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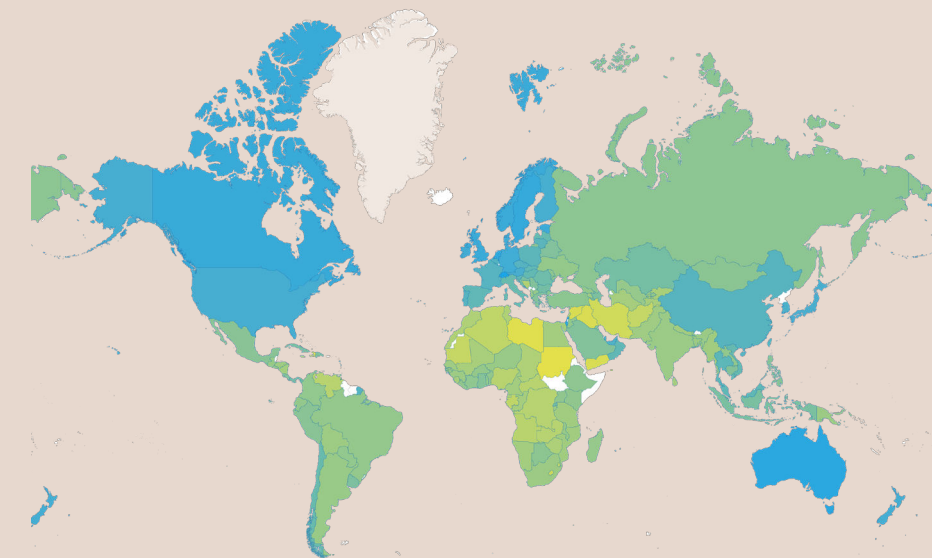
ELITE QUALITY REPORT 2022

Norway: An energy economy under pressure to transition

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Norway: An energy economy under pressure to transition

This year's EQx shows some interesting strains on Norway's elite system. While the country still ranks close to the top in terms of Elite Quality (EQx, rank # 9), there are signs that recent global developments are having an impact on Value Creation.

The high notes for Norway are well known: its transparency, reflected in *Open government* (OPG, i.1, rank # 1); and equality, evidenced by *Women, business and the law* (WBL, i.3, rank # 18), which justify re-distributive value transfers. The country is also fairly open to business (*Trade freedom*, TRF, iv.10, rank # 10), has a well-educated work force (*Pisa mean scores*, PIS, iii.7, rank # 21) with access to good schools (*School life expectancy*, EDU, iii.7, rank # 12) and has wide *Internet access* (INT, iii.7, rank # 6) with almost no *Human flight and brain drain* (BRN, iv.12, rank # 1).

On the flip side, and as pointed out in earlier contributions to the EQx project, Norway has a propensity towards Coalition Dominance (ii.4, rank # 71) and the capture of Political Value (iii, rank # 10). The Indicator for *Natural resources rents as % of GDP* ranks as low as # 116 (NRR, iii.9), reflecting the country's strong reliance on fossil fuels and fisheries. While various governments over the years have compensated for these extractive activities with the re-distribution of rents, this balance has come under pressure during the recent global developments, as is seen in the poor rating for *Regional redistribution as % of government budget* (REG, iii.7, rank # 132).

In particular, three interlinked global developments are exposing potential cracks in the Norwegian elite landscape.

First, the need for a transition to sustainable energy and low CO₂ emissions has ramped up Norway's appetite for clean electricity. This is particularly important for a country ranking very poorly for its *CO₂ emissions* (CDO, iii.9, rank # 99), a number that could be even worse if oil and gas production was taken into account. Investments in sustainable energy sources have created political tensions, with environmentalists on one side and increasing electricity prices on the other. For a country in the polar region, annually subjected to at least three months of cold and darkness, the cost of domestic electricity is a hugely sensitive issue.

Second, integration of the Norwegian energy market into the wider European energy markets has increased tensions around high energy costs. Recent years have seen a growth in subsea cables integrating the Norwegian grid with Europe, but there are growing political tensions around who is profiting from this model. Specific firms, the government and some municipalities are making extraordinary profits while

consumers are paying ever-higher prices. This strain between the winners and losers is not being played out in traditional political and commercial arenas. The energy problem is 'wicked' in that political and industrial agents across the political spectrum have stakes in the present system. Bottom-up initiatives are likely to erupt to change underlying elite business models that represent value extraction from non-elites, political mechanisms and institutions.

Third, although Norway came out of the first two years of the COVID-19 crisis comparatively unscathed, the pandemic took a heavier toll on some industries more than others. The tourism, travel and cultural sectors were badly affected and only partially compensated by government re-distribution mechanisms. Fish farming is, on the other hand, now seen as a possible fix to the exclusive oil dependence of the national economy by offering more diverse sources of income, but on the other hand is also seen as a major environmental liability in itself. Also, the fish-farming industry seems to contribute to economic concentration and Firm Dominance (ii.5, rank # 92). *Unemployment rates* (UEM, iv.12, rank # 42) have now returned to pre-pandemic levels, but again, some groups have been harder hit than others. In conjunction with international supply chain issues and rising energy prices, Norway now has inflationary pressures (DOI, iv.11, rank # 69) eating away at purchasing power. The social and political consequences of such value extraction are likely to manifest themselves in short order.

