**Title:** Governing the Settlement of Refugees: Lessons from Norway’s Failure

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# Governing the Settlement of Refugees: Lessons from Norway’s Failure

# Abstract

The article explores strengths and weaknesses of instruments used to govern the integration of refugees. Taking the case of Norway, the article asks why draconic measures to make local governments cooperate towards integration have not been introduced, despite enduring implementation deficits. Two explanations are offered. First, policy owners at national level have a weak causal theory about governing integration. Fearing that long-term integration will suffer if they start instructing local governments to settle refugees, they struggle to understand the implementation deficit’s implication for future governance. Second, national politicians’ calculus appears to be that political rewards for improving refugees’ situation do not outweigh political losses associated with infringements of local self-rule.

**Keywords**: policy failure, multi-level governance, wicked issues, policy instruments, refugee settlement, integration, Norway

# Introduction

Across Europe, growing numbers of refugees have increased societal and political attention to questions about whom to allow into the country, how to regulate access to welfare and political rights, and how to integrate those granted access (Freeman, 1986, 1995; Castles & Millers, 2009; Geddes, 2003; Ireland, 2004; Hainmuller & Hangartner, 2013; Strang & Ager, 2010). In many countries, including the United States, market forces provide incentives for individuals to essentially integrate themselves. Many European countries take a more active role and respond to poor integration as they do towards other societal problems. To countries with expansive and universalistic welfare regimes, active involvement in integration has become necessary to preserve the egalitarian welfare state (Valenta & Bunar, 2010; Brochman, 2002). To handle the reception, settlement, and integration of refugees and other newcomers, governments try to coordinate across policy jurisdictions such as immigration, education, employment, health, housing, and social services. Countries that have delegated the delivery of these services to sub-national levels of government have added cross-level coordination challenges to cross-sector ones.

This article aims, first, to explore the strengths and weaknesses of different policy instruments central governments use to make local governments collaborate in attaining national integration ambitions. Our primary focus is on settlement of refugees – the first and most crucial step in the integration process. Getting local government on board is challenging because while central governments tend to frame refugee settlement as a national obligation to the international community, many local governments frame settlement in relation to local issues, such as the availability of housing, education, and work, and protecting the local community’s cultural homogeneity (Scholten, 2013; Borkert & Caponio, 2010; Poppelars & Scholten, 2008; Schön & Rein, 1994). Using the case of Norway from 1990 until 2014, we ask how different policy instruments have been applied in the national settlement program, and with what effects. By using a 25-year span, we can also study interactions between policy choices made at different times.

The Norwegian refugee settlement program is widely seen as a failed program. The image of failure does not stem from evidence of poor long-term integration of those settled, but rather from the fact that because of reluctance among local governments, refugees granted asylum are not settled soon enough in local communities. A settlement queue has therefore developed, with thousands living in asylum centers beyond specified time limits, despite evidence that delayed settlement is very detrimental to an individual’s integration into society (Office of the Auditor General 2010, Thorshaug et al. 2011, 2013). According to negative feedback theory, we should expect that to maintain legitimacy, policy owners will over time adjust a poorly functioning policy program, and if necessary make it more intrusive towards its implementing agents or target group (Baumgartner & Jones 2002). The empirical puzzle here is that Norway’s settlement program has remained essentially stable for more than 20 years, despite enduring implementation deficits. Solving this puzzle is the second ambition of this article. Why have more draconic measures to make local governments cooperate not been introduced?

Our reasoning about dynamics of policy programs identifies three assumptions that underlie idealized negative-feedback theory about how policies change: Access to information, a strong causal theory, and change passing through a political calculus that involves the standing of target groups and intermediaries. After describing the results of the Norwegian refugee settlement program, we return to whether breaches of these assumptions can explain the empirical puzzle described above. In the conclusion, we discuss general lessons from the study by way of reasoning about conditions that give rise to one specific form of governance over another.

# Analytical framework

## The state toolbox

Hyden (1999:185) defines governance as “the stewardship of formal and informal political rules of the game (…) [i.e.,] setting the rules for the exercise of power and settling conflicts over such rules.” Markets, hierarchies, and networks are widely understood to be the three primary forms of governance (Powell 1990), whether the relations to be organized are ones between government and individuals or ones between governmental entities – which is our focus here. The *market* approach advocates coordinating intergovernmental dependencies by drawing on structuring mechanisms known from the marketplace. In central–local government relations, central government can solve its dependency on local governments by buying behavior, drawing on economic transfers, or treasure, as a basic resource (Hood & Margetts 2007: 6). The associated decision style is *bargaining* –appealing to the self-interests of all participants and resorting to incentives (Scharpf 1988: 59). Matching-grants programs targeted at local governments exemplify this form of governance.

