

# SGI Sustainable Governance Indicators 2011

## Norway report

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## Executive Summary

In 2005, Norway moved from a long period of minority governments, oscillating between coalition and one-party minorities, to a new period of majority government. Since then, the government has been a three-party coalition majority of the Labor Party, the Socialist Left Party and the Center Party. At the 2009 election, the Labor Party increased their share of votes and Prime Minister Jens Stoltenberg was able to assert his authority, notably to bring a Labor Party veteran, Sigbjørn Johnsen, in as finance minister to replace the chairwoman of the Socialist Left Party, who had held the portfolio in the government's first four years.

It is proof of the stability and continuity of the Norwegian political system that a change from a minority to a majority government has been of little or no significance for governance. Norway had enjoyed good and effective governance under minority governments and has enjoyed good and effective governance under the new majority regime. There are some differences in policy priorities between the shifting governments, but no significant difference in the quality of governance. There have also been differences in procedures, for example, in the working relations between government and the legislature, but again this has not resulted in differences in the delivery of governance.

Norway is a typical consensus-driven democracy. It performs well in most international comparisons of governance, economy, social conditions and quality of life. That record no doubt reflects the true situation of the country. It is a country that is adaptable, modern and capable of change. Almost all OECD countries struggle with more or less pervasive limitations to their reform capacity. Such limitations also exist in Norway, but, while real, are comparatively minor.

Continuity is the conspicuous quality of Norwegian governance. Governments change relatively frequently but governance is steady. One reason for this might be that economic and social conditions are orderly and are kept orderly by a steady flow of cautious, step-by-step legislation rather than by large, spectacular one-off reforms.

The Norwegian policy style has been shaped by a state-centered tradition, which has resulted in a peculiar system of state capitalism. The state is by far the largest owner of capital in the country, holding about 40% of equity traded on the Oslo stock exchange. It also serves as virtually the sole funder of research, education, culture and other areas, including "voluntarism." This makes Norwegian society oddly oligopolistic and non-pluralistic in a world where competitiveness is increasingly the order of the day.

Citizens are subject to a relatively heavy tax burden, both through high consumption taxes and relatively high labor income taxes. Corporate taxation is in contrast moderate. A large share of tax revenues is spent on the welfare state's personal transfers, which contribute to making Norway a society with low levels of inequality.. The government also spends significant resources on infrastructure and in the provision of public goods. However, expenditure on infrastructure is characterized by a strong and arguably excessive emphasis on remote regions.

Although levels of corporate investment are high, the extent to which this is due to government policy is unclear. The government does not follow a fully coherent enterprise policy. Education and innovation policy are areas of concern. Norway's labor force is one of the most educated in the world, and the government spends lavishly on public education. But the country's share of degrees granted in scientific disciplines is low by international standards, which limits the impact that public investment in education has on the nation's competitiveness and capacity for innovation.

The performance of Norwegian students by international comparisons is poor, notably in scientific knowledge. More emphasis on student incentives, teacher quality and a culture of excellence continues to be sought with respect to necessary improvements in these performances.

Norway continues to be a relative laggard in spending on R&D. There has been awareness of a need for more investment in research but it has proven difficult to bring this about. This is a mysterious case of reform inability, given the abundant availability of funds from government petroleum revenues. There are also questions about the way existing research funds and state subsidies are allocated. Ample scope remains for increasing investment in academic and basic research, as well as to promote more joint involvement of private and public actors.

Policy is characterized by continuity and pragmatism. The transition from weak minority governments to a relatively strong majority government, especially after 2009, has resulted in a very considerable change of government style, but, surprisingly, less of a change in substance. Legislation progressed on a steady basis in the pre-2005 period, with no sign of crisis or paralysis, and legislation has continued on the same steady basis in the post-2005 period. Several of the reforms being pursued under the post-2005 center-left government are essentially following through on legislation passed in the previous period, for example significant health care reform.

The record on major recent reform is mixed. Pension reform is a success case, implemented in 2009 in the culmination of a typically

thorough process of political and technical preparation that started in 2001. This reform has contributed to improving the sustainability of the pension system. Two other major recent reforms, however, in the organization of health care and of social security, will probably be seen as failures. These were both pure administrative reforms and have both resulted in complex, costly, conflicting and protracted processes of seemingly never-ending reorganization. These are surprising failures in the Norwegian context and failures which seem to have slipped through in a situation of stronger government rule. Both appear to reflect a dogmatic overconfidence in the efficacy of administrative centralization.

Although these cases of reform failure should possibly be seen as exceptions to a general rule of effective governance, there are characteristics in the Norwegian system often thought to distract from governance and reform capacity. These include:

- A state-centered tradition. The state has been and remains an overpowering institution of national leadership. Private institutions, including those in finance and industry, play a marginal role in national life outside of pure business activities. Civic life is widely seen to be an area of undisputed state responsibility.
- Coalition parliamentarism. An electoral system of proportional representation encourages small parties and makes for coalition and/or minority governments. This is thought to give small, narrow-interest or populist political parties disproportionate influence, and to make it difficult to drive through policies that are costly, controversial or represent substantive reform. This is less of a problem in the current situation of a majority coalition under solid Labor Party domination, but the government is still a coalition of parties with, in principle, strongly divergent preferences in important policy areas.
- Wealth. North Sea petroleum has dramatically increased national wealth, as is clearly exhibited in household and government accounts alike. While that is largely positive, it is also seen to breed a kind of complacency with regard to difficult political decision-making and reform. In particular, it is seen that the combination of coalition parliamentarism and government wealth could result in complacency and a low reform capacity, shielded behind a pretense that the country can buy its way out of the need for reform and modernization.

## Strategic Outlook

The Norwegian political system functions well, and is characterized by continuity and a relatively high degree of trust and legitimacy, a sound economy, a generous welfare regime and a relatively high degree of internal and external security. Revenues from the petroleum industry have added sustainability to an already sustainable system. An effective public administration and well-developed, cooperative relations between the government and various interest organizations (particularly those representing employers and employees) have contributed to reducing the level of conflict and increasing the ability to implement joint reforms and adaptations. International cooperation has also contributed to increasing the country's reform capacity.

However, a variety of issues pose continuing challenges:

- National leadership. The state-centered tradition in Norway is a burden on the country's capacity for encouraging enterprise, innovation and reform. The reason is not that the state has provided bad leadership; it has not. Rather, in a world of global economic and social competition, there is a need, particularly in a small country, for pluralism and diversity of leadership to provide the necessary pressures for modernization, change and competitiveness.
- Conflict between central and local government. An increasingly centralistic approach in public policy decision-making can become a burden on the country's capacity for modernization and reform. The present government has lifted the level of economic transfers to the municipalities, but not decentralized public policy decision-making. Whether the additional transfers have materially improved local government finances is an open question. Municipalities appear to have adjusted activities to means without delay, and are, at least according to their own propaganda, as financially squeezed as ever. It remains necessary to increase local governments' accountability and fiscal responsibility to make more decentralization viable.
- Education. Norwegian governments need to worry more about the quality of education. This implies strengthening student incentives, monitoring and upgrading the quality of teachers, and introducing a culture of excellence that is currently lacking. The current demand-driven system of university

access, under which students can choose their preferred field of study without much constraint, fails to take labor market needs into account and should be reformed. In the current system, a significant part of educational expenditure represents a subsidy to consumption rather than true investment in human capital. The problem is made more severe by the wage compression that weakens the incentive for students to self-select in the most socially productive areas.