These recent developments are putting additional pressure on business and political elites in Norway. There is great support in the popular press and among knowledge elites for a transition to sustainable energies and technologies. However, when the transition hurts the perceived quality of life and the culturally ingrained traditions of equality, two things will happen: elites will come under pressure and they will also fight back.

There are still reasons to believe that these pressures may result in productive transitions, as the country still leads the world in terms of *Press freedom* (PFD, i.1, rank # 1), *Control of corruption* (COC, i.1, rank # 1), *Constraints on government power* (CGP, i.2, rank # 1) and *Regulatory enforcement* (REN, i.2, rank # 1), as well as for its *Financial Literacy Score* (FLS, i.3, rank # 1). The EQx2022 outcomes for *Entrepreneurship* (ENT, ii.6, rank # 20) and *Unicorns per 1 million people* (UNC, iv.11, rank # 28) suggest that the design of new initiatives is possible. Norway is in many ways tied to the past by disproportionately powerful narrow elite coalitions in business and politics, but overall, the elite system keeps elites under pressures to create, rather than extract value.

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Norway

EQx2022 Country Scorecard

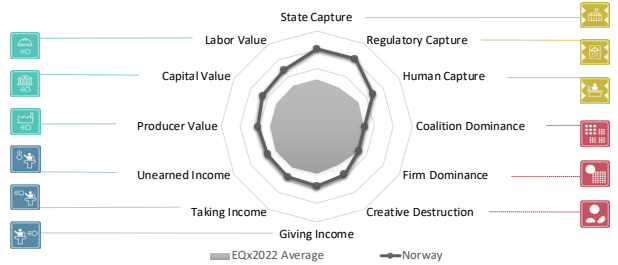
Population **5 million**
 GDP (nominal) **363 billion USD**
 GDP per capita **67'788 USD**



Level 1 - Index	EQx Rank / 151 9	EQx Score 63.4	Very High Quality Elites
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Level 2 - Sub-Indices & Index Areas	EQx Sub-Indices				EQx Index Areas							
	Power		Value		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
	22	62.4	5	63.8	6	77.7	39	54.8	10	60.9	7	65.3

Level 3 - Pillars		Rank / 151	Score
Political Power (i)	State Capture	6	81.2
	Regulatory Capture	7	81.4
	Human Capture	13	67.9
Economic Power (ii)	Coalition Dominance	71	50.4
	Firm Dominance	92	51.2
	Creative Destruction	30	57.9
Political Value (iii)	Giving Income	13	62.5
	Taking Income	19	60.9
	Unearned Income	30	58.9
Economic Value (iv)	Producer Value	15	61.6
	Capital Value	8	64.9
	Labor Value	16	68.4



Level 4 - EQx Indicators		Rank / 151	Score
State Capture (i.1)	COR Political corruption	5	91.1
	MOB Social mobility (upward)*	59	51.8
	MOD Social mobility (downward)* (n)	36	62.4
	PDE Political decentralization	50	58.7
	ADE Administrative decentralization	1	98.5
	PGL Political globalization	28	76.2
	WPI Women's Power Index	1	100.0
	RTC Government's responsiveness to change	20	74.1
	EPR E-Participation Index	18	78.2
	PFDP Press freedom	1	96.7
Regulatory Capture (i.2)	COC Control of corruption	1	100.0
	OPG Open government (n)	1	100.0
	NJK Nr. of journalists killed per 1 million people (2yrs avg.) (n)	1	58.2
	REQ Regulatory quality (n)	6	93.0
	CRO Crony capitalism	31	60.8
	ECR Ease of challenging regulations	18	79.7
	EDB Digital institutional quality	4	77.9
	PRI Property rights	16	86.7
	INO Informal output as a % of GDP (n)	28	76.2
	CGP Constraints on government power (n)	1	100.0
Human Capture (i.3)	REN Regulatory enforcement (n)	1	100.0
	GSI Global Slavery Index	25	67.4
	WBL Women, business and the law	18	78.5
	LIN LGBT+ inclusiveness	12	88.1
	GRI Religion - Government Restriction Index	73	56.4
	SHI Religion - Social Hostilities Index	48	64.1
	WSB Women self made billionaires	15	39.1
	HRI Human Rights Index	1	98.0
	FDP Forcibly displaced population as % of population	8	56.2
	AFI Academic Freedom Index	25	75.0
Coalition Dominance (ii.4)	FLS Financial Literacy Score (n)	1	100.0
	WMA Prop. of women in senior and middle mgmt. positions* (n)	51	53.5
	IEE Top 3 industries exports as % of exports	40	60.5
	ECI Economic Complexity Index	36	70.8
	IVA Top 3 industries as % of VA	57	49.6
	CON Construction as % of GDP*	43	19.0
	MIL Military expenses as % of GDP*	7	69.8
	UNI Unionization rate*	87	0.1
	CBC Collective bargaining coverage	63	22.6
	BSN Barriers in service & network sectors	8	74.4
Firm Dominance (ii.5)	PUE Public employees as a % of total employment (n)	124	16.1
	CRA Criminal actors (n)	13	83.7
	SME SMEs per 1,000 people	28	49.3
	BIW Billionaires' wealth as % of GDP	118	39.8
	FKG Top 10 firms market cap as % of GDP	66	52.6
	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 yrs		
	TUS Listed firms turnover, short run 3 yrs		
	ENT Entrepreneurship	20	80.1
Creative Destruction (ii.6)	VCK Venture capital finance	53	42.4
	RND R&D as a % of GDP	15	80.8
	EXR Firm exit ratio	25	12.2
	BCD Billionaire's creative destruction	33	50.2
	IWE Index of Women Entrepreneurs		
	VCA Venture capital availability	25	72.7
	GSE Governmental support to entrepreneurship	17	79.0