The *hierarchy* approach advocates coordinating intergovernmental dependencies by drawing on structuring mechanisms known from the command hierarchy rather than ones known from the marketplace. Central government can solve its dependency on local governments by commanding certain behavior, drawing on its authority to pass laws and regulations and to sanction unwanted behavior (Hood & Margetts 2007: 5-6). The associated decision style is *confrontation* –appealing to the interests of the dominant individual party and resorting to power and coercion (Scharpf 1988: 259). In the case of resettling refugees, the solution would be to instruct local governments to settle a given number of refugees.

In the *network* approach to multi-level governance, central and local governments solve their mutual dependencies through discussion rather than through bargaining and confrontation. The decision style involves *problem solving:* central government governs by appealing to common solidarity values and resorting to ostracism (Scharpf 1988: 258). To govern in this fashion, central government must build and maintain what Hood and Margetts (2007: 21) call a nodal position in relevant information and power networks. From a position of nodality, which Hood and Margetts (2007: 5) see as a resource alongside fiscal and legal ones, central government not only can collect and analyze information, but also can influence local governments’ behavior through dissemination of information, normative appeals, and persuasion. The networkapproach hence advocates coordinating intergovernmental dependencies by drawing on structuring mechanisms from science (systematic analysis, proven facts), rhetoric (arguments and persuasion), and pedagogy (explaining and understanding). Influencing behavior with nodality can be targeted at all local governments or tailored to individual local governments. To succeed with appeals and persuasion towards individual local governments, central government must obtain knowledge of local conditions, ideally establish personal connections with local leaders, and communicate in ways consistent with local values, beliefs, and preferences (Schneider and Ingram 1990).

When local conditions vary, as in Norway’s heterogeneous local government sector, such knowledge and connections may necessitate a decentralized organizational presence, and sometimes even a capacity and willingness to engage in formal or informal partnerships with local governments. Those necessities highlight the importance of coupling nodality with another basic governmental resource, namely organization (Hood & Margetts 2007: 6, 102). Organizational capacity can be located in central offices with legal, statistical, economic, and topical expertise, and in decentralized offices with localized knowledge and the ability to adapt policies to local circumstances and to connect with local government leaders.

## Dynamics of policy programs

Most policy issues are surrounded by a combination of instruments (Hood & Margetts 2007, Salamon & Lund 1989). Public policy theory offers a range of explanations about why policy programs change or remain stable, but offers only limited knowledge about the conditions that give rise to one specific form of governance over another (Jung & Lake 2011). The internal balance of policy instruments is assumed to change over time in response to implementation experiences, policy performance, and societal pressures (Hood & Margetts 2007). According to negative feedback theory, we should expect that to maintain legitimacy, a poorly functioning policy program will be adjusted over time, and if necessary become more intrusive towards its implementing agents or target group (Baumgartner & Jones 2002).This idealized theory of how policy programs change rests, we believe, on three assumptions that may or may not prove correct once practice has been analyzed: access to information, a strong causal theory, and passing through a political calculus. We return later to whether breaches of one of more of these assumptions can account for the stasis of the Norwegian refugee settlement program.

First, changing policy in response to feedback requires *access to information* (Hardin 2002). Central government must collect and receive relevant feedback from local governments about the program’s functioning. Changing policy in response to feedback furthermore assumes that central government trusts the feedback it receives from local governments. If the policy owner doubts the reliability, validity, and truthfulness of feedback from policy implementers, the information will not be emphasized. A related point is that to change policy, the policy owner must have the imagination to see alternative configurations of policy instruments. Absence of knowledge about alternative policy instruments tends to hold back policy–ideational development (Jacobs & Weaver 2014).

Second, the idealized theory of policy change assumes the presence of a *strong causal theory* among policy formulators. According to Stone (2002), a causal theory is the policy owners’ theory of what causes the problem and how particular responses alleviate it, based on behavioral assumptions about target populations. Changing policy in response to feedback assumes that policy owners can make sense of the feedback they receive from local governments and its implications for governance. If the underlying causal theory is poor, negative feedback will not necessarily identify alterations in policy that will produce better results.

