

This PDF includes a contribution from the following book:

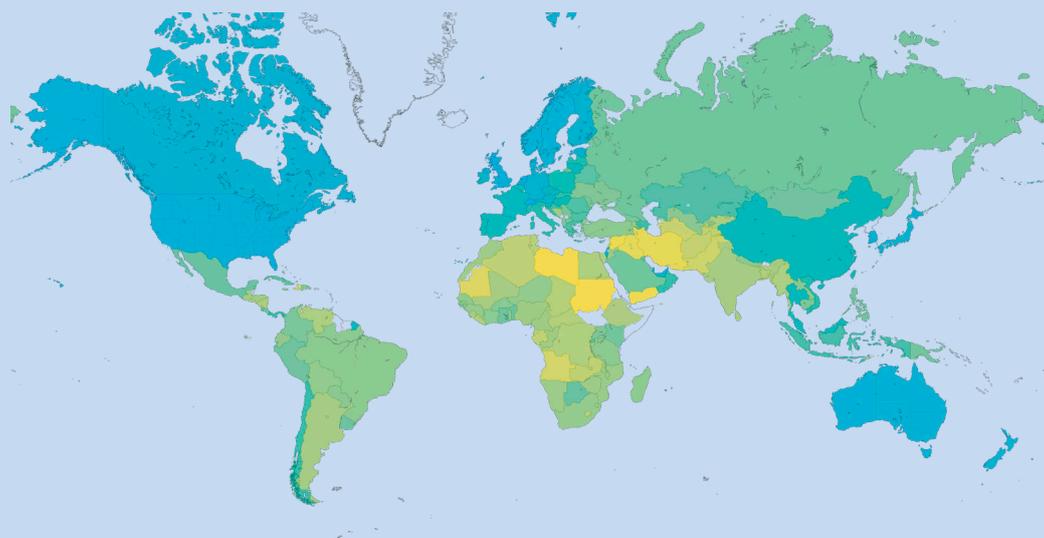
ELITE QUALITY REPORT 2021

Norway: The nation of transparency and redistribution

Prof. Jan Ketil Arnulf, BI Norwegian Business School, Oslo, Norway

Prof. Janicke Rasmussen, BI Norwegian Business School, Oslo, Norway

Prof. Dag Morten Dalen, BI Norwegian Business School, Oslo, Norway



Cite as:

Ketil, J.A., Rasmussen, J., & Dalen, D.M. (2021). Norway: The nation of transparency and redistribution. In T. Casas i Klett & G. Cozzi. (Eds.), *Elite Quality Report 2021: Country Scores and Global Rankings*. Zurich: Seismo. doi: 10.33058/seismo.30796

Published by Seismo Press AG, Zurich and Geneva in partnership with the Foundation for Value Creation.

©2021 the Foundation for Value Creation, St.Gallen, Switzerland, distributed under the terms and conditions of the Creative Commons license CC BY-NC-ND (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

Norway: The nation of transparency and redistribution

This year's EQx paints a picture of Norwegian elites that is recognizable from last year's iteration: a developed and wealthy country that still relies on a narrow range of industries dominated by a limited number of companies (Firm Dominance Pillar, ii.5, rank # 68). This could have posed potential challenges to the national elite systems were it not for the fact that the country also redistributes its wealth, while boasting a culture of transparency that exposes such redistribution to political and public scrutiny. In response to the COVID-19 pandemic, the elite system has shown resilience in saving lives and protecting jobs.

A political culture loosely described as 'the Nordic model' is visible across a range of indicators: The scores and rankings for *Political corruption* (COR, i.1, rank # 2), *Press freedom* (PFD, i.1, rank # 1), *Human Rights Index* (HRI, ii.4, rank # 3) and the *Women's Power Index* (WPI, i.1, rank # 1) are all signs of transparent democracy offering fairly equal opportunities to all. In a similar vein, the country's scores on digitization indicate that access to digital infrastructure is within reach for most people and businesses (e.g. INT, iii.7, rank # 6 & NRI, iii.7, rank # 7).

80 The redistribution of the wealth generated by offshore petroleum has been possible due to a transparent, high-trust culture and a tax system that has largely turned petroleum revenues into governmental income (DCT, iii.8, rank # 26 & DTR, iii.8, rank # 96). Due to this, Norway scores highly in both the Giving Income Pillar (iii.7, rank # 7) and the Political Value Index Area (iii. rank # 4).

Despite the fall in oil prices in recent years and the espoused quest for green innovation, Norway has an historical dependency on offshore hydrocarbons, fisheries and other ocean-related industries. This is visible in the numbers in the Firm Dominance Pillar (rank # 68) and the *Top ten firms market cap as % of GDP* (FKG, ii.5, rank # 30), which together explain the poor ranking of the country in the Coalition Dominance Pillar (ii.4, rank # 103). The *Billionaires' wealth as % of GDP* is also high, showing a growing concentration of financial power in the hands of a small group of wealthy people. As a result, Norway ranks poorly (BIW, ii.5, rank #

120) for this EQx Indicator. This score is perhaps also related to the somewhat disturbing ranking Norway receives for *Crony capitalism* (CRO, i.1, rank # 32). With a small population, Norway seems particularly vulnerable to the concentration of Economic Power (rank # 27). On the other hand, the country is strongly ranked in the Indicators for *Billionaires self-made number per 1,000,000 inhabitants* (BSG, iv.11, rank # 7), and *Women self-made billionaires* (WSB, ii.4, rank # 12).