		Rank / 151	Score
Giving Income (iii.7)	SNT Subsidies and transfers as % of expenses	105	20.1
	REG Regional redistribution as % of government budget	132	12.0
	EDU School life expectancy	12	82.7
	GPS Expenditure on general public services as % of GDP*	23	60.1
	INT Internet access	6	83.0
	NRI Network Readiness Index	9	93.0
	LEW Life expectancy women	12	79.1
	LEM Life expectancy men	12	83.6
	FSQ Global Food Security Index - availability, quality & safety	47	57.6
	COV COVID-19 excess deaths, age-adjusted	23	64.8
Taking Income (iii.8)	COF COVID-19 fatality rate, age-adjusted	2	65.0
	COM COVID-19 mortality rate, age-adjusted	30	69.6
	CLS COVID-19 lost schooldays	56	56.8
	VAX COVID-19 vaccination rate (n)	19	78.4
	OSI Online Service Index	18	77.9
	UNV Top universities (n)	1	100.0
	PIS PISA mean scores (n)	21	69.3
	GEX General government expenditure as % of GDP* (n)	127	27.2
	DCT Corporate tax rate*	27	70.4
	HOM Homicide rate	8	85.8
Unearned Income (iii.9)	INE Top 10% share of pre-tax national income	6	94.6
	FDE Fiscal decentralization	23	54.0
	DTR Tax revenue as % of GDP*	106	21.9
	BRD Battle-related deaths per 100,000 people	1	54.2
	GCI Global Cybersecurity Index	22	77.4
	SUI Suicide rate per 100,000 people	111	42.6
	SUB Death rates from substance use per 100,000 people	131	20.0
	DPS Delta public vs private sector salaries (n)	2	86.3
	GEG Gender education gap (n)	33	29.8
	EPI Environmental Performance Index	8	98.2
Producer Value (iv.10)	DBT Government debt as % of GDP	49	61.9
	NRR Natural resources rents as % of GDP (n)	116	32.3
	CDO CO2 emissions (metric tons per capita) (n)	99	27.1
	CRM Criminal markets (n)	26	75.1
	TRF Trade freedom	10	76.9
	FDS FDI inflows as % of GDP, stock	83	45.3
	BTF Barriers to FDI	47	54.4
	EGL Economic globalization	27	78.7
	HEI Health Efficiency Index	9	76.4
	OFB Open for business	7	92.6
Capital Value (iv.11)	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	33	69.0
	PAT Nr. of patent applications per 100,000 people	12	57.6
	IPM % of imports targeted by protectionist measures (flow)	90	56.5
	IPS % of imports targeted by protectionist measures (stock) (n)		
	DGI % of discr. govt. interventions as % of total interv. (flow)	124	33.4
	DGS % of discr. govt. interventions as % of total interv. (stock) (n)	132	18.6
	DNI Neutral interest rate*	5	59.8
	DOI Inflation*	69	54.4
Labor Value (iv.12)	GOL Gold demand as % of GDP		
	DMA M&A as % of investment - 3 yrs rolling avg.*	14	59.6
	DKI Delta capital gains tax vs income tax	1	74.7
	UNC Unicorns per 1 million people	28	43.0
	BSG Billionaires self-made nr. per 1 million people	11	81.6
	BSM Billionaires self-made as % of total billionaires	39	40.5
	FMI Financial Markets Index	9	95.2
	UEM Unemployment rate	42	65.6
	LFP Labor force participation rate	62	54.1
	WLP Delta real wage vs labor productivity increases	14	54.8
YUN Youth unemployment rate	55	63.3	
BRN Human flight and brain drain	1	100.0	
LFR Labor force participation ratio - male vs female*	20	72.5	

* Calculated as the deviation from a conceptual optimum
 (n) Refers to Indicators newly incorporated in the EQx2022