Svein Gjedrem: Economic perspectives

Annual address by Mr Svein Gjedrem, Governor of the Norges Bank, at the meeting of the Supervisory Council of Norges Bank, Gausdal, 15 February 2001.

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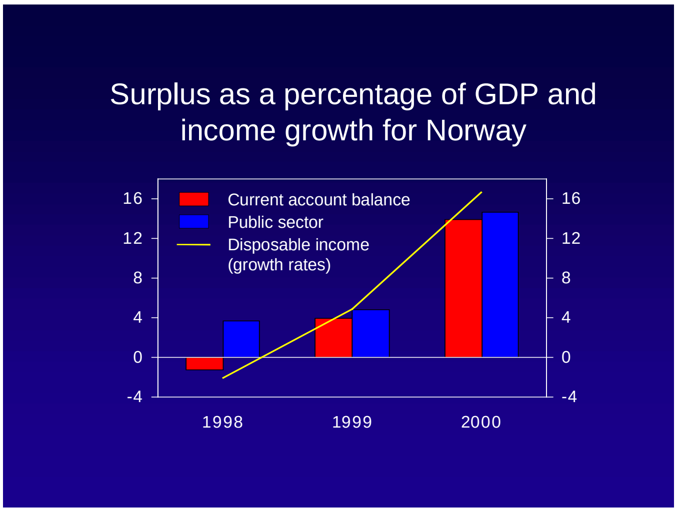
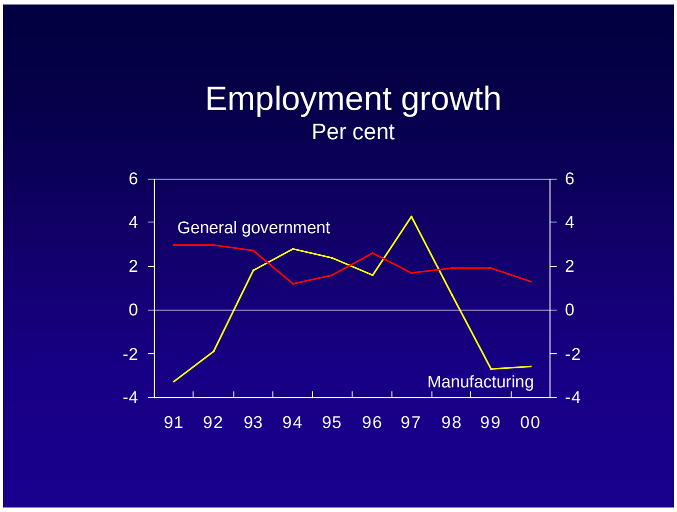
Introduction

Norway's economy is today characterised by substantial petroleum revenues, sharp growth in government expenditure, a tight labour market and high cost inflation. High oil prices and sizeable petroleum production are contributing to surpluses on the current account and the central government budget. This has also resulted in a vigorous rise in Norway's disposable income. The current account surplus in 2000, which was equivalent to about 14 per cent of GDP, is among the highest surpluses recorded by an OECD country in the post-war period. The total general government budget surplus also rose sharply, reaching 14½ per cent of GDP.



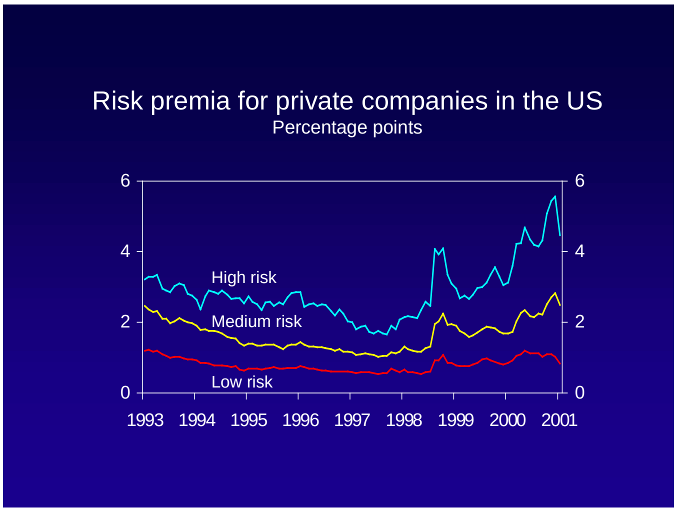
With the exception of a brief pause in growth from the summer of 1998, the Norwegian economy has been expanding since 1993. Employment has risen and unemployment has fallen to just over 3 per cent. A shortage of labour in many sectors has resulted in a relatively sharp growth in labour costs in Norway.