A third assumption is that a policy change must pass through a *political calculus*. How policy formulators respond to poor policy performance may depend on an electoral or administrative calculus involving the target group’s standing (Schneider & Ingram, 1990). The more important the target group, the more likely it is that policy formulators will restrict themselves to making changes that they believe the target group and intermediaries will see as reasonably appropriate. If we consider local governments as intermediaries for the policy program, we can assume that the feasibility of program changes will be judged on the extent to which they infringe on local self-governance. If local governments are important to policy formulators, such infringements will be avoided. Therefore, to the extent that policy owners deem it necessary to move the policy program away from market-based governance, we would expect to see change towards network governance, which respects local self-governance. Moving away from reliance on market-based governance towards either network or hierarchical governance also increases administrative costs for policy implementation and oversight. Without prospects of political and administrative gains that outweigh the costs, policy owners will avoid change altogether. Change therefore requires dedication to the ultimate target group, in this case, refugees, and to program objectives. If a policy’s target group is politically weak, potential political gains from changing policy will be small.

# Settling refugees in Norway

The data is based on official statistics, green and white papers, performance contracts and annual reports from state agencies involved, reports from the Norwegian Auditor General, policy evaluations, existing academic research, and on evidence collected by first-hand semi-structured interviews in 2013–2014. Interviewees included top public officials at ministry level, agency officials at national and regional level, and representatives from the Norwegian Association of Local and Regional Authorities. All interviewees were asked questions about the settlement program’s functioning and about reasons for change and stability in the program over time. Quotes have been translated into English by the authors.

## Actors and responsibilities

Refugees’ asylum applications are handled by the Norwegian Directorate of Immigration (UDI), an agency that sits politically under the Ministry of Justice and Public Security. Numbers of asylum seekers vary significantly year to year, with less than 2,000 in 1995, almost 18,000 in 2002, about 6,000 in 2006, more than 17,000 in 2009, down to about 10,000 in 2011, and gradually increasing again up to 2014. During recent years, a considerable proportion (about 40–60% of applicants) has been granted asylum.

While applications are processed, refugees live in UDI asylum centers located around the country. Those granted asylum acquire rights, on a par with those of the majority population, to health services, education, housing support, and social benefits. Importantly, they also acquire the right to domicile in a local government (white paper, St.meld. 17, 2000–2001: 68). Overall political responsibility for settling and integrating those granted asylum lies with The Ministry of Children, Equality and Social Inclusion (BLD), which implements integration policies through The Directorate of Integration and Diversity (IMDi).

Directed and rapid settlement are important objectives in the refugee settlement program. “Directed” means that the state steers where in the country refugees shall settle. The alternative, self-settlement, is assumed to lead to development of ghettos and sub-cultures, which may be detrimental to integration on a societal level. Concentration of immigrants also strains bigger cities’ welfare and social services. From a societal perspective, therefore, it is seen as more effective to make many immigrants settle in smaller communities, spread around the country. This emphasis on directed settlement means that Norway’s program is more paternalistic than, for instance, Sweden’s program, which emphasizes that refugees should be free to choose their place of settlement without losing rights to economic and welfare benefits (Borevi 2002). “Rapid” settlement means that IMDI’s target is to settle adult refugees within 6 months after approval of their asylum application, and unaccompanied children within 3 months (IMDi 2013). The time limit has been important because of often poor living conditions in asylum centers and because of evidence that long-term integration into Norwegian society is negatively affected by delayed settlement in a local community (Thorshaug et al. 2011, 2013).

Every year, IMDi petitions most of the 428 local governments, small and large ones, throughout Norway, to settle a given number of refugees. State petitions, which are publically available letters, often receive much local news media attention. Settlement is therefore often a highly visible topic among the public and is regularly opposed by local right-wing political parties (Steen 2009). For each refugee settled, the local government is offered an economic subsidy to cover welfare costs incurred. Each local government then decides by vote in the municipal council whether to accept or reject the petition. Some say yes; others say yes, but to accepting fewer refugees than petitioned; some say no; and some do not answer the petition. By contrast, Denmark’s Integration Act of 1998 allows the state to instruct local governments who are unwilling to receive a certain number of refugees that they must receive them (Jønsson & Petersen 2010). Successful integration also depends on IMDi and local governments’ joint ability to cooperate with state and regional actors responsible for housing, higher education, vocational training, and specialist health care.

## Results of Norway’s settlement program

The share of local governments that fully accepted state petitions has varied year to year, from a record high 77% in 2005 to a record low 17% in 2012 (source: personal communication with IMDi and IMDi’s homepage). During the period 2000–2010, between 7 and 25% of local governments rejected or ignored state petitions and did not accept to settle refugees at all. In some years, IMDi’s pool of “reliable” local governments has provided sufficient capacity for settlement, while in peak years IMDi has had to lean on even the less predictable local governments – those inclined to reject the petitions or to accept a lower number of refugees than they have been petitioned to accept. Figure 1 shows how many refugees local governments have been petitioned to settle and how many they have agreed to settle since 2000.

