Pará. It told the story of contested land rights between Hydro and the Tauá people living at the outskirts of the Hydro Alunorte property, an area defined as "traditional land area" according to a contract signed in 1982 by the Brazilian company Vale, which purchased land from the state. Norsk Hydro, on the other hand, stated that the contract had expired and that the Tauá people who had returned should once again be dislocated. In 2016, the mayor of Barcarena presented a new regulation plan that redefined the area to fit industrial purposes. The redefinition served the interests of not only Hydro but also the mayor, who by then had already benefitted economically from the expansion of the refinery through contracts with Hydro worth 141 million Norwegian crowns. Although Hydro terminated their relationship with the mayor three years after he took office, Transparency International Norway claims that the collaboration should have ended when the mayor was elected in 2012 due to strong conflicts of interest.

This critique did not have the same impact on the corporation as the critique of the alleged toxic spill earlier the same year, perhaps

because it did not have immediate effects on profits or perhaps because Hydro's image was already tainted. This scandal seems not to have received the same attention in Brazil as the previous one. It was more complex and not only about bad foreign capital but also about a corrupt local leader. The incident discussed earlier concerning rainwater spill, however, attracted considerable media attention first in Brazil and later in Norway. In this context, a Brazilian journalist came across the website for our Energetics project and contacted us to request an interview. Although I did not have particular insight into the Brazilian case, she insisted that it was relevant to talk to me. The journalist had one major question: given that the Norwegian state is a major owner of Norsk Hydro, does it put pressure on the corporation, and if not, why? She saw this in the context of the Norwegian state wealth fund recently having (allegedly) divested from hydrocarbon extraction (oil, gas, and coal) as a move to support energy transition. Thus, while the Norwegian state made such ethical choices concerning its investments in the wealth fund, why did it not intervene in Norsk Hydro's unsustainable activities in Brazil?¹¹

The Norwegian media coverage of the Hydro troubles in Brazil did not initially touch on the role of the Norwegian state. It was seen purely as the corporation's own responsibility, and the focus in reports and commentaries was on the way in which the corporate leadership handled the challenge, including the engagement of external consultants to assess whether there had actually been overflows and pollution. It was leftist parliamentarians who eventually brought attention to the role of the state. The minister of trade, industry, and fisheries was challenged to explain in the Norwegian Parliament, *Stortinget*, how the government had responded to the incident.¹² Said ministry is formally the owner of the state's shares in Norsk Hydro, and Minister Torbjørn Røe Isaksen thus represented the state's role and responsibility. Isaksen was criticized for reproducing Hydro's narrative by treating their investigations as facts while dismissing Brazilian environmental authorities' investigations as allegations. Further, his ministry was criticized for not having conducted independent evaluations to assess whether Hydro acted according to the state's expectations on CSR.

Isaksen asserted that the ministry would conduct independent assessments but stressed that it would not be done in a manner whereby the ministry would override the company's board. Rather, he referred to the ownership dialogue they had with Norsk Hydro as any large shareowner would have and further noted that "when it comes to CSR (*samfunnsansvar*) and sustainability there are formu-

lated clear expectations in the White Paper on state ownership which the Stortinget collectively supports. We have clearly expressed these expectations to Norsk Hydro and other corporations, and we have repeated these expectations concretely in relation to the situation at Alunorte.”¹³ He reiterated the government’s hands-off ownership policy: “It is important to remember that the state as owner does not have other rights than other shareholders ... The Ministry does not operate this company. The board operates and is responsible for it [the company].”¹⁴

So, herein lies the answer to the Brazilian journalist’s question: the way the right-of-center government interpreted the state ownership policy, embedded in the Stortinget, meant in practice that the state should keep an arm’s-length relationship with Norsk Hydro. Ownership should be professional, and politics and business must not be mixed. This is based on and articulates a widespread conception concerning limited liability public companies: that ownership and management should largely be separate, that owners should not interfere in daily operations and only exert influence through the board and at the general assembly. This is an ideal and practice that has emerged with the modern corporation (Micklethwait and Wooldridge 2003). The Conservative Party in Norway in particular, generally supportive of business, is ideologically committed to this ideal and therefore ends up with the policy articulated by Isaksen in Stortinget.