Whereas the upturn was balanced for a long period, the public sector has laid claim to a large share of the increase in the labour supply in recent years. Manufacturing employment has fallen markedly since 1998.

The mainland economy features some aspects that are associated with a boom period, although growth is low. After several years of mainland GDP growth in the order of 3-4 per cent, activity is now increasing by less than 2 per cent a year. The economy is operating near capacity limits.

New working time reforms, increased use of sick pay and disability benefits and a reduced supply of labour from other Nordic countries are restraining growth in many sectors. Moreover, there is no evidence suggesting that productivity growth in Norway has picked up to the levels in some of our neighbouring countries.



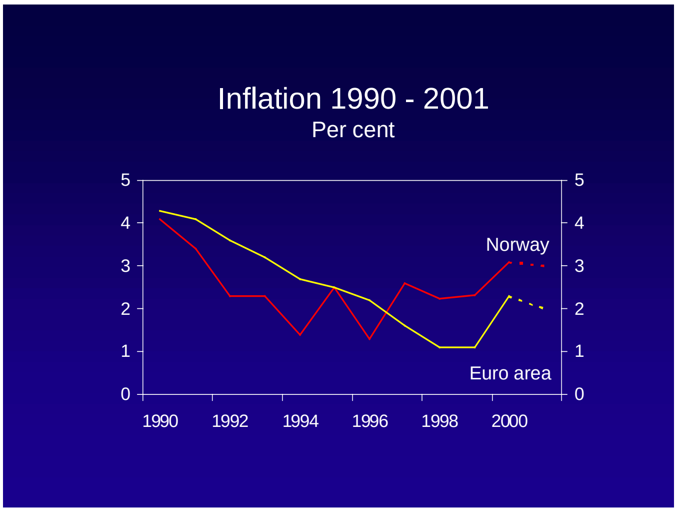
International equity prices declined sharply last autumn. In the US, output and employment are stagnating. As shown in the chart, the risk premium in capital markets on long-term credit to enterprises has increased. In addition, many international enterprises now have a poorer credit rating than earlier This has also affected borrowing in Norwegian companies, which now have to place greater emphasis on their customers' ability to honour commitments. International financial and capital markets are characterised by uncertainty and unrest.

This unrest is not found among economic agents in Norway. As long as oil prices are high, the Norwegian economy is fairly sheltered. Many central banks are now reducing their key rates. As our economy is affected to a lesser extent, the differential between short rates in Norway and abroad may widen.

Monetary policy

The long-term objective of monetary policy is to provide the Norwegian economy with a nominal anchor – domestic price stability, and thereby the basis for a stable krone. Nominal stability is the best contribution monetary policy can make to economic growth and prosperity. A nominal anchor is also a necessary precondition for stable financial markets and property markets. High inflation and wide swings in the exchange rate impair the function of prices as an information vehicle. This leads to booms followed by busts and an arbitrary redistribution of income and wealth. Inflation therefore poisons the economy.

By linking movements in the krone to the euro, we have chosen to follow the same standard for nominal stability in the economy as set by the euro area countries.