[Figure 1 about here]

Since 2000 the number of refugees in need of settlement has averaged 7,700 per year, varying from 4,200 in 2006 to almost 14,000 in 2001. The number of refugees local governments agree to resettle fluctuates far less. Average acceptance is about 5,000 refugees per year, varying from 3,800 in 2006 to 6,550 in 2013.

In periods with high demand for settlement, local governments rent apartments, hire staff, and establish other necessary capacities for handling settlement. In periods with lower demand, local governments’ capacity may be oversized and represent a fiscal burden. Many local governments were unwilling to rebuild their capacity from 2007 onwards, since they had learned that while costs are long-term, the number of refugees is unpredictable and therefore revenue from state matching grants fluctuates year to year.

The number of refugees granted asylum who remain living in state refugee centers beyond established time limits has increased significantly over time (see Figure 2). In 2012, following a rejection by most interested parties of a state proposal to introduce more draconic policy instruments towards local governments, an openly frustrated prime minister expressed in Parliament: “Our problem is that now 2,459 people live in asylum camps in Norway – [people] who shall be resettled, who are persecuted, and need protection, but to whom the local governments say ‘no’,” (Prime Minister Jens Stoltenberg, Parliamentary Question Time, March 2012). By September 2014, the number had more than doubled to a peak of 5,148, of whom 3,185 persons had been granted asylum but nevertheless had waited for settlement in a local community longer than the maximum (6 months) specified under law.

[Figure 2 about here]

It should be noted that the accumulation of the “settlement deficit” is not a direct function of the difference in number between petitions and settlement acceptances. One mediating factor is that 10% of refugees decline to move to the settlement location assigned to them (white paper, Meld. St. Nr. 6, 2012-2013), even though their doing so means that they lose rights to economic and welfare benefits. Another mediating factor is that some local governments delay actual settlement once IMDi lifts the “veil of ignorance” and tells local governments about the gender, age, marital status, and nationality of individuals intended to fill the settlement places made available.

# Expanding the state toolbox

## We now describe the Norwegian refugee program’s contents, seen from the state-toolbox perspective outlined above. How has the implementation gap influenced the use of various instruments of governance?

## The growth of market-type policy instruments

The Norwegian state’s main instrument to make local governments resettle refugees is a matching-grants scheme called the Integration Subsidy. The subsidy shall cover the local government’s costs for providing housing, health care, kindergartens, language training, and vocational training. Local governments with cost-effective integration practices are supposed to be able to run a surplus that can be used for other municipal purposes; local governments are not accountable to central government for how they spend any excess funds. The subsidy is approved annually by the Norwegian Parliament as part of the state budget. In 2013 the subsidy amounted to about 650,000 NOK (about 80,000 EUR) per person settled under the scheme, meant to cover costs for five years. The subsidy has grown over time, with a 64% increase in real terms since 1991.

The combined effect of the increased economic compensation rate per refugee and the increased number of refugees is that total costs for the Integration Subsidy have grown such that by 2013, with about seven billion NOK (about 850 million EUR), the subsidy constitutes a major post in the (about 1,000 billion NOK) Norwegian state budget (Prop.1 S, 2012–2013).

## Resistance towards hierarchy-type instruments

Introducing a right for central government to instruct local governments to resettle refugees has been discussed several times over the past 25 years. In 1990, an expert committee appointed by the then conservative government recommended enacting a law to empower the state to instruct unwilling local governments to settle their specified quota of refugees (white paper, St. meld. Nr. 61 1989-90). The Norwegian Association of Local and Regional Authorities (KS) was concerned about infringing on municipal autonomy and emphatically opposed the proposal. The government soon withdrew it.

The next time resettlement came on the national political agenda was in 2000, under a leftwing government. This time hierarchical instruments were kept off the table; central government explicitly supported the principle of local autonomy and admitted its dependence on finding local governments willing to receive refugees: “A high degree of municipal freedom and local self-government is a basic principle that shall apply also to [the handling of] refugees and immigrants” (white paper, St. meld. 17, 1996-97: 90).