- Research policy. Investments in R&D, both public and private, must be increased. Investments in academic and basic research should also be increased, promoting more joint activity between private and public actors. This is a major area of dormant necessary reform.
- Infrastructure and regional policy. Norway's stress on regional redistribution is excessive. Large infrastructural investments are made that only benefit very small communities. In contrast, infrastructural investments around the major cities of Oslo and Bergen appear insufficient, given the affluence of the country. The railway system, including commuting services, is dysfunctional and in perpetual crisis. The policy of agricultural subsidies is costly and should be at least partially reconsidered.
- Industrial policy. The government should avoid the temptation of protectionism. Government interventions to prevent Norwegian companies from being bought by foreign owners appear anachronistic, and violate the principles of a modern market-oriented economy. Except for petroleum and petroleum-based industries, the economy struggles with problems of low competitiveness. Employment is strongly dependent on the public sector.
- The state-church relationship. The institution of the state church stands in the way of equity of status and treatment for the country's various faith-based and religious groups. In a relatively short period, the country has been transformed into a multicultural society with respect to religion and ethnicity. The state church stands as an impediment in the country's uneasy quest for social harmony on these new pluralistic terms. There are strong voices in the country that call for the church to be disestablished, and the time is ripe for this to be done. Also related, human and minority rights have weak constitutional protection.

## Status Index

### I. Status of democracy

#### **Electoral process**

Candidacy  
procedures  
Score: 10

Procedures for registering candidates and political parties are considered to be fair, and have not been questioned or debated publicly in recent years. No candidate or party faces discrimination. The only requirement for starting a party is to collect at least 5,000 signatures from Norwegian citizens who have the right to vote.

Media access  
Score: 9

Candidates and parties are free to purchase political advertising in print publications and on the Internet. Advertisements from political parties are not allowed on television or radio. This ban has been subject to some controversy, with the populist Progress Party advocating a removal of this ban. The other political parties are opposed to changing the law.

Television and radio broadcasters organize many electoral debates, to which all major parties (those with a vote share larger than 3% in the previous election) have fair access. However, representatives of the larger parties are interviewed more often and participate in more debates. Political advertising during election campaigns is extensively regulated to ensure that voters are aware of its source. During elections, both private and public broadcasters organize public debates. There is no direct government interference in choosing the team of journalists to conduct debates.

Voting and  
registrations rights  
Score: 10

All Norwegian citizens who are 18 years old or older have the right to vote in parliamentary elections. In local elections, permanent residents who have resided in Norway for at least five years have the right to vote. There is no requirement of prior registration. Each eligible citizen receives a voting card sent by mail. It is possible to vote before the election at specific locations, including Norwegian embassies abroad. There has been no allegation from any political party that the electoral process is not inclusive. Election turnout is high and discrimination is rarely reported. Young voters “learn” voting behavior in schools, and arrange a school vote prior to reaching the age of voting eligibility.

Party financing  
Score: 9

The funding of political parties is predominantly public. In average the parties receive about three quarters of their revenues from state subventions (ranging from 60% to 80%). Membership fees are now an insignificant source of party finances. Parties also receive private donations; for example, the Labor Party (the largest party) receives funds from particular trade unions and the Conservative Party receives donations from individuals and business organizations. State support for parties is proportionate to previous election results but also parties not represented in parliament have access to state support, as have a wide range of political organizations, with or without party affiliation. In 2009, 2,850 political or voluntary organizations were in receipt of some state support.

Political parties have since 1998 been obliged to publish overviews of their revenues, and since 2005 in more detail. All party organizations, central and local, are obliged to submit detailed income reports annually with full information on income by sources. Contributions of NOK 30,000 or more must be informed separately, including the identity of the donor. Income reports are submitted to the Central Bureau of Statistics and are published in detail. It is under consideration to oblige parties to report not only incomes but also expenditures, property and debt.

### **Access to information**

Media freedom  
Score: 10

The dominant TV and radio corporation is state owned, but there are also private TV and radio stations. Newspapers are entirely in private hands. The dominant broadcasting house (NRK) is government-owned, but organized in a way that ensures considerable autonomy. The government does not intervene in the organization's daily practices or editorial decisions. However, since NRK is a non-commercial actor, it is largely financed by a fee which is compulsory for all citizens who have a television. The amount of the fee is set by parliament. The president of the state media is appointed by the government.

An institution called the Kringkastingsrådet plays an oversight role, monitoring, debating and expressing views about the management and activities of state-funded broadcast media. It can also give advice on administrative and economic issues. The issues debated by the council can originate with the chairman of the state channels or from the public (including criticism and complaints). The opinions expressed by the Kringkastingsrådet carry substantial weight, and recommendations from this council are usually implemented. Eight council members are appointed by the parliament, and an additional six by the government.

Newspapers are free from any government interference. Freedom of the press is explicitly guaranteed in the constitution; the constitutional article addressing press freedoms was amended and strengthened in a constitutional amendment in 2004.

Media pluralism  
Score: 9

The state broadcast channels control dominant shares of the country's TV and radio audiences. There are two private TV channels and various private radio channels, including local radio stations. The government does not interfere with the daily activity of the private media, but does monitor to ensure they comply with their contractual obligations, which for national channels includes broadcasting throughout the entire country. A special body, called the Medietilsynet, is responsible for monitoring and regulating the market. The government regulates television or radio signal broadcasters. The stated goal of this regulation is to guarantee both quality and national coverage. Cable TV is essentially unregulated beyond the effect of general laws (e.g., pornography laws).

Newspapers operate entirely independently and express a plurality of views. Norway is the country with the highest per capita newspaper circulation in the world. The total daily newspaper circulation is around 2.8 million, of which media company Schibsted controls around 850,000, A-pressen around 485,000 and Edda Media around 250,000. The two largest newspapers (Verdens Gang and Aftenposten) are owned by the same company, Schibsted, which is publicly listed. The owner does not currently exercise any significant influence on editorial decisions in these newspapers (in contrast, Aftenposten had a clear right-wing affiliation until about 25 years ago). As elsewhere, newspaper circulation is in decline as is print advertisements, and many newspapers are under financial strain and have in recent years been forced to cut back on editorial staff. Web-based news outlets are replacing print newspapers. Local newspapers in particular have in the last few years come under increasing strain from a reduction of advertising income and subscription rates.

The concentration of ownership has not, so far, been perceived as a threat to the plurality of media. However, private ownership is becoming increasingly oligopolistic across print and broadcast media. In 2006, the media division of Orkla (the second most-important media owner in the country) was controversially sold to British-based Medcom (owned by David Montgomery) in a deal that for the first time brought major foreign ownership into the Norwegian market. Although there is a tradition of nonintervention by owners in editorial matters, the print media as a body has at critical junctures become politically biased. Broadband Internet is widely used and accessible all over the country.

Access to gvmt.  
information  
Score: 10

Freedom of information legislation gives every person right of access to official documents held by public authorities. Official documents are defined as information which is recorded and can be listened to, displayed or transferred and which is either created by the authority then dispatched or has been received by the authority.

All records are indexed at the time of creation or receipt and some ministries make the electronic indexes available on the Internet or through e-mail. Requests can be made in any form (even anonymously) and must be responded to without undue delay, generally (according to Ministry of Justice guidelines) within three days.