However, large corporations often have shared interests with the states of their respective home country, and the two can be intertwined in a multitude of ways. An odd twist to the story of the Alunorte scandal shows how that applies in this case. Half a year before the Alunorte scandal/incident, Norwegian minister for climate and environment Vidar Helgesen sent an unusually sharp and critical letter to his Brazilian counterpart. Norway and Brazil had cooperated on issues, such as the environment and indigenous populations, for many years, and Norway is a major contributor to REDD+. The minister now expressed concern about issues, such as accelerating deforestation and environmentally unfriendly decisions by President Michel Temer’s government. Soon after this, Temer met Norwegian prime minister Erna Solberg in Oslo, where he was again confronted by the critique and had to face both demonstrators and a humiliating press conference. According to Leira (2020: 57–60), this incident was one of the main reasons that the Alunorte spill became such an important incident. This was explicitly acknowledged in Brazilian media. It was Helgesen’s counterpart in Brazil, Minister Sarney Filho, who instructed IBAMA (Brazilian Institute of Environment and Renewable Natural Resources) to fine Norsk Hydro and halve their

production. It was payback time. During an interview with one of the larger TV channels in Brazil, Filho stressed that the Norwegian state is a major owner in Norsk Hydro and should therefore be held responsible, especially in Amazonas. This resulted in widespread attention in Brazilian media on the role of the Norwegian state in the Alunorte case, and it is likely that when the Brazilian journalist contacted me approximately a week following the interview with the minister, her questions were informed by his claims.

So, Norsk Hydro became part of the politics of interstate relations whether it wanted to or not. However much the Norwegian state tries to distance itself from corporations in which it has significant ownership interests, it cannot avoid those corporations becoming implicated. In this case it was a reaction to the humanitarian approach of the Norwegian state. Inactive state ownership is no guarantee that corporations do not become implicated in politics. Moreover, corporations themselves often seek alliances with governments, and governments often promote abroad businesses that are based in their own countries. Statkraft's involvement in Turkey was secured by the intense involvement of Norwegian ministers (and even the Norwegian king), especially by tending relations with the minister of energy in Turkey. And this applies, of course, not only to state-owned corporations. When BP wanted to get a foothold in Azerbaijan when the Soviet Union was about to break up, they managed to mobilize UK prime minister Margaret Thatcher to work for their case; she even attended the signing of an MoU in Baku. "It was the perfect illustration of the use of the British foreign policy machinery by a private oil corporation" (Marriot and Minio-Paluello 2013: 57).

This brief review of the unfolding of Norsk Hydro's activities in Brazil and the controversies surrounding them indicates that the Nordic model and state ownership may be of relatively little importance for the corporation's operations abroad (but see Røyrvik's chapter in this volume). It is not a Nordic way of doing things or Hydro's Norwegian tradition for relating to communities and unions or state ownership that shapes its policies in Brazil. However, back home in Norway, Norsk Hydro is still held to account by the public and media, which consider Norsk Hydro a primary exemplar of the Nordic Model. While most of the conservative dailies in Norway primarily reported on the Norsk Hydro problems in Brazil, several left-leaning publications as well as the main business newspaper, *Dagens Næringsliv*, carried critical articles and opinion pieces concerning Hydro's activities in Brazil. One opinion piece typically claims that the Hydro problems in Brazil affect the reputation of Norway.¹⁵ The documentary produced by NRK about the corruption case, the state

TV channel's critical questions to the CEO concerning the spills, and Leira's book further testify to how much Norsk Hydro is exposed to the critical attention of the Norwegian public. State ownership comes with expectations among the public and politicians, although the meaning and content of state ownership obviously is negotiable and has undergone change. According to Hugøy and Maraire's chapter in this collection there is, among the Norwegian public, a strong expectation that the state should stay out ahead and be a good example of social responsibility, and by extension that corporations in which the state is a major owner should be particularly responsible.

Conclusion

We argued in the introduction that to meaningfully study the Nordic model one should distinguish between academic approaches to the model and its use as a political-rhetorical tool in social interaction. While the first accentuates the tripartite model, the welfare state, and egalitarianism, the second is increasingly sliding toward emphasizing some idealized Nordic—or rather Norwegian—values. Yet, there is obviously a dialectic between these two levels. Emil Røyrvik (2011) claims that Hydro drastically transformed when it adapted to the shift from industrial capital to financial capital during the late 1990s, resulting in corporation management thinking that the corporation's primary responsibility is shareholder value. He argues "that a partial dismantling, or at least a major transformation of the social democratic state and the Norwegian model of democratic capitalism (Sejersted 1993), has in effect been a partial result of the active political process of neoliberalization in Norway" (Røyrvik 2011: 179).