Ten years later, under a center-left government, a report from the Auditor General stated that the program had performed poorly during several years, not least in settling unaccompanied minors (Office of The Norwegian Auditor General, 2010). The criticism moved The Ministry of Children, Equality and Social Inclusion to try again to introduce more direct state intervention to speed up the settlement process. The Ministry proposed that if negotiations between a local government and IMDi did not result in an agreement over how many refugees to settle, the County Governor would have authority to instruct the local government to settle a given number of refugees (The Ministry of Children, Equality and Social Inclusion, 2011). In a public hearing, local governments rejected the proposal in large numbers, and so did The Association for Local and Regional Governments (KS), several County Governors, the Directorate of Immigration (UDI), and IMDi. IMDi did not reject state instruction out of principle but claimed the Ministry’s proposal had juridical and organizational weaknesses, for example, in that it lacked sanctioning mechanisms. IMDi also expressed concern that the proposal would shift responsibility for integration from local governments to the state (Hernes 2012). IMDi, which is responsible not only for settlement but also for long-term integration, argued that effective integration depends on positive local attitudes. Following the public hearing, the Ministry withdrew the proposal.

The Ministry’s impatience was evidenced yet again in 2013’s so-called Framework Agreement between the then center-left government and KS: “If the objectives for settlement are not obtained in 2014 and 2015, the state will consider other instruments to solve this national task to which Norway is obligated” (2013 Framework Agreement, § 3.1). This agreement is only a soft contract, since KS lacks authority to bind its members, and since the agreement itself contains a “veto-paragraph” stating that “each local government shall decide how many [refugees] it shall settle every year” (Ibid., § 2.5). Norway’s current conservative-rightwing government (2013 onwards) does not seem intent on introducing more hierarchical steering, despite continuing implementation deficits. During the government’s first year in power, the minister in charge – representing the Progress Party, known for its right-wing immigration and integration policies – has repeatedly expressed support for municipal self-rule on settlement issues.

## The rise of network governance

Local governments tend to view settlement and integration as the state’s rather than “their own” problem (Steen 2009, 2013), and as a task they perform primarily on behalf of the state. The state has over time used a range of arenas – letters, newspapers, conferences, white papers, etc. – to make local governments change their thinking about receiving of refugees. One example is the following quote from the then Minister of Integration:

“Resettlement of refugees who have legal permission to stay in Norway must be something that is taken for granted and is seen as a part of the daily operation in all local governments … in line with obligations nobody questions, like providing schools for our children and nursing for our elderly” (Minister of Integration, Inga Marthe Torkildsen in the daily newspaper Dagsavisen, January 27, 2013).

Opinion polls have consistently shown skepticism and xenophobia to be common sentiments connected to immigration and resettlement of refugees in Norway (Steen 2013). As in other countries, local governments, and particularly those with high electoral support for right-wing parties, often respond to citizens’ skepticism with restrictive local integration policies (Caponio & Borkert 2010, Steen 2009, Liden & Nyhlen 2014). Reducing local popular xenophobia is outside the boundaries of what the state can accomplish, at least short term. Based on knowledge that top local officials can buffer popular opposition (Helbling 2010, Steen 2010), and on the assumption that top local officials are more dedicated than are other local stakeholders to national policy objectives, IMDi has tried to shape local leaders’ framing of the settlement issue as an opportunity for the community and to in a sense insulate the settlement process from public skepticism. The working assumption has been that chances of positive responses to state petitions increase if local leaders see settlement not as an economic and cultural burden but rather as questions about the availability of housing and education and training capacity supported by generous state grants. Such material conditions are potential obstacles to settlement for which state grants can be the solution.

This rationale lies behind the state’s putting increasing effort into communicating and interacting directly with local government leaders. By referring to experience, evidence, and rationality, the state has tried to convince local leaders that economic benefits accrued outweigh the costs, and that concerns about long-term integration deficits are unsubstantiated. Moral petitions are also used to persuade local governments, sometimes in the shape of appeals issued to the whole population of local leaders. As an illustration, the passage below quotes a letter sent in November 2013 to all mayors in Norway. The letter, which was entitled “More refugee children need a home,” was signed jointly by the Minister of Local Government and Modernization, the Minister of Children, Equality and Social Inclusion and the Chief Executive Officer of The Norwegian Association of Local and Regional Authorities (KS):

Many local governments have settled refugees in 2013 and many have responded positively to the government's petition to settle refugees in 2014, 2015 and 2016. To you we say, Thank you very much. (…). Nevertheless, there is a need for even more local governments to take responsibility and to participate in the joint effort to help. (…) Some local governments point to a lack of available housing provision as grounds for declining to settle refugees. We understand that this can be a challenge in some places. Nevertheless, we emphasize that most [housing] is better than that available in the life refugees come from, and better than the accommodation at asylum centers (…) We hope that local governments who have decided to receive refugees in 2014 settle them already before Christmas.