Documents can be withheld if they are made secret by another law or if they refer to issues of national security, national defense or international relations, financial management, the minutes of the State Council, appointments or protections in the civil service, regulatory or control measures, test answers, annual fiscal budgets or long-term budgets, or photographs of persons entered in a personal data register. If access is denied, individuals can appeal to a higher authority and then to parliament's ombudsman for public administration, or to a court. The ombudsman's decisions are not binding but are generally followed. There have been very few court cases dealing with this issue.

The 1998 Security Act sets rules on the classification of information. It creates four levels of classification and mandates that information cannot be classified for more than 30 years. The Act on Defense Secrets prohibits the disclosure of military secrets by government officials and also the collection (in the form of sketches, photographs and notes) and disclosure of secrets by others, including journalists. Articles 90 and 91 of the criminal code criminalize the disclosure of secrets, and provide for imprisonment of up to 10 years.

In 2010 the government eased access for citizens to public documents by providing them with access to the electronic post journal of the government.

### **Civil rights**

Civil rights  
Score: 10

State institutions respect and protect civil rights. Personal liberties are well-protected against abuse by either state or non-state actors. People cannot be detained without charge for more than 24 hours. A court decides whether a suspect should be held in prison during an investigation. The issue of civil rights receives considerable attention in the media and by intellectuals, as well as from the government bodies responsible for civil rights protections.

Access to the courts is free and easy, and the judiciary system is

viewed as fair and efficient. There is full freedom of movement and of religion. Respect for civil rights extends to asylum seekers. One example is that of Mullah Krekar, a citizen of Iraq, who is the former leader of the terrorist group Ansar al-Islam. Krekar applied for asylum in Norway in 1991 but his application was denied on grounds of national security. Both Iraq and the United States have asked for him to be extradited. However, since these countries both practice the death penalty, Norway's government has not deported him so far.

Privacy is less protected than in some other countries. All residents are recorded in a compulsory population register with a unique number which is also used in all official and much private business, including banking. Individual tax records are public information and published routinely. This lax attitude to privacy probably concords with popular attitudes and is not seen as privacy "infringement." In the future it is likely that the practice of publishing tax reports will be reformed, since this information is easily misused on the Internet.

Political liberties  
Score: 9

Political liberties are protected in the constitution and in law, although explicit protections of minority rights are not strongly articulated in the constitution. The right to free expression was strengthened through a constitutional amendment in 2004. Norway has ratified all international conventions on human and civil rights. The European Convention on Human Rights is incorporated into national law. The right to free worship is ensured, but the Lutheran state church enjoys a privileged status, including political influence. Political liberties are respected by state institutions.

Non-discrimination  
Score: 9

Equality of opportunity and equality before the law are firmly established. There is an ombudsperson for civil rights. The Sami minority living in the north of the country has some limited self-rule. Some contention exists over the use of natural resources in the Sami areas in the north, and legal issues over the entitlement to land and water resources in these areas remain unresolved.

Men and women have essentially identical educational levels. Labor force participation rate by women, at 72%, is very high. There is some evidence of gender discrimination in wages, as women earn on average just 84.7% of what men earn. However, once the number of hours worked, occupation, education and experience are taken into consideration, there are no significant differences between the earnings of men and women. This evidence does not per se imply that there is no gender discrimination at all in the labor market (e.g., men may find it easier to be hired in high-paid occupations). On the other hand, affirmative action in favor of women has been used extensively in the labor market, in particular in public sector employment. Even so, the labor market remains by international comparison strongly segregated by gender/occupation.

Day care services are widespread and heavily subsidized and the price of day care has been lowered under recent governments. Full day care coverage for all parents seeking it has by and large been achieved. In 2006, a law went into effect introducing affirmative action in the selection of board members for publicly listed companies. Under this regulation, at least 40% of board members must be women. This goal was achieved in two years with surprisingly little difficulty.

Some discrimination against non-Western immigrants seems to persist. Immigrants find it harder get work, earn lower wages and have substantially higher unemployment rates than native Norwegians. Although discrimination against immigrants (including in the labor market) is illegal, in practice very few cases are prosecuted.

### **Rule of law**

Legal certainty  
Score: 10

Norway's government and administration act predictably and in accordance with the law. Norway has a sound and transparent legal system. Corruption within the legal system is not a significant problem. The state bureaucracy is regarded as both efficient and reliable. Norwegian citizens generally trust their institutions.

Judicial review  
Score: 10

The legal system is grounded in the principles of the so-called Scandinavian civil law system. There is no general codification of private or public law, as in civil law countries. Rather, there are comprehensive statutes codifying, among other things, central aspects of the criminal law and the administration of justice.

Norwegian courts do not attach the same weight to judicial precedents as do members of the judiciary in common law countries. Court procedure is relatively informal and simple, and there is a strong lay influence in the judicial assessment of criminal cases.

At the top of the judicial hierarchy is the Supreme Court. Directly below the Supreme Court is the High Court. The majority of criminal matters are settled summarily in the so-called Forhoersrett. A Court of Impeachment is available to hear charges brought against government ministers, members of parliament and Supreme Court judges, although it is very rarely used. The courts are independent of any influence exerted by the executive. Professional standards and the quality of the internal organization are regarded as high.

Appointment of  
justices  
Score: 9

Supreme Court justices are appointed by the government through transparent due process, are not considered to be in any way political and have security of tenure guaranteed in the constitution. There is a firm tradition of autonomy in the Supreme Court. Judges are formally appointed by the government after a recommendation from the autonomous "Innstillingsrådet for dommere." The appointment of

Corruption  
prevention  
Score: 8

judges attracts limited attention and rarely causes public debate.

There are few instances of corruption. The few cases of government corruption that have surfaced recently have been primarily at the regional or municipal level, and in various public bodies related to social aid. As a rule, corrupt officeholders are prosecuted under established laws. The income declarations of all Norwegian taxpayers are available online. Newspapers often publicize such information, especially in the cases of members of parliament and figures holding influential public administration positions. There is a great social stigma against corruption, even in its minor manifestations. However, there has been a growing concern over government corruption in specific areas such as building permits.

## II. Policy-specific performance

### A Economy

#### Economy

Economic policy  
Score: 9

Public finances are rock solid, the state budget effectively running a massive and durable surplus as a result of vast petroleum revenues from the North Sea. Norway has long enjoyed strong economic growth and near full employment. The country weathered the recent world economic crisis with only modest adverse effects. Petroleum revenues are managed in a way that is internationally seen as exemplary, being used nationally with prudence and otherwise invested internationally through a sovereign fund in equity, bonds and, as of recently, property. The Norwegian krone is strong and has strengthened during recent international turmoil.

The state wields an exceptionally strong influence in the economy. About 40% of the equity on the Oslo stock exchange is in state ownership and another 30% under foreign ownership, whereby the remaining indigenous private capital sector is relatively small. Economic policy is generally considered to be fair and transparent. Regulatory arrangements are generally seen to be sound, although the Oslo stock exchange is volatile, and has been plagued with rumors of insider dealing.

This economy has its strength in the public sector, particularly for employment, and in petroleum and petroleum-related industries. It is a high-cost economy, both in terms of wages and taxes, and international competitiveness does suffer in industries outside of the

petroleum sector.