That said, Norway now seems set on a trajectory towards a more diversified, entrepreneurial economy. The ranking of the country in the *Economic complexity index* (ECI, ii.4, rank # 20), *Entrepreneurship* (ENT, ii.6, rank # 17) and *Venture capital availability* (VCA, ii.6, rank # 15) Indicators all support this trend and demonstrate that Value Creation business models now emerging are moving Norway towards a more complex economy with a lesser dependence on single industries and monolithic companies. This tendency is probably boosted by a high rating for *School life expectancy* (EDU, iii.7, rank # 11) and a very low *Net brain drain* (BRN, iv.12, rank # 7), showing that the country's dependence on and access to an educated workforce is sustainable.

To sum up, Norwegian institutions, culture and the political system seem to have exploited national natural resources in a way that has benefited its population and provided the country with good prospects for the future. The nation is gearing its Value Creation efforts towards a more complex, digital and competence-based economy fueled by a sizeable proportion of entrepreneurs and innovative businesses. The positive side of Norway's powerful elites is apparent in their support for equality and transparency. Whether the new growth of private fortunes will benefit the country in the same way, or inequalities will emerge to disrupt the relative harmony of the past, remains to be seen.

*Prof. Jan Ketil Arnulf, Prof. Janicke Rasmussen
and Prof. Dag Morten Dalen,
BI Norwegian Business School, Oslo, Norway*

Norway

EQx2021 Country Scorecard

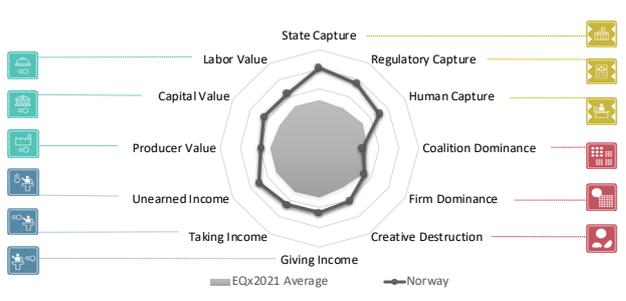
Population **5 million**
 GDP (nominal) **403 billion USD**
 GDP per capita **75'420 USD**



Level 1 - Index	EQx Rank / 151 8	EQx Score 63.5	Very High Quality Elites
------------------------	-----------------------------------	---------------------------------	---------------------------------

Level 2 - Sub-Indices & Index Areas	EQx Sub-Indices				EQx Index Areas							
	Power (i)		Value (ii)		Political Power (i)		Economic Power (ii)		Political Value (iii)		Economic Value (iv)	
	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score
	18	62.5	3	64.0	5	76.3	27	55.5	4	66.7	9	62.7

Level 3 - Pillars			Rank / 151	Score
Political Power (i)	State Capture		5	81.6
	Regulatory Capture		9	75.8
	Human Capture		9	69.7
Economic Power (ii)	Coalition Dominance		103	43.6
	Firm Dominance		68	52.8
	Creative Destruction		23	61.2
Political Value (iii)	Giving Income		7	64.9
	Taking Income		6	65.8
	Unearned Income		18	70.2
Economic Value (iv)	Producer Value		21	58.8
	Capital Value		11	64.3
	Labor Value		30	64.3



Level 4 - EQx Indicators			Rank / 151	Score
State Capture (i.1)	COR	Political corruption	2	91.0
	MOB	Social mobility	33	64.0
	PDE	Political decentralization	50	55.9
	ADE	Administrative decentralization	1	98.5
	PGL	Political globalization	28	76.4
	WPI	Women's Power Index	1	100.0
	RTC	Government's responsiveness to change	20	74.1
	EPR	E-Participation Index	18	78.2
	PFD	Press freedom	1	95.0
	COC	Control of corruption	1	100.0
Regulatory Capture (i.2)	DBI	Institutional quality	8	82.9
	CRO	Crony capitalism	32	55.8
	PMI	Protecting minority investors	20	77.5
	ECR	Ease of challenging regulations	18	78.5
	EDB	Digital institutional quality	4	77.9
	PRI	Property rights	16	86.7
	GSI	Global Slavery Index	25	67.4
	WBL	Women, business and the law	17	79.5
	LIN	LGBT+ Inclusiveness	2	90.2
	GRI	Religion - Government Restriction Index	75	56.5
Human Capture (i.3)	SHI	Religion - Social Hostilities Index	50	63.6
	WSB	Women self made billionaires	12	41.1
	HRI	Human Rights Index	3	97.2
	FDP	Forcibly displaced population as % of population	1	56.2
	AFI	Academic Freedom Index	25	75.0
	IEE	Top 3 industries exports as % of GDP		
	ECI	Economic Complexity Index	20	80.0
	IVA	Top 3 industries as % of VA	93	10.3
	CON	Construction as % of GDP (dev. fm optimum)	43	27.4
	MIL	Military expenses as % of GDP (dev. fm optimum)	31	67.9
Coalition Dominance (ii.4)	UNI	Unionization rate (dev. fm optimum)	62	0.0
	CBC	Collective bargaining coverage	44	25.8
	BSN	Barriers in service & network sectors	9	73.3
	PRO	Top 10 firms profitability	69	56.8
	SME	SMEs per 1,000 people	27	49.1
	BIW	Billionaires' wealth as % of GDP	120	39.8
	FKG	Top 10 firms market cap as % of GDP	30	55.2
	FRG	Top 3 firms revenues as % of GDP	69	52.3
	FRR	Top 30 firms revenues as % of GDP	45	54.6
	TUL	Listed firms turnover, long run 15 years		
Firm Dominance (ii.5)	TUS	Listed firms turnover, short run 3 years		
	ENT	Entrepreneurship	17	79.9
	VCK	Venture capital finance	52	42.5
	RND	R&D as a % of GDP	14	76.2
	ENR	Firm entry ratio	14	80.8
	EXR	Firm exit ratio	23	13.1
	BCD	Billionaire's creative destruction	28	51.2
	IWE	Index of Women Entrepreneurs		
	VCA	Venture capital availability	15	85.6
	GSE	Governmental support to entrepreneurship	15	69.2