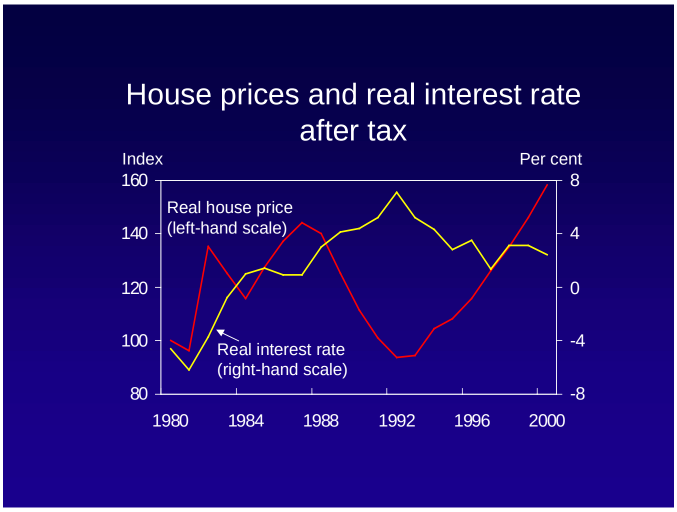


Since 1997, inflation has been higher in Norway than in the euro area. The difference partly reflects a period of strong growth in Norway, while the level of activity in Europe has been low. The higher level of inflation in Norway cannot be sustained, however, as this would undermine the basis for stability in the krone exchange rate and confidence in monetary policy.

Short-term capital inflows and outflows are probably the most important factor determining movements in the krone exchange rate from day to day, from week to week and from one quarter to the next. They are governed by expectations concerning future returns. Changes in expectations concerning the future value of the krone can trigger extensive capital movements.

As a rule, Norges Bank does not intervene in foreign exchange markets with a view to influencing the krone exchange rate. The krone is floating, and the value of the krone fluctuates in periods by the same magnitude as exchange rates in other open economies. Nevertheless, the prevailing stability of the krone is largely a reflection of confidence that inflation in Norway will be kept at a low level.

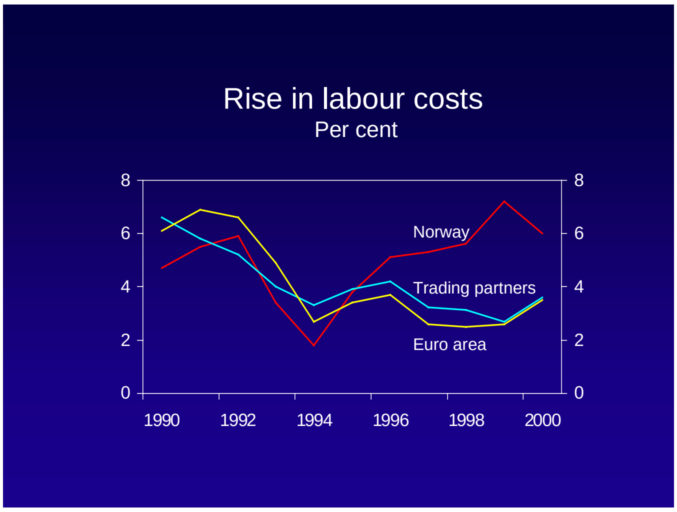
Our experience is that changes in the Norwegian interest rate level only have a predictable effect on the krone exchange rate when the change in interest rates also contributes to stabilising inflation. However, the relationship between interest rates and price and cost developments is uncertain. The setting of interest rates thus requires the use of professional judgement and discretion. The basis for exercising discretion is subject to limitations, however. Should any doubt arise as to whether the interest rate is oriented towards nominal stability, this would trigger substantial capital movements.



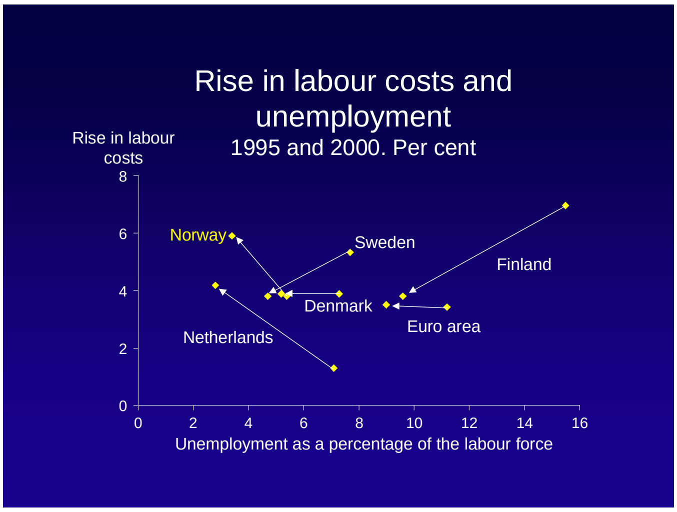
An inappropriate setting of interest rates could easily jeopardise financial stability in the domestic economy. The experience of Norway and other countries shows that credit and property markets can be very unstable. If interest rates are kept at too low a level for too long, credit demand will rise sharply, as we witnessed in the 1980s. At that time, rising property prices generated expectations of further price increases, which in turn led to rising credit demand. When the bubble burst, recession ensued with falling asset values, a debt crisis and a growing number of bankruptcies. It is important to bear in mind that this instability is inherent in financial and property markets. We cannot rely on the memory of market participants.