Although the country has managed its petroleum wealth responsibly, the economy is strongly petroleum-dependent and entrenched at a high-cost level. There is a tendency to substitute public sector service employment for employment in non-petroleum production industries. With the high level of savings invested abroad and a continued strong demand for labor from public sector service production, there is concern that the country will become ever more dependent on imports for the maintenance of a high standard of living and to meet expectations for rising standards in public services. The cost-side of a petroleum-dominated economy, it is argued, is an economy which is not strong in entrepreneurship, which is weak in conventional industries, which has essentially only one leg to stand on, and which has less long-term strength than might be suggested by favorable current indicators.

### **Labor market**

Labor market policy  
Score: 9

The unemployment rate is low and has remained low through the recent economic crisis, rising by about a percentage point from 2008 to 2009, to between 3% and 4% of the workforce. The aggregate level of employment is high by international standards, due mainly to a high level of labor force participation among women. But also the level of absenteeism (short- and long-term illness and disability) is high, potentially disturbing the validity of unemployment statistics. The country's labor market policy has traditionally been proactive, with an emphasis on retraining long-term unemployed workers. Unemployment benefits are generous. Employment-protection laws impose restrictions on dismissal procedures. However, layoff costs are small for firms that need to downsize. This guarantees a certain amount of mobility in the labor force. Recent reforms have included the reorganization of the public offices for job applicants. In general there is no minimum-wage policy. In most sectors wage floors are set by negotiations between unions and employers. Indeed, wage setting is dominated by collective agreements, and bargaining is still quite centralized. However, due to increased labor mobility there are more and more sectors of the economy that are now subjected to a kind of minimum salary.

The recent economic literature portrays Norway and Denmark as successful examples of the so-called flexicurity model, combining high labor mobility (flexibility) with high levels of government-provided social insurance (security). However, there has been concern over a propensity to take early retirement, stimulated by early retirement incentives. These are increasingly seen as outdated and

unaffordable, and pension reforms are now being implemented after a protracted process, and against some union resistance, with the aim of removing or modifying early retirement incentives and reversing the trend to early retirement.

## Enterprises

Enterprise policy  
Score: 6

Norway has experienced a long period of sustained growth, and corporate investments are accordingly high. The extent to which this is due to government policy is questionable. On the one hand, the bureaucracy is streamlined and it is easy to set up a new company. Moreover, macroeconomic stability and good institutions provide a good business environment.

It is difficult to identify industrial policies that actively foster entrepreneurship and growth. Government priorities are distorted by regional and sectoral objectives, favoring traditional activities, such as agriculture and fisheries which have not contributed to the recent surge in economic growth.

Enterprise policy has in some instances been contradictory, trading off competition policies with other objectives. For example, the two biggest companies in the Norwegian offshore oil industry, Statoil and Hydro, have been allowed to merge in spite of the risk that this will generate a monopolistic structure in this key sector.

## Taxes

Tax policy  
Score: 9

Norway imposes a comparatively heavy tax burden on income and consumption. Corporate taxation is in contrast moderate when compared to other countries. The tax code aims to be equitable in the taxation of different types of capital, except that residential capital is taxed at a significantly low rate. In general the tax code is simple and equitable, tax collection is effective, the income tax is moderately progressive and tax compliance is high.

A large share of the tax revenues is spent on personal transfers in the context of the welfare state, which contribute to making Norway a low-inequality society. The government also spends significant resources on infrastructure and the provision of public goods. However, expenditure on infrastructure is characterized by a strong (and arguably excessive) emphasis on remote regions. Central areas such as around the major cities of Oslo and Bergen are allowed to lag comparatively behind. The railway system, including essential services for daily commuting, is dysfunctional, in perpetual crisis and falling into decline.

## Budgets

Budget policy  
Score: 10

The Norwegian government receives a large flow of financial resources from the extraction of petroleum. This began in the 1980s and is projected to remain substantial until around at least 2040, and in natural gas probably longer. Gas has now passed oil as the most important source of income and the production of oil has been in decline during recent years. It is expected that by 2025 there will be significant drop in revenue generated from the petroleum sector, requiring significant budgetary changes. In many countries, the abundance of natural resources has given way to corruption and irresponsible fiscal policies. Norway has so far avoided this resource “curse.” One important achievement has been the establishment of a so-called petroleum fund, created in 1990 by the Norwegian parliament as a means to share oil proceeds between current and future generations, as well as to smooth out the effects of highly fluctuating oil prices, now designated a “pension fund.” The fund is administered by Norges Bank Investment Management (NBIM), an arm of Norway’s central bank, and invests exclusively in non-Norwegian assets. Under current rules, the government is required to invest all petroleum revenue in the fund. Each year, at most 4% of the fund’s value is made available for current expenditure. This principle is supported by all political parties except for the populist Progress Party, but has no constitutional protection. When including the petroleum fund, the net asset position of the Norwegian government amounts to about 120% of GDP. This surplus is sufficient to cover outstanding and future pension liabilities, putting the country currently in a unique position compared with most Western countries.

## B Social affairs

### Health care

Health policy  
Score: 7

Norway has an extensive health system, providing good services to its resident community. Anyone who is resident in Norway has a right to publicly provided economic assistance and other forms of community support during illness. Health care for mothers and children is especially good, as in other Scandinavian countries. Infant mortality is the sixth lowest in the world. Per capita health expenditures in Norway are more than 50% higher than the OECD average. The country’s total health expenditures total about 12% of GDP, a third more than the OECD average. The public share of this

expenditure in Norway is also high, with 84% of health spending financed by the government.

Yet although Norway offers high-quality health care services to the entire population, its efficiency is questionable. In a major structural health care reform in 2002, ownership of all public hospitals was transferred from the regions to the central state. Subsequently, new “health care regions” were established, which were larger than the previous ones. These were given management responsibility, without ownership. The intention was for these regions to streamline and coordinate health care services, and impose a stricter regime of budget discipline. However, reorganization has been slow, and remains ongoing and seemingly unending. Vast amounts of resources are being consumed by procedural work and pervasive conflict, and the efficiency gains, if any, have yet to be identified. This reform has been uniquely unsuccessful by Norwegian standards. A previous reform, which came into effect in 2001, established a general-practice system for the first time, so that all persons and households would have a designated primary care doctor or practice. This was implemented with relative ease, and contributed to a notable improvement in access to quality primary health care.

### **Social inclusion**

Social inclusion  
policy  
Score: 10

Like other Scandinavian countries, Norway is a relatively equitable society. Poverty rates are among the lowest in the world. The Norwegian government has assumed responsibility for supporting the standard of living of disadvantaged or vulnerable groups. As a result, expenditures for social policy are well above the EU average. Government-provided social insurance is strong in almost all areas. Family support exceeds 3% of GDP, in the form of child allowances, paid leave arrangements and child care. Social insurance spending related to work incapacity (disability, sickness and occupational injury benefits) is also generous.

A major reform of the social security administration was launched in 2006, creating a new integrated agency (NAV) into which was merged the previous employment service and the previous pension and subvention agency. Social assistance remains separate as a municipal service, but is to be co-localized with the local NAV office in each municipality. The stated purpose was better coordination between both employment and subvention services and state and municipal services for the overall aim of stimulating employment and reducing welfare dependency. Driving through this administrative reform was a considerable political achievement, but its success in relation to intentions remains an open question. The process of

implementation has so far proved more protracted and expensive than anticipated and remains fraught with administrative problems and may come to be seen as a second major reform failure in the social area, in addition to health care reform. An assessment is being undertaken under the auspices of the National Research Council.