Another channel the state uses to persuade local governments to settle refugees is interaction with individual local governments – a far more expensive means of influence than “group messages” (Hood & Margetts 2007: 31). To enable direct interaction with local governments, central government has increased its localized capacity. The Directorate of Integration and Diversity (IMDi) was established in 2006, split off from The Norwegian Directorate of Immigration (UDI), and since then IMDi has grown considerably. Its running budget doubled in real terms between 2006 and 2012 and its staff increased by 90%. To enable localized presence, IMDi’s regional branches, each covering three counties, grew more than its central unit. In 2012 roughly 50% of IMDi’s staff were employed in its six regional offices (Statistics Norway 2013: 18, The Directorate of Integration and Diversity 2006, 2013). Settlement is the main task of IMDi’s regional offices, and many employees specialize on specific local governments. They travel extensively to local governments, ask for invitations to speak to leaders and the local council, seek detailed knowledge about local circumstances, and ideally establish trust amongst and personal relations with local CEOs and mayors. The significance of regionalized state governance has been underscored by IMDi’s general director who maintains

I am often asked whether having regional offices might lead to more clumsy governance. My answer is no; it is an enormous advantage to have regional offices because they make it easier to establish the contact we want with local governments … if the state just issues orders to local governments about what to do, then the policy will fail even before it has started. (Interview, February 2014).

This resource-demanding way of governing is a route central government has felt forced to take given the limited impact of economic incentives, and taking into account that introducing more hierarchical governance has proven difficult.

## Network governance by multi-level partnerships

The national Framework Agreements mentioned above can be understood as partnerships between the central and the local governments. These agreements were included in the overall settlement program in the early 1990s after the withdrawal of the 1990 ministerial proposal to start instructing local governments to settle refugees. These agreements have three-year scopes but are renegotiated annually between the state and the Association of Local and Regional Authorities (KS). Before sending settlement petitions to local governments, the state negotiates an agreement with KS about the number of refugees to settle and which local governments to ask to settle them. KS has no authority to bind its members, but the state’s expectation has been that coming to an agreement with KS would persuade more local governments to accept the state’s petitions for resettlement. The agreement is co-signed by three ministers (of integration, justice, and local government affairs) and by the leader of KS.

Since 2010 IMDi has deepened its commitment to partnerships as a policy instrument, by engaging in long-term agreements with individual local governments. The Auditor General’s above-mentioned critical report from 2010 played a part in this development. In addition to recommending more hierarchical governance, the audit report recommended closer voluntary cooperation between IMDi and individual local governments. The report singled out for praise an existing cooperation between IMDI’s regional branch and the city of Trondheim. This cooperation has become a model upon which IMDi’s regional branches now shape cooperation agreements with individual local governments. As of 2014, 42 such agreements, or quasi-partnerships, had been signed. Some agreements have six-year scopes, but most agreements are running for two or three years. The agreements do not commit local governments to settle a specified number of refugees but to “cooperate” with the state and ideally to incorporate settlement and integration in ordinary local planning routines.

IMDi commits to being a predictable partner in terms of how often the agency asks each local government to settle refugees (ideally once per year only), how many refugees to settle (ideally close to a pre-planned number), and when petitions are sent (ideally the same month every year). Such predictability allows local governments to plan ahead. IMDi also commits to provide relevant and timely information and to help organize local governments’ cooperation with state agencies such as The Norwegian State Housing Bank, The Norwegian Labour and Welfare Administration, and The Child Welfare Service.

In 2014, fewer than half of the 42 local governments that had voluntarily entered into such bilateral agreements with IMDi accepted to settle the petitioned number of refugees. Despite being a firm believer in the system of bilateral agreements he had installed, IMDi’s director expressed disappointment: “I am of course disappointed that so few local governments have responded to the [latest] request [to settle refugees] … the prognoses give no reason for optimism for settlement of refugees in the years to come” (interview, published on IMDi’s homepage Nov. 15, 2013). Top ministerial officials appeared less surprised about the modest results of the latest version of soft governance. One respondent from the ministry in charge (BLD) argued that without stronger steering it is impossible to make local governments “do something they strictly speaking do not want to do” (Interview 19.02.2014). Experiences indicate that the bi-lateral agreements have strengthened municipal bargaining power.

# Discussion

We will now discuss how various aspects of the “wickedness” (Ling 2002, Schön & Rein 1994, Rittel & Webber 1973) of the problems under study affect how the policy sector is governed, including the strengths and weaknesses of different policy instruments, and the prospects for changing the balance within the policy program between market-, hierarchy-, and network-type instruments.