Interaction with income formation

A precondition for a stable krone exchange rate against European currencies is that price and cost inflation in Norway must over time not exceed the corresponding aim for inflation of the European Central Bank (ECB). The ECB orients monetary policy instruments towards price stability, and has defined price stability as an inflation rate below 2 per cent. The rise in prices for imported goods is expected to continue to be relatively low, leaving room for a somewhat higher rise in prices for domestically produced goods and services. Corporate profits and margins vary and influence price inflation from one year to the next, but are to some extent self-regulating. High margins tend to result in stronger wage growth, while low margins lead to tighter cost control. Profits will thus revert to previous levels. Over time, productivity growth therefore determines the level of wage growth that is consistent with stability in prices and the exchange rate. With productivity growth around the average for the 1980s and 1990s, ie in the order of one and a half per cent per year, nominal wage growth should be brought down to between 3 and 4 per cent. There will be room for higher wage growth if productivity growth increases, as seems to be the case in Sweden and Finland.

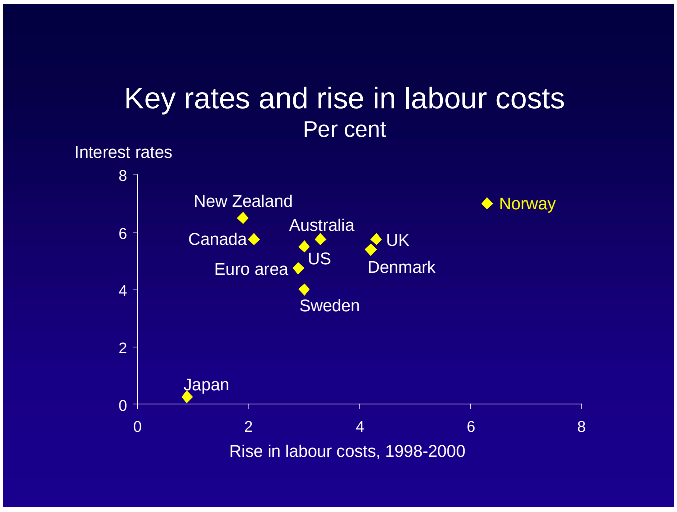


In recent years, cost inflation in the euro area countries and among trading partners has been relatively low. Growth in labour costs in Norway has been roughly 11 percentage points higher than in the euro area and 10 percentage points higher than among trading partners in the past three years.



A number of other small, open economies have recorded a decline in unemployment and lower growth in labour costs than Norway. In Sweden, unemployment has shown a substantial decrease over the past five years and wage growth is below 4 per cent. Three-year wage agreements are now being concluded, underpinning the basis for low cost inflation. In the Netherlands, unemployment has fallen to a very low level. Wage growth has picked up, but is lower than in Norway. In Denmark, unemployment has come down without an increase in wage growth. In Finland, unemployment has fallen sharply from the high level that took hold in the 1990s, and wage growth has slowed. In the euro area, unemployment has dropped without an increase in wage growth. In Norway, the high growth in labour costs may be a source of rising unemployment.

In connection with the wage settlement last year, short-term interest rates rose by 1½ percentage points. The substantial rise in costs in Norway, which was reflected in the strong pay increases for white-collar employees and in the centralised income settlement, contributed to pushing up interest rates. In previous periods, higher wage growth has also been accompanied by a rise in interest rates. In 1998, the negotiated wage increases, in conjunction with the depreciation of the krone exchange rate, led to a rise in interest rates of 4½ percentage points over the spring and summer months. The income settlement in 1986, which was negotiated during the strongest boom in the post-war period, resulted in a severe cost shock for Norwegian enterprises and, combined with the fall in oil prices, forced a devaluation of the Norwegian krone. This was followed by high interest rates over several years. Falling wage and cost inflation from 1989, however, provided the basis for the decline in interest rates from 1992. The centralised income settlements are important for wage and interest rate developments, but they do not take place in a vacuum. The outcome is influenced by labour market tightness and income developments for groups other than those covered by the centralised settlements.