### **Families**

Family policy

Score: 10

Labor market participation by women is among the highest in the world, at above 70% and is only slightly lower than male participation. However, there is clear gender segregation in the labor market, with much of the increase in women's employment rates coming in the form of public sector and/or part-time jobs. The fertility rate is near to two children per woman, thereby just below the replacement rate, and at the very top end of fertility in Europe.

Family policy is oriented toward promoting equal opportunity and equitable representation of women in leadership positions, such as in political and business settings. There is a 12-month maternal/paternal leave that provides parents with 80% of their salary. Six of the weeks are reserved for the father. These reforms have increased the involvement of the father in the first year of the baby (about 90% of fathers now take these six weeks).

Government policy treats married and non-married couples in a nondiscriminatory way. For instance, tax declarations for labor income are filed individually, irrespective of whether a citizen is married or not. Informal cohabitation, as compared to formal marriage, is widespread. Almost all new unions start in informal cohabitation and about half of children are born to unmarried parents. Although one in 10 children are born to single mothers, and institutional support for these women (e.g., day care and cash transfers) is stronger than in most countries.

### **Pensions**

Pension policy

Score: 9

The pension system is well-positioned to sustain the ageing wave of the next decades. With persistent relatively high birth rates, the demographic burden is less than in most comparable countries. Future pensions are underpinned by massive savings in the petroleum fund, now renamed the Government Pension Fund - Global (Statens pensjonsfond-Utland).

In 2009, a pension reform was implemented which has further strengthened the sustainability of the system. The crux of the reform was to introduce more choice and flexibility on retirement and mechanisms of demographic gradual adjustments into the system. A

major intention, in addition to improving financial sustainability, was to carefully redesign contribution and benefit rules in the direction of encouraging employment and discouraging early retirement. This reform was prepared carefully, starting with the appointment of a cross-party pension commission in 2001 which reported its findings in 2004, leading to a five-year process of political implementation which culminated in a relatively broadly agreed reform in 2009. There was criticism during the process of the reform being “too little too late,” but that criticism has mainly subsided.

Pensions are by international comparison generous and equitable, and are set to so remain. The universal basic minimum pension is on a sufficient level to by and large eliminate the risk of poverty in old age. The recent reform has strengthened the link between contributions and benefits in earnings-related pensions and has improved intergenerational equity in the system. There is broad confidence in the population in the adequacy of future pension from the state system and hence no massive escape into the refuge of private pension insurance.

### **Integration**

Integration policy  
Score: 8

Integration policy is well-organized and well-funded, but the effects of immigration represent a new challenge in this country, and the policies have to date been less than fully effective. Non-Western immigrants experience higher unemployment rates and lower wages than native Norwegians. There are frequent complaints about discrimination in both the labor and the housing markets. There is notable social unrest related to problems of second and third-generation immigrants.

Integration policies include free language training, and additional school resources allocated to immigrant children. Some of these resources are devoted to preserving cultural identity. For instance, children are offered additional classes in their mother tongue. The acquisition of Norwegian citizenship is relatively quick. Applicants must have lived in the country for at least seven out of the last 10 years and either be fluent in Norwegian or have attended courses in Norwegian (or Sami) for 300 hours. Immigrants with permanent residence status are entitled to vote in local elections.

An autonomous Directorate of Integration was created in 2006, separate from the pre-existing Directorate of Immigration and Integration, a change that was generally seen as a sensible and successful reform. However, the challenges of multiculturalism stemming from immigration remain relatively unfamiliar in this traditionally homogenous society, and policies remain unsettled and

in some respects immature. For example, the country continues to deny the right to dual citizenship. The state church institution stands in the way of religious equity, particularly in the eyes of alternate religious groups. Islam has become the largest non-Christian religious denomination, with a membership of about 90,000 people out of a total national population of 4.8 million.

The country's "old minorities," mainly the aboriginal Sami population, have in the course of two or three decades gone from facing severe discrimination to a state of equity and integration. This has been institutionalized in their formal recognition as an aboriginal people, with group rights written into the constitution and the creation of a Sami parliament, elected by the Sami population, which possesses some legislative authority.

## C Security

### External security

External security  
policy  
Score: 9

Security policy is informed by a commitment to international cooperation, in particular in U.N. activities in all areas, in NATO and OSCE activity (but not EU membership), and by a determination to do good, to be liked and to be respected as broadly as possible. Norway is one of the world's largest providers of development aid, is a participant in a range of U.N. and NATO peacekeeping missions, including in Afghanistan, and has acted as an active honest broker in trouble spots such as currently Israel/Palestine and previously Columbia, Sri Lanka, Iraq and elsewhere. Norway is not perceived to be highly exposed to the threat of terrorism; however, international involvement could also affect domestic security. The country is recognized as having influence beyond its relatively small size in various international forums and activities, and seems to be rewarded with widespread respect.

The border in the north toward Russia has been seen as a potential source of insecurity, representing a massive difference in standard of living and with extreme environmental degradation on the Russian side. The Norwegian government has put great emphasis on entering into cooperative relations with Russia in the northern regions, including with financial support for environmental cleanup on the Kola Peninsula. In April 2010, an agreement was reached between the two countries on their border in the Barents Sea, ending a 20-year dispute and eliminating a potential source of confrontation.

## Internal security

Internal security  
policy  
Score: 9

Norway is traditionally a safe country and the country's security is not seriously threatened by crime. For example, the number of homicides per capita is the third lowest in the world, and incarceration rates are also small. Police presence and activism have each been relatively low, and the police continue to be predominantly unarmed. Prison sentences are relatively mild, and Norway has relied instead on long-term crime prevention policies. Reforms are under consideration, in a 2009 White Paper on Criminal Justice, to further reduce the use of prisons as a means of criminal justice. Theft and petty crime are relatively infrequent, although there has been some concern over increasing levels of narcotics- and gang-related crimes. There is a perception of increasing frequency and brutality of knife- and gun-related crime. In recent years, various reforms have been made to increase cooperation between different police and intelligence units, both internally and with respect to cross-border cooperation.

The police service is decentralized, organized in 27 relatively small police districts. In 2001, a central police directorate was established, but this was mainly a matter moving the central police authority out from inside the Ministry of Justice. The directorate is small, with about 120 officials. The head of the directorate has recently proposed a merger of police districts into larger units, but no such action has so far followed.

## D Resources

### Environment

Environmental  
policy  
Score: 8

Norwegian public opinion is highly sensitive to environmental issues and the government regularly promotes international cooperation on environmental issues. There is a wide range of laws regulating various aspects of environmental policy and the use of natural resources, including specific laws on building regulations, pollution controls, wildlife and freshwater fish, municipal health, environmental protection and motorized vehicles.