This results in ambivalences, contradictions, and tensions that are, in Norway, especially articulated in debates about active/passive state ownership. Norsk Hydro was once an integral part and totally intertwined in the fabric of a particular Norwegian political economy. By increasingly playing along with the rules, premises, and languages of globalized capital—including a shift to shareholder value and the adoption of the language of CSR—Norsk Hydro has untangled itself from the shackles of the Norwegian political economy, and the expectations (*forventninger*) (see introduction) that the state expresses for the corporation's responsible conduct is but a thin disguise of this fact. Thus, as was seen in the case of Brazil above, the way state ownership is enacted at arm's length gives Norsk Hydro license to function as any other TNC when operating abroad, focus-

ing on shareholder values and mending problems by invoking the internationally acknowledged tool and language of CSR.

This case thus indicates that the ideals that come with the analytical Nordic model—state guidance, dialogue with unions, responsible interaction with local communities—are difficult to uphold for large Norwegian corporations when internationalizing. The expectations the Norwegian state expresses do not in any way substitute for the “implicit common understanding” (*underforståtte fellesforståelse*) (Grønlie 2006: 164) that the Hydro model once implied. Yet, Norsk Hydro considers the Nordic/Norwegian background to be capital, which they can mobilize in managing their public image. They dis-embed the model from any particular Nordic institutional arrangements and rewrite it so that it attaches to and represents their particular Norwegian history and experience, and, supposedly, also Norwegian values. And here again, Norsk Hydro can be considered a model: the other corporations we have studied have followed Norsk Hydro and made the same maneuver: when going global, it is not Nordic institutional mechanisms but rather “Norwegian values” that are hinted at in their self-presentation.

Acknowledgments

Research on which this chapter rests has been conducted within the frames of the project Energethics (2015–19), funded by a FRIPRO grant from the Research Council of Norway (grant no. 240617).

Ståle Knudsen is professor in the Department of Social Anthropology, University of Bergen, Norway. He was leader of the project Energethics (2015–19) from which this book emerges. Knudsen has, since the early 1990s, done ethnographic fieldwork in Turkey, and his publications include the monograph *Fisheries in Modernizing Turkey* (Berghahn, 2009).

Notes

1. Bråten outlines in detail in chapter 3 the history of Sam Eyde’s first industrial investment in Norway and the way in which social responsibility was handled in a remote industrial community.
2. See, e.g., <https://www.dagbladet.no/kultur/farvel-til-hydro—modellen/66290463>, <https://www.aftenposten.no/mening/kronikk/i/347RM/statens-aktive-eierskap>, both retrieved 20 July 2020.

3. Retrieved 20 July 2020 from <https://www.magma.no/liberale-verdier-og-statlig-eierskap>, <https://www.bi.no/forskning/business-review/articles/2015/01/kongsberg-modellen/>.
4. Retrieved 10 July 2020 from <https://www.europower-energi.no/public/hydro-modellen-god-for-statkraft-privatisering/1-2-185613>.
5. I am grateful to Siri Lange who allowed me to use this piece of information from her fieldwork.
6. Retrieved 10 May 2021 from <https://www.hydro.com/en-NO/about-hydro/company-history/1946--1977/1967-a-dynamic-and-visionary-leader/>.
7. Retrieved 10 December 2020 [https://www.hydro.com/Document/Index?name=The percent20Hydro percent20Way percent20 percent28EN percent29&id=3399](https://www.hydro.com/Document/Index?name=The%20percent20Hydro%20Way%20percent28EN%29&id=3399).
8. This section leans heavily on Torkjell Leira's book (2020) *Kampen om regnskogen – sannheten om Norge i Brasil* (The fight for the rainforest—the truth about Norway in Brazil).
9. Norsk Hydro Press Conference, Oslo, 9 April 2018.
10. Dagens Næringsliv, 10 April 2018: 4–7.
11. Retrieved 12 April 2018 from <https://exame.com/brasil/da-noruega-ao-para-as-contradicoes-da-hydro-alunorte/>.
12. <https://www.stortinget.no/globalassets/pdf/referater/stortinget/2017-2018/refs-201718-06-14.pdf>.
13. <https://www.stortinget.no/globalassets/pdf/referater/stortinget/2017-2018/refs-201718-06-07.pdf>, p. 4838.
14. <https://www.stortinget.no/globalassets/pdf/referater/stortinget/2017-2018/refs-201718-06-07.pdf>, p. 4838.
15. "Hydro og norsk omdømme" ("Hydro and Norwegian reputation"), Eirin Heddeland, *Dagsavisen*, 26 March 2018, 37.