## Strengths and weaknesses of market-type governance

Settlement of refugees exemplifies a policy domain characterized by pluralism, with interdependencies and overlapping responsibilities, rather than distinct, insulated spheres of power among jurisdictions. The most important interdependency in our setting is between central and local government. Because of the high emphasis on local self-determination, market-based governance, which does not conflict with local self-rule, fits this context well (Scharpf 1988: 265). Local governments are free to choose whether to participate, by calculating whether or not the subsidy matches their production costs.

A connected characteristic of the case under study is that local governments tend to frame settlement of refugees differently from how national policymakers do. This characteristic translates into a further reason why market-based coordination fits the context: This mode of governance essentially does not presuppose that principals and agents agree about the framing of the problem at hand or whether the bought behavior best solves the problem. Therefore, in the case of the Norwegian settlement program, national policy owners have good reasons to choose to rely on governance instruments whose policy effectiveness is not premised upon the existence of a common utility function (Scharpf 1988: 259-60).

Furthermore, the case under study is characterized by fluctuations in problem intensity depending on the inflow of refugees. “Problem input” is unpredictable not only in terms of the number of asylum applicants, but also in terms of content, since the profile of asylum applicants changes year to year. Evidence shows that Somali, Afghan, and Iraqi refugees are more resource-demanding than refugees from, for example, Vietnam, Chile, and the Balkan countries are (white paper, Prop. 1 S 2014-2015, p. 191, 206). Fluctuations disrupt the suitability of established policy programs and challenge administrative routines on state and local levels. The advantage of using market-based governance in a setting where fluctuation is the norm is that this approach is flexible in the sense that matching grants – the “prices” offered for collaboration – can be adjusted quickly to fit increased or decreased problem intensity.

What are the main weaknesses of market-based governance in this context? First, calculating the right level of subsidies is difficult. Local governments have incentives to claim that national programs are insufficiently funded, and may use their information advantage to persuade central government to pay excessive subsidies, something that reduces the policy program’s cost efficiency. Who is responsible if policy objectives are not met? Despite steadily increasing subsidies, the following debate is ensuing between central and local governments about refugee settlement in Norway: Is the central government unwilling to pay the necessary price, or are local governments unwilling to accept a fair offer? We should probably not be surprised to find blame avoidance strategies and rhetoric in a setting like this, where both interdependent parties – central government and local governments – have both motives and opportunities to shift blame onto each other for poor policy performance (Hood 2010).

Second, even in a situation where subsidies match or even exceed actual costs, local governments may still choose not to collaborate for various reasons. Relative to other instruments, market-based governance usually scores low on desiderata such as the “certainty” and “timeliness” of compliance with targets (Birkland 2011, pp. 250-251).

A further weakness of market-based governance in this context arises from the fact that the case under study is characterized by goal inconsistencies. Realizing short-term settlement goals is not a sufficient condition for realizing long-term integration goals, and there is a risk that local governments may get on board for the wrong reasons. An economic motivation may be sufficient for producing a good like refugee settlement, but contributing effectively to long-term integration may require a more substantial motivation and a sense of problem ownership locally. Decoupling of intertwined policy objectives, and even goal displacement, is therefore a potential perverting mechanism associated with market-based coordination in this setting. Geographically peripheral local governments might, for instance, speculate in receiving refugees in order to harvest state subsidies, but might not invest heavily in long-term integration, expecting the problem to go away since many refugees – well-integrated or not – move to bigger cities once they have finished the two-year integration program.

## Hierarchy-type governance

Turning to hierarchy-type governance may not help avoid the problem of decoupling the long-term objective of integration from the short-term objective of settlement, since this mode of governance shares market-based governance’s built-in perverting mechanism of decoupling intertwined policy objectives. Compared to market-based governance, a main weakness associated with hierarchical governance is that it strongly infringes on local government autonomy. In the Norwegian context, with comparatively high political, if not constitutional, protection of local self-determination (Sellers & Lidström 2007), such infringements come with high political costs. A relative strength of hierarchical governance, when compared to market-based governance, is that it offers stronger democratic accountability. Instructions and sanctions place political responsibility for policy performance more clearly at central-government level. Hierarchical governance also gives more predictable results than market-based governance does (Birkland 2011, p. 251). However, instructed settlement might be detrimental to integration, since it would mean that refugees are sent to local governments unable or unwilling to integrate them.