Norway has among the lowest CO<sub>2</sub> emissions and highest degree of renewable resource use in the world. Air and water quality is among the best in the world, which is largely due to the country's low population density and the fact that Norway's main energy source is hydroelectric power, which is in turn due to the natural abundance of water in the country. Less positively, Norway does not have a good

record on waste management, and has also received international criticism for its policy concerning whale hunting. In addition, energy demand and usage per capita is higher in Norway than in the rest of Europe. This is partly attributable to a legacy of inexpensive energy, which however now, with international energy markets, is a thing of the past. The government is committed to energy conservation. To this end, conservation standards for new buildings have been increased, and new taxes have been added to the use of electricity and gasoline. However, there is scope for significant improvement in this area.

Moreover, the government's plans for achieving its climate goals have sparked national and international controversy. The intention is to rely strongly on the purchase of international CO<sub>2</sub> quotas to a degree that appears to be beyond what is acceptable by EU standards (to which Norway is committed despite not being a member itself). Environmental groups have criticized this as a strategy of buying oneself out of the problem rather than enacting appropriate and lasting economic and organizational reforms.

Research in government-owned companies have pioneered technological innovations aimed at reducing and ultimately eliminating CO<sub>2</sub> emissions in gas exploitation with the help of undersea bed storage of CO<sub>2</sub>, initiatives that are in the process of moving from research to large-scale experimentation.

### **Research and innovation**

Despite its high GDP per capita, Norway spends comparatively little on R&D, including when compared to its Nordic neighbors. Research policy is non-pluralistic, government-led, and is not strongly oriented toward enterprise or innovation. One notable exception is in innovative company-based research on the elimination of CO<sub>2</sub> emissions in gas exploitation. The country's strength lies in applied economic and social research rather than in basic and hard science research. Research funds are mainly public, distributed through a single research council, and politically directed from above. Recent reforms have not been very successful and the government is frequently criticized for insufficient investment in research. This low aggregate investment level is reflected in the relatively low number of patents that are granted. It is also interesting to note that the share of degrees granted in science and technology is low and that Norwegian children have fared especially low in science knowledge in the OECD's Program for International Student Assessment (PISA) study. The country would certainly benefit from a higher absolute level of investment in R&D. However, the research council's centralized

Research and  
innovation policy  
Score: 6

allocation of funds and state subsidies, with only limited participation by private donors, has also been criticized. The council's selection of priorities has often been narrow. There is thus ample scope for increasing investment in academic and basic research, as well for promoting more involvement by private and public actors.

## Education

Education policy

Score: 6

Norway has a tradition of very high education attainment. The Norwegian labor force is one of the most educated in the world, as measured by the share of its working population with secondary and tertiary education. Like other Scandinavian countries, the Norwegian government is a high spender on public education. The emphasis of the primarily public school system is on free access and equalization of opportunities. Students with difficulties in learning or socialization receive a high level of attention.

In contrast, there is little emphasis on excellence or on providing specific attention to the most gifted pupils.

In spite of the high levels of educational attainment, there are important shortcomings. The share of degrees in scientific disciplines is low by international standards, and this limits the impact of public investment in education with regard to the country's competitiveness and capacity for innovation.

On the one hand, this may be because university access is entirely demand-driven, with students able to choose a preferred field of study without any constraint. On the other hand, the country's high wage compression weakens the incentive for students to self-select in the most socially productive areas.

Another source of major concern is the quality of education in certain areas. In the OECD's PISA study, Norwegian students' performance was below the OECD average in mathematical, problem-solving and scientific knowledge. A higher emphasis on student incentives, teacher quality and a culture of excellence may be necessary to improve these performances.

## Management Index

### I. Executive Capacity

#### A Steering capability

##### Strategic capacity

Strategic planning  
Score: 8

Significant strategic planning takes place in the course of government decision-making. The typical procedure for major decisions is the following. First, the government appoints an ad-hoc committee tasked with delivering a detailed report on a particular issue. Some of these committees are composed exclusively of experts, while others have a broader membership that includes politicians and representatives of interested parties such as unions, business confederations and other non-governmental organizations. For instance, a report to the Ministry of Finance would typically be drafted by high-profile academic economists, representatives of unions, employers and the central bank. When this procedure leads to legislative action, a proposal is drafted and distributed to interested parties, who are invited to make comments and suggestions (a period of three months for comments is recommended, and six weeks is the minimum stipulated).

Only after comments have been received will the government prepare a proposal for parliament (sometimes in the form of a parliamentary bill, but sometimes only as an initial white paper). Governments deviate from this procedure only in cases of emergency, and any attempt to circumvent it would lead to public criticism.

This convention of careful, deliberate, consensual and slow decision making has served the country well. The procedure leading up to the 2009 pension reform is a case in point. Yet two major recent reforms have turned out to be remarkable and costly failures: health care reform (certainly) and social security reform (probably). These failures may be due to a dogmatic overconfidence in the efficacy of bureaucratic centralization and should raise serious questions about strategic capacity.

There is an established procedure for the approval of the annual budget. The activity starts one year in advance, when the

government holds three conferences on the budget proposal. The finance minister presents an initial proposal to parliament in the first week of October. A parliamentary committee plays an active role in the budget process and makes concrete proposals on the distribution of resources. This proposal becomes the basis of parliamentary discussion. After the parliament approves a proposal for the allocation of resources, it becomes binding for subsequent, more detailed discussions that take place in various parliamentary committees. By December 15, this work is concluded, and the final budget is approved by the full parliament.

Scholarly advice  
Score: 9

There is a significant degree of academic influence on policy-making. Economic and social research is strongly applied in orientation. Academics are regularly involved in government-appointed committees for the preparation of legislation. On a more informal level, various departments regularly consult academic experts. Academics are active in public debate (e.g., by writing newspaper articles) and their views often prompt replies and comments from senior politicians.

### **Inter-ministerial coordination**

GO expertise  
Score: 9

The Office of the Prime Minister has a small to medium-sized staff of 30 to 50 people, about 10 of which are political advisers, with the rest being professional bureaucrats. The office is not intended to evaluate policy proposals in detail but to coordinate and oversee that government policies are roughly aligned and that policy planning is adequate and follows prescribed procedures. It has sufficient expertise and capacity for its purpose and is considered to be an “elite” department with a set of gifted employees. A special minister was appointed in 2009 to further increase the coordination capacity in the government.

GO gatekeeping  
Score: 9

The Office of the Prime Minister plays an important role in coordinating government policy and in ensuring a consistent and coherent legislative program, especially in situations of disagreement between line ministries. It is able to and often does return materials to departments for further work and will frequently work with relevant departments interactively on draft proposals. Both gatekeeping and general policy oversight is shared with the Ministries of Finance and Justice.

Line ministries  
Score: 8

The preparation of policies lies with line ministries. They will as a matter of routine involve the Office of the Prime Minister in the clearing of potentially controversial matters and for coordination with other policies, often in back-and-forth interaction during the process

of planning. Initiatives that do not have the support of the Office of the Prime Minister would not get through the cabinet.

Cabinet committees  
Score: 1

There is little use of formal cabinet committees. The whole cabinet meets several times a week and generally works together as a full-cabinet committee.

The coalition partners have created a special subcommittee in the cabinet that coordinates issues in difficult and sensitive issues.

Senior ministry  
officials  
Score: 10

Senior civil servants and political appointees play an important role in preparing cabinet meetings. This follows fixed procedures and matters that are not appropriately prepared would not be presented to the cabinet. This includes documentation which alerts cabinet ministers to the essentials of the proposal to allow cabinet meetings to focus on strategic issues and not get distracted by details of routine business. Most issues on the agenda have been prepared in good time before the meeting.