References

- Akerø, Dan B., Dag V. Poleszynski, Helge Hveem, and Per Erik Borge. 1979. *Norge i Brasil: Militærdiktatur, folkemord og norsk aluminium* [Norway in Brasil: Military dictatorship, genocide, and the Norwegian aluminum industry]. Oslo: H. Aschehoug & Co.
- Brun, Pål, and Hanne Thornam. 2013. "Corporate Sustainability Reporting." In *CSR and Beyond*, edited by Atle Middtun, 88–116. Oslo: Cappelen Damm.
- Carson, Siri G., Oivind Hagen, and S. Prakash Sethi. 2013. "From Implicit to Explicit CSR in a Scandinavian Context: The Cases of HÅG and Hydro." *Journal of Business Ethics* 127: 17–31.
- Christensen, Sverre A. 2015. "Liberale verdier og statlig eierskap" [Liberal values and state ownership]. *Magma: Econas Tidsskrift for økonomi og ledelse* 4.
- Itlev-Simonsen, Caroline D., Heidi von Weltzien Koivik, and Øyvind Ihlen. 2015. "The Historical Development of Corporate Social Responsibility in Norway." In *Corporate Social Responsibility in Europe*, edited by S. Idowu, R. Schmidpeter, and M. Fifka. CSR, Sustainability, Ethics & Governance, 177–196. Cham: Springer.
- Gitmark, Hanne. 2014. *Statlig eierskap* [State ownership]. Oslo: Tankesmien Agenda.
- Grønlie, Tore. 2006. "Hydro-modellen" [The Hydro model]. *Nytt Norsk Tidsskrift* 23(2): 159–64.
- Hveem, Helge. 2009. "Norske utenlandsinvesteringer og norsk (utenriks)politikk: Dærlig forbindelse?" [Norwegian foreign direct investments and Norwegian (foreign) policy: Poor connection?]. *Internasjonal Politikk* 67(3): 381–412. <https://www.idunn.no/ip/2009/03/art01>.

- Leira, Torkjell. 2020. *Kampen om regnskogen: Sannheten om Norge i Brasil* [The fight for the rainforest - The truth about Norway in Brazil]. Oslo: Res Publica.
- Lie, Einar. 2016. "Context and Contingency: Explaining State Ownership in Norway." *Enterprise and Society* 17(4): 904–30.
- Lie, Einar, Egil Myklebust, and Harald Norvik. 2014. *Staten som kapitalist: Rikdom og eierskap for det 21. århundre* [The State as a capitalist: Wealth and ownership of the 21st century]. Oslo: Pax forlag A/S.
- LO. 2011. *Aktuell bakgrunn: Hydro in Brasil* [Relevant background: Hydro in Brazil]. Oslo: LO Norway International Department.
- Marriott, James, and Mika Minio-Paluello. 2013. *The Oil Road: Journeys from the Caspian Sea to the City of London*. London: Verso.
- Micklethwait, J., and A. Wooldridge. 2003. *The Company: A Short History of a Revolutionary Idea*. New York: Modern Library.
- Røyrvik, Emil A. 2011. *The Allure of Capitalism: An Ethnography of Management and the Global Economy in Crisis*. New York: Berghahn Books.
- Sejersted, Francis. 1993. *Demokratisk kapitalisme* [Democratic capitalism]. Oslo: Universitetsforlaget.
- Storsletten, Aslak V. 2019. *Et mindre og bedre statlig eierskap* [Smaller and better state ownership]. Civita-note 24 (2019). Civita.