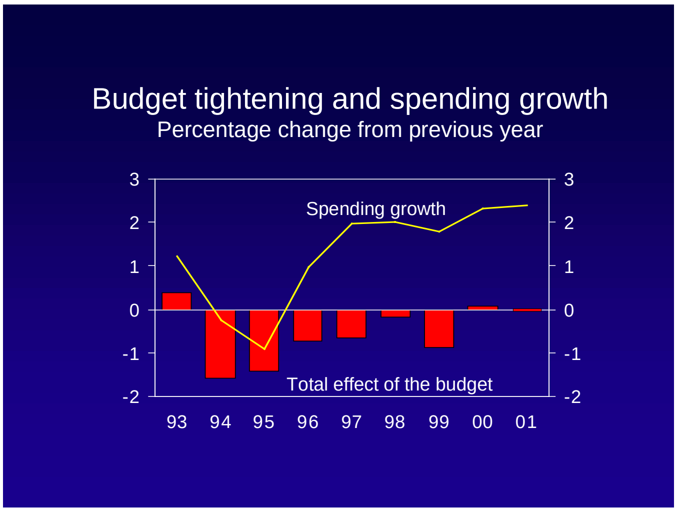


Norwegian key rates are currently 1½ percentage points higher than in the US, 2¼ percentage points higher than in the euro area, and 3 percentage points higher than in Sweden. In some countries, short-term interest rates are now moving down and in other countries expectations of interest rate increases have receded. Norges Bank has a neutral bias with regard to interest rates developments, partly reflecting price and cost developments in Norway, as illustrated in the chart.

In general, it can be argued that when wage and cost inflation is expected to rise and deviate from the rate of increase in the euro area, or when unexpected upwards shifts in labour costs occur, interest rates must be raised to avoid rising inflation and a weaker krone. In our open economy, with a floating exchange rate, it can be assumed that an increase in wage growth of one percentage point will gradually translate into a corresponding increase in price inflation unless the wage increases are anchored in higher productivity. The magnitude of the increase in interest rates must be consistent with this. First, nominal interest rates must be increased in order to maintain real interest rates. Second, real interest rates must also be increased with a view to removing the causes behind the differentials.

Interaction with fiscal policy

It is important that the annual budgets are based on a long-term strategy that takes into account possible fluctuations in oil revenues from one year to the next. With large and, to some extent, varying budget revenues, the basis for determining central government expenditure and taxes from one year to the next may easily be impaired. If budget spending is allowed to vary in step with oil prices, the Norwegian economy may experience abrupt shifts and instability. Changes in oil prices may then quickly influence wage and price expectations, the exchange rate and long-term rates. In addition, short-term rates would have to be changed frequently and sharply.



In recent years, central government real underlying spending growth has accelerated somewhat. Both in 2000 and 2001, spending growth has been higher than 2 per cent, which is above potential growth in the mainland economy. At the same time, taxes have increased. Fiscal policy has thus had a virtually neutral effect on domestic demand for two years while wage growth has been substantially higher than in other countries.

A possible interpretation of this development is that it is more demanding to use the government budget to dampen cyclical fluctuations during an upturn than during a downturn. The willingness and ability to pursue a counter-cyclical policy may in itself be cyclical.

Another interpretation is that a neutral fiscal policy in a year featuring a sharp increase in government financial assets reflects a balance between using the government budget to stabilise the economy and phasing in higher financial revenues in the economy.

Irrespective, a gradual shift in economic policy is taking place. While fiscal policy is having a neutral impact on domestic demand, monetary policy is having a contractionary effect. This is partly reflected in higher short-term rates compared with long-term rates. The focus of the income settlements may also be said to have changed somewhat since the mid-1990s, with less emphasis on balanced labour market developments.