## Network governance

It seems that the main reason for introducing network governance into the program is that it brings with it the potential to alleviate the problem of decoupling goals for settlement from goals for refugee integration. Through network governance, the state can influence how local governments frame problems (Fischer 2003), and ideally, over time, persuade them to think of accepting refugees as a continuous rather than as an ad-hoc task, and as their own task, rather than as a task they perform because the state urges (and pays) them to do so. The importance of persuading local governments to think along these lines is highlighted by a last wicked-issue characteristic: Integration is an unsolvable problem, if not on the individual level then at least on the societal level. Global migration means that settling refugees and integrating them is a never-ending task.

## Dynamics of policy programs

We can reject our initial idealized theory, that policy owners will use feedback to adjust a poorly functioning policy program over time, and if necessary make the program more intrusive towards its implementing agents. Among the three explanations we offered for possible lack of change, we find no support for the *access to information* version. Central government has established effective routines for gathering feedback from local governments and for assembling and analyzing relevant statistics, and appears well informed about alternative configurations of policy instruments.

We find more support for the second explanation, suggesting that a weak *causal theory* among policy formulators might hinder change (Stone 2002). The settlement program is complex, having instruments based on conflicting behavioral assumptions about local governments. Policy owners at national level genuinely fear that long-term integration will suffer if they start instructing local governments to settle refugees. Consequently, policy owners struggle to understand what implications the feedback from local governments should have for future governance.

We also find support for the third explanation, that change in a hierarchical direction is hindered because it does not pass through a *political calculus* involving the standing of the target groups – refugees as ultimate policy targets, and local governments as policy implementers. Those likely to benefit from hierarchical governance, refugees waiting in asylum centers scattered around the country, are mostly seen as a problem, and have very limited personal and political resources, and few possibilities to organize and to be heard. As maintained by Ingram et al. (2007, p. 104), the social construction (e.g., as deserving or non-deserving) and resources of a target group shape policy design and its governing instruments. By contrast, local governments, who oppose hierarchical governance, are very important to central government in most policy fields, and have enormous political resources. National politicians’ calculus appears to be that since refugees are politically weak (and essentially unwanted), the political rewards for improving their situation do not outweigh the political losses associated with infringements of local self-rule.

# Conclusions

Despite spiraling subsidies and persistent and costly efforts towards network governance, the Norwegian settlement program’s implementation deficit has persisted over the past 20 years. We extend our discussion of policy instruments here with a suggestion for future research. Policy programs having a mixture of different instruments may be interpreted either as conscious attempts at synthesis, as confusion, suggesting that the policy owner is unsure of the means-ends causal theory (Stone 2002), or as “layered,” with policy choices from different times producing gradual accretion of unplanned policy complexity (Thelen 2003). Whatever the interpretation of rationality, researchers should pay more attention to how various policy instruments influence each other’s effects (Pollitt et al. 2004). As an example, designing governance on the basis of assumptions of disagreement or opportunism may have constitutive effects, meaning that agents start acting the way the principal assumes they will act. In cases like the one studied here, an important question is whether the effectiveness of network governance is undermined when combined with market-type governance and repeated threats to introduce hierarchical governance.

Our second question concerned the fact that Norway’s settlement program has been essentially unchanged for more than 20 years, despite enduring implementation deficits: Why have draconic measures to make local governments cooperate not been introduced? On the one hand, the failure to settle refugees is related to unpredictable and high numbers of asylum applicants. Waves of refugees become “accidents” the government struggles to foresee and cope with. Normally, public policies are supposed to be rational answers to tractable problems, but in some policy contexts problems do not vanish. They unexpectedly intensify, become more complex, and persist. From this perspective, the persistent inability to settle refugees can be interpreted as what Hoppe (2011:32) calls “a sort of to-be expected, ‘normal accident’.”

On the other hand, Norway’s inability to resettle refugees can be interpreted as a systemic governance failure (Hoppe, 2011; Ingram et al., 2007), a failure due to national policy owners’ reluctance to force local governments to collaborate. This reluctance appears to stem partly from a weak causal theory. It would be much easier to run a program aiming just to settle refugees than to run a program aiming also to integrate them, since integration is presumed to depend on local acceptance of newcomers. The reluctance however also appears to stem from a political calculus where the interests of local governments carry more weight than those of refugees.

This political calculus connects to the final point: “Permanent failure” is not a novelty. Policy programs, like organizations, can persist in the face of poor performance if structural arrangements “are poorly attuned toward allocating losses among interest groups” (Rao 1990). The losses in our case are clearly not equally distributed. Refugees stuck in asylum centers are the ones who lose, while central government and local governments appear content to play the “blame game” (Hood 2010).

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