			Rank / 151	Score
Giving Income (iii.7)	SNT	Subsidies and transfers as % of expenses	93	19.8
	REG	Regional redistribution as % of government budget	126	14.6
	EDU	School life expectancy	11	80.8
	GPS	Expenditure on general public services as % of GDP (dev. f	14	63.0
	INT	Internet access	6	85.5
	NRI	Network Readiness Index	7	95.4
	LEW	Life expectancy women	12	79.1
	LEM	Life expectancy men	12	83.6
	FSQ	Global Food Security Index - availability, quality and safet	1	94.2
	COV	COVID-19 excess deaths, age-adjusted	4	71.3
Taking Income (iii.8)	COF	COVID-19 fatality rate, age-adjusted	7	62.5
	CGD	COVID-19 growth differential	33	53.6
	COM	COVID-19 mortality rate, age-adjusted	35	66.6
	CLS	COVID-19 lost schooldays	30	73.2
	OSI	Online Service Index	18	77.8
	DCT	Corporate tax rate (dev. fm optimum)	26	71.1
	HOM	Homicide rate	5	83.4
	INE	Top 10% share of pre-tax national income	7	88.9
	FDE	Fiscal decentralization	31	49.2
	DTR	Tax revenue as % of GDP (dev. fm optimum)	96	23.0
Unearned Income (iii.9)	BRD	Battle-related deaths per 100,000 people	1	53.8
	GCI	Global Cybersecurity Index	9	83.6
	SUI	Suicide rate per 100,000 people	105	39.1
	SUB	Death rates from substance use disorders per 100,000 pe	133	30.2
	OCR	Organized crime	1	100.0
	DUT	Dutch disease propensity	108	34.8
	EPI	Environmental Performance Index	8	98.3
	DBT	Government debt as % of GDP	48	61.7
	TRF	Trade freedom	39	69.8
	FDI	FDI net inflows as % of GDP	136	37.0
Producer Value (iv.10)	BTF	Barriers to FDI	48	54.5
	ETG	Economic globalization	12	86.4
	HEI	Health Efficiency Index	9	76.4
	OFB	Open for business	6	86.4
	ESG	ESG company scores	32	51.2
	RDR	R&D as % of revenue Top 10 firms	21	48.1
	FSA	Global Food Security Index - affordability	26	71.6
	PAT	Number of patent applications per 100,000 people	18	50.8
	IPM	Share of imports targeted by protectionist measures	90	58.6
	DGI	Share of discriminatory government interventions as % of	127	24.7
Capital Value (iv.11)	DNI	Neutral interest rate (dev. fm optimum)	19	39.9
	DOI	Inflation (dev. fm optimum)	1	62.7
	GOL	Gold demand as % of GDP		
	DMA	M&A as % of investment - 3 yrs. rolling average (dev. fm. c	14	59.6
	DKI	Delta capital gains tax vs income tax	1	78.1
	UNC	Unicorns per 1 million people	28	42.8
	BSG	Billionaires self-made number per 1 million people	7	86.8
	BSM	Billionaires self-made as % of total billionaires	40	42.4
	FMI	Financial Markets Index	13	96.1
	UEM	Unemployment rate	26	61.2
Labor Value (iv.12)	LFP	Labor force participation rate	60	54.2
	WLP	Delta real wage vs labor productivity increases	26	42.8
	LDR	Labor dependency ratio	20	71.0
	YUN	Youth unemployment rate	55	63.3
	GWG	Gender wage gap	18	78.0
	BRN	Net brain drain	7	74.4
LFR	Labor force participation ratio - male vs female	20	72.5	

The Elite Quality Report 2021 (EQx2021) provides Country Scores and Global Rankings for 151 countries
 © Foundation for Value Creation 2021