Natural resources and growth capacity

Petroleum revenues fluctuate widely, with substantial uncertainty as to future developments. This raises the question of how quickly petroleum revenues shall be used. The term “Dutch disease” was first used to describe the situation in the Dutch economy in the 1970s and 1980s after revenues from the large gas finds in the Groningen field were used to finance strong growth in public expenditure. When the gas revenues declined and growth in the economy came to a halt, a tightening of policy was necessary and unemployment rose.

The Norwegian economy was also hit by the Dutch disease in the 1980s. The reason was that in the previous decade the state had budgeted on the basis of future strong growth in petroleum revenues. Welfare schemes were expanded. As in the Netherlands, manufacturing industry was scaled back. The recession after the bubble burst in the credit market and oil prices fell in 1986 was much deeper than would have been the case if we had maintained a larger and competitive manufacturing sector.

Norwegian industry lost export market shares in the late 1980s in spite of the booming conditions abroad and substantial capacity slack at home. The Dutch disease, both in the Netherlands and in Norway, led to higher unemployment and substantial social losses. However, in both countries the economy was back on track in the 1990s.

At the same time, the experience of other countries indicates that in the long run the supply of natural resources can prove to be just as much of a disadvantage as an advantage for a nation's economy. Many countries with an abundance of natural resources are poor today. They have not used the resources to provide for sustainable higher income. Since 1950, developments in many oil-producing nations have been very unstable, while many Asian and European countries without access to natural resources are among the world's richest countries. It would appear that easy money can reduce the growth capacity in an economy. A comparison of economic developments in Norway and the other Nordic countries in recent years may also be a source of concern. Their business sector now seems to have a stronger growth capacity than our own.

There are three pitfalls that must be avoided.

First, in countries with substantial revenues from natural resources, growth conditions for the internationally exposed sector may become less favourable. The exposure of large parts of the economy to intense foreign competition provides a breeding ground for learning, innovation and development. Competitive pressures in sheltered sectors, such as internal trade and public enterprises, are normally more limited. In my view, it is essential to maintain a broad exposed sector in the mainland economy, primarily because of the effect this has on the growth capacity of the economy.

Second, substantial petroleum wealth can weaken financial discipline in enterprises that are financed or assume that they can be financed by the public sector. If enterprises assume that the central government will provide support, resources may be squandered and the risk of substantial losses may be given little emphasis. The organisation of public enterprises is thus important. The central government's financial responsibility for individual enterprises and for other levels of public administration must be delimited in a credible manner.

Third, petroleum production generates a profit in excess of a normal return, ie economic rent. As economic rent accrues to the state, the central government is now accumulating substantial capital. A strong interest in gaining access to this capital can easily arise. There is a risk that entrepreneurship, talent and energy in the business sector and political life are used to acquire a piece of the economic rent – to dance around the golden calf – rather than for innovation, restructuring and growth. Decision-making forms in economic and political life must provide an effective shield to prevent special interests from gaining a dominant influence and control over petroleum wealth. The risk is particularly high in cases where markets are not efficient and where the remuneration for an assignment or the price of the resource that is transferred from the state are agreed through negotiations. The EEA Agreement restricts the scope for favouring individual enterprises or groups of enterprises. The eager control exercised by the surveillance body, the ESA, reduces the possibility for pressure groups to prevail. It is important for growth capacity that both national and international competition authorities engage in effective supervision in order to avoid the development of a business sector that is dependent on protection.

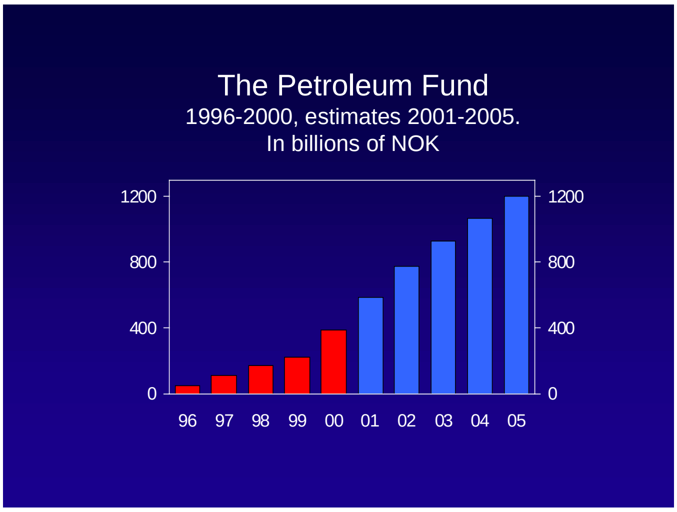
Against this background, I would like to expand on the central government's asset position and wealth management.