Line ministry civil  
servants  
Score: 10

There is a large amount of coordination between line ministry public servants. This takes place both directly on the civil servant level and also formally, as the Ministry of Finance must approve any proposal with budgetary implications and the Ministry of Justice for legal implications. It is not uncommon for these ministries to impose changes in policy proposals. It is therefore safe to say that most policy proposals are effectively coordinated by civil servants.

Informal coordination  
procedures  
Score: 9

Cabinet ministers meet frequently and are in close touch with each other over policies. There is an effort to encourage cross-ministerial arrangements on the level of officials. There is extensive informal coordination between cabinet and parliamentary committees and party groups.

## RIA

RIA application  
Score: 8

In Norway, a system of regulatory impact assessment (RIA) was introduced in 1985 and revised in 1995. The ministers and the government are responsible for providing comprehensive assessments of the budgetary, environmental, health and human-rights effects of their proposals. Consequences should be quantified as far as possible, including by means of a thorough, realistic socioeconomic analysis. A set of codified guidelines (the Instructions for Official Studies and Reports) regulates RIAs. However, the ministry in charge has some discretion to decide when an RIA should be produced. There is no formal rule on when a full RIA must be conducted, or when a less detailed assessment is sufficient.

The RIA is included as a separate section in the ad-hoc reports commissioned from experts or broader committees, as well as in

white papers and final bills. There is no central body in the government administration that conducts quality control on RIAs, although each department has issued guidelines on how RIA should be conducted. An interministerial panel on economic impact assessments was established in 2005, which brought together RIA experts from various ministries, and has an advisory function in improving the quality of RIAs. The parliament may send back a proposal if it regards the RIA as unsatisfactory. This has actually occurred in a number of cases.

Needs analysis  
Score: 8

The quality of RIAs in parliamentary bills show great variation, but is generally good. At a minimum, parliamentary bills describe the financial and administrative (government) consequences of a proposal. Other costs are typically not quantified systematically or regularly when preparing bills. The RIA system is strong in terms of consultation, transparency and creating a broad political consensus around decisions. It is weaker in terms of technical quality.

Alternative options  
Score: 7

The official Instructions for Official Studies and Reports require that a sensitivity analysis must be made if any appreciable uncertainty exists, and that alternative instruments should be assessed, including instruments other than those of a regulatory nature (e.g., economic instruments). In practice, the extent to which alternative options are given careful consideration and submitted to a systematic cost-benefit analysis varies from case to case. Quantification of the costs and benefits of different alternatives is relatively rare.

### **Societal consultation**

Negotiating public support  
Score: 10

Norway is a consensus-oriented society. Not only are interested parties fully informed of measures under discussion, but they also play an active role in the legislative process. In particular, there is a firm tradition of consultation with trade unions and business organizations. Interested parties are invited to express their views before new laws are presented to parliament. Social confrontations over policy-making (e.g., political strikes or violent forms of protest) have been almost nonexistent in recent years.

### **Policy communication**

Coherent communication  
Score: 8

Norway has had coalition governments in recent years. These coalitions have worked effectively but there will unavoidably be disagreements within any coalition, including in the current center-left coalition, sometimes on important matters, and these disagreements must, by the dynamics of party politics, find some expression, leading

to occasional lacks of clarity in government communications. On the other hand, Norwegian coalitions have been remarkably cooperative and cabinet members well-behaved, often going to great lengths to avoid airing disagreements in public.

## B Policy implementation

### Effective implementation

Government  
efficiency  
Score: 9

Governments in the period under consideration have held parliamentary majorities and have had no external constraint on implementing policies. The impediment to government efficiency has been the potential for conflict between the three parties in government, but collaboration between the three parties is generally good. After the 2009 election, the prime minister strengthened his grip on the reins of government and reshuffled accordingly, and is now in firm control. The main dimension of contention within the government has been foreign policy, as the Socialist Left Party is highly critical of Norway's participation in NATO's Afghanistan operation, but with no ability to scuttle that participation.

Ministerial  
compliance  
Score: 9

There is a strong tradition of cabinet government. The cabinet meets several times a week and government decisions need formally to be made in cabinet. The convention of close ministerial cooperation increases ministers' identification with the government's program and makes the government work as a "team." As long as divisions between coalition partners are not seen as paramount, this system guarantees relatively strong cabinet cohesion, which has been the recent experience.

Monitoring line  
ministries  
Score: 9

Norway is a small, consensual and transparent system. The Office of the Prime Minister knows what is going on. There is cabinet cohesion. There is as always a tug of war between line and coordinating ministries, but the possibility that line ministries should go off on their own contrary to the government line is negligible. That would require a degree of intergovernmental disagreement and breakdown of discipline which has not been seen for a very long time.

Monitoring agencies  
Score: 9

Government agencies are subject to effective monitoring both through direct bureaucratic channels and by the activity of the free press. As a rule, executive agencies do not act against the directives of the ministries and there have been very few cases of agency officials taking action that could be seen as contrary to government policy.

Task funding  
Score: 9

There is a constant tension between central and local government over the central government's funding of duties that are imposed on local governments. The present central-left government radically increased local government funding in its first period. That was first met with great satisfaction on the local side, but local governments rapidly adapted activity to their new financial base and were soon back to putting usual pressure on central government for additional funds. In general, regional governments and municipalities are adequately funded and their financial squeeze, certainly with the new level of central government funding, is more down to locally generated ambitions than central government tight-fistedness, and to some degree to local government profligacy and inefficiency. There is a general tendency towards the establishment of universal rights and entitlements at the national level, that are to be implemented at the local, causing tension when it comes to financing.

Constitutional  
discretion  
Score: 6

There is ongoing tension between local and central governments over discretion in local governments. The trend has been that central government increasingly ties the hands of local governments, for example by controlling expenditure at the local level through earmarking of transfers. There is nothing to suggest any recent reversal of this trend.

National standards  
Score: 8

The Norwegian government is committed to providing public services that are as uniform as possible across the country. Given the large distances involved, and the remoteness of some regions, this implies that peripheral parts of the country receive large (and expensive) transfers, both direct and in the form of infrastructure investments. Although services are reasonably uniform across the country, this has not been the case for local government performance in all respects. The global financial crisis has revealed shortcomings in finance management in many municipalities. A number of municipalities had, against warnings, invested spare funds in Icelandic banks, lured by high interest rates, banks that were the first to fail when the global bubble burst. Four towns in the north of Norway – Narvik, Hemnes, Rana and Hattfjelldal – made multimillion-dollar bets on complex, U.S.-linked financial products designed by Citigroup which they did not have skills to manage and sustained losses that destroyed most of the value of their investments.

## C Institutional learning

### Adaptability

Domestic  
adaptability  
Score: 5

Government structures have remained rather stable over time. There are some ongoing efforts to improve the institutional framework, although not primarily in response to international developments. It is common for new governments to reallocate tasks across ministries. Examples of adaptation are the early establishment of an environment ministry, a strengthening of the political leadership devoted to development cooperation, and the recent establishment of a directorate of integration separate from the body dealing with immigration issues. In general, interdepartmental coordination has increased as a result of international activity, and particularly so in relation to the handling of European affairs. A decision by the Ministry of Foreign Affairs to establish a post of anti-terror coordinator was never implemented.

International  
coordination  
Score: 9

Norway is very diligent in adopting legislation passed on the level of the European Union. The country is not an EU member, but it still participates in most forms of EU policy coordination through membership in the European Economic Area (EEA), with the exception of certain reservations with respect to agriculture and fisheries. This relationship does not give it a role in EU decision-making or policy formulation, however.

Norway has been an active participant in and promoter of various international conventions, forums and activities. Areas of particular interest have been human rights, development and peace. Relative to its size, Norway is a large contributor to U.N. and NATO peacekeeping operations and to international organizations such as the IMF, the United Nations and the World Bank. Another example is Norway's participation in the Extractive Industries Transparency Initiative (EITI) and the Kimberley Initiative on so-called blood diamonds. Norway actively encourages developing countries to join the EITI and is one of four contributors to the World Bank Special Trust Fund to assist in its implementation.

### Organizational reform capacity

Self-monitoring  
Score: 9

Self-monitoring is both informal and formal. On a formal level, there is a parliamentary committee devoted to monitoring whether government and parliamentary activity adheres to the constitutional framework and the Office of the Auditor General, which reports to

parliament and which has gradually made itself more assertive and taken on a broader remit of policy audit. The previous the Ministry of Government Administration is now the Ministry of Government Administration and Reform (in Norwegian: renewal).

Informally, there is substantial monitoring of the way institutional arrangements affect government functions, for example around reshuffling of ministerial portfolios, notably each time there is a change of government.

Institutional reform  
Score: 9

Institutional reform is an ongoing process, with frequent reorganizations to improve strategic capacity, including changes in ministerial boundaries and portfolios. A notable reorganization was to merge labor policy and social security policy into a single ministry. Another example was the creation of a department of ownership within the Ministry of Trade and Industry to gather all state ownership of firms (including ownership of fully owned state firms and partially owned firms alike) under a single unit. In the past this ownership had been scattered across various ministries.

## II. Executive accountability

### D Citizens

#### Knowledge of government policy

Policy knowledge  
Score: 9

Norwegian public opinion is generally well-informed about government policies, measures and operations. This is partly attributable to the country's small size, but also to the population's high level of education, the very high circulation of newspapers and the widespread access to Internet and television. Moreover, the Scandinavian tradition of transparency in government helps the free press to report accurately about public policies.

### E Legislature

#### Legislative accountability

Obtaining documents  
Score: 10

Parliamentary committees have the de facto power to obtain government documents. The procedures for doing so are fast and effective. The parliamentary right of access to information is a very strong norm, which most members of the government are very

careful not to violate. They thus work to ensure that the parliament is provided with adequate and timely information. Oral proceedings and consultations are sometimes used to supplement written procedures. There are no limitations to this right of access, except in specific cases of secrecy, which are not widespread. However, even in these cases, parliament has an extended foreign relations committee which has access to classified security information.

Summoning  
ministers  
Score: 10

Parliamentary committees may summon ministers for appearances. Ministers regularly respond to invitations and answer questions. In addition, there is a weekly session in parliament where legislators can ask questions directly to the ministers.

Summoning experts  
Score: 10

Each party represented on a parliamentary committee has the right to invite experts to appear at committee hearings. This kind of invitation is common, with experts coming from interest organizations, NGOs, businesses or academia to present information and views on various issues and policy proposals. Moreover, the parliament has a group of independent experts who can assist legislators by collecting information and performing information analysis.

Task area  
coincidence  
Score: 8

There is not perfect overlap between the organization of the parliament and the government. There are 13 parliamentary committees, and 17 ministries in addition to the Office of the Prime Minister. Some parliamentary committees therefore have a slightly broader task and mandate than others.

Audit office  
Score: 10

Norway has a national audit office, an independent statutory authority that is responsible to parliament. Its main task is to audit the use of government funds to ensure they are used according to parliamentary instructions. The audit office has 500 employees, and its governing council is made up of members of the main political parties. Decisions of the audit office have consistently been consensual.

Ombuds office  
Score: 10

Norway has a parliamentary ombudsman whose task is to investigate complaints from citizens concerning injustice, abuses or errors on the part of the central or local government administrations. The ombudsman is also tasked with ensuring that human rights are respected, and can undertake independent investigations. Every year, this office submits a report to parliament about its activities. In general, the ombudsman is active and trusted.

## F Intermediary organizations

### Media

Media reporting  
Score: 9

The mass media's treatment of government decisions and policy is accurate and informative. The two largest broadcasting channels, NRK and TV2, both produce broad-ranging evening news programs that typically devote considerable space and time to governmental and political affairs. Both channels also regularly (almost daily) broadcast debates and discussions on current affairs.

Statistics show news and political debates to have a high number of viewers. Both large television organizations have recently strengthened their news coverage, in TV2's case by establishing a new news channel, and in NRK's case by reforming NRK2 into a news and facts channel. Political news is frequently featured on TV's popular Friday night infotainment shows. The leading radio channels, NRK and to a lesser extent P4, also devote considerable time to political news.

### Parties and interest associations

Party competence  
Score: 9

Seven parties are represented in parliament, of which only three receive more than 10% of the vote, the Labor Party (a traditional Scandinavian social democratic party), the Conservative Party (Høyre, a moderate conservative party) and the Progress Party (a populist right-wing party). Two fringe parties, the Socialist Left Party, to the left of Labor, and the Progress Party, to the right of Høyre, have sustained more criticism than other parties for "irresponsibility," in particular the Progress Party for fiscal recklessness and for engaging in some anti-immigration rhetoric, although recently moderated. However, the Socialist Left Party proved eminently responsible when it joined Labor and the Center Party in a coalition government in 2005 and its chairwoman became finance minister, and the Progress Party has in recent years been hard at work to make itself "responsible" with a view to becoming a credible coalition partner with Høyre in a future government formation. None of the parties individually entertain policies that are systematically implausible and there is no potential for any "irresponsible" government formation.

Association  
competence  
(business)

The major interest associations all propose practical, plausible policies. The Norwegian Confederation of Trade Unions and the Confederation of Norwegian Enterprise have for years been engaged

Score: 9

in very close tripartite cooperation with the government. Through this process, these organizations – in combination with the government – have been able to prevent strikes, secure a moderate salary policy and ensure moderate inflation and interest rates.

At the same time, this cooperation has been regarded as important for promoting gradual governmental reforms in areas such as health insurance and pension plans. In their work, these interest organizations rely to a large extent on scholarly knowledge, and typically apply a long-term perspective.

In many other policy fields we see some of the same patterns of organized cooperation. Employers' association groups have traditionally been allied with the conservative parties, farmers' groups with the Center Party, and trade unions with the Labor Party. These ties are most explicit between the Labor Party and the labor unions, with the head of the labor union's confederation sitting on the party's executive committee. The unions and the employers' association both have academics as advisors, and their proposals normally aim at consensus rather than pursuing social confrontation.

Association  
competence  
(others)  
Score: 9

The government and the opposition parties listen carefully to the opinions expressed by business, farmers and union leaders. Intellectuals and academics also receive attention. Environmental groups have a substantial influence on environmental policy. The large organizations are professional in communicating their messages to politicians and to the public, and are sometimes able to set the political agenda.

In addition, there are numerous formal arenas for routine consultation between governments and various kinds of interest organizations. In many areas, such consultations are formalized and have become a routine mode of policy formulation.

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