The government's asset position and wealth management


Government assets and liabilities
Estimates in billions of NOK

Assets		Liabilities	
Petroleum Fund	390	Bonds and Treasury bills	170
National Insurance Fund	50		
Direct ownership	300		
Minor holdings	100		
State banks	165		

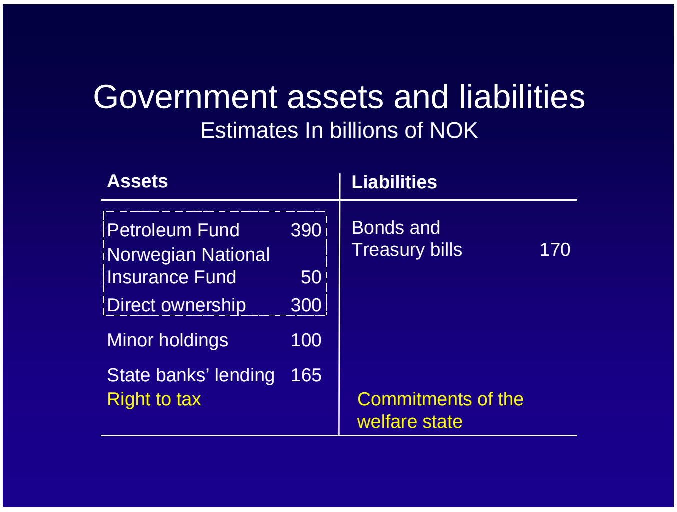
The table shows in simplified form the central government's financial assets and liabilities, with estimates for the balance at the end of 2000. The government's most important assets are the Government Petroleum Fund, assets in the National Insurance Fund, and the state's direct ownership interests in enterprises. The estimate for the government's direct ownership in the table includes Statoil, Norsk Hydro, Telenor, Statkraft and DnB. In addition, the state has many smaller stakes and direct loans through the state banks. The government has loan debt. In the table, the figures for the National Insurance Fund are consolidated as the Fund's claims on the central government and the central government's debt to the Fund are offset. The table shows that the central government's loans through the state banks are approximately the same as the central government's loan debt. The central government raises loans in the bond market and lends through the state banks. The interest rate on the loans and the pricing of risk are market-related. If we exclude this credit intermediation, the management of government wealth is primarily linked to state ownership interests in the Norwegian business sector, the National Insurance Fund and the Government Petroleum Fund.



In the years ahead, the capital in the Petroleum Fund will increase as the surplus on the central government budget is transferred to the Fund. The chart shows the estimates for growth in the Petroleum Fund. The projections, as they should be, are based on prudent assumptions concerning oil and gas prices, the return on the Fund and the domestic use of oil revenues.

The state's direct financial interest in petroleum activities (SDFI) may be regarded as part of the tax system. The government would have had little possibility of ensuring that a sizeable share of the economic rent benefit society without such a field-specific instrument. It is doubtful whether the government can fully realise the value of the SDFI through its disposal.

Buyers may have more knowledge about the holdings than the seller. Companies that buy SDFI stakes will also face some uncertainty as to the future tax system, which will have a negative effect on their willingness to pay. It is therefore understandable that only a smaller share of the SDFI is offered for sale. At the same time, the sale of the SDFI increases the need to remedy the substantial loopholes that have been found in the petroleum tax system.



The previous table showing government assets and liabilities does not, however, provide a complete picture of the government's financial position. The right to tax corporate and personal income and wealth and to levy indirect taxes is clearly the government's most important asset. General government tax revenues are estimated at close to NOK630 billion this year. The expected real return on government net financial wealth is about a sixteenth of this. In 2005, when the value of the Government Petroleum Fund could reach NOK1200 billion, the total return on government financial assets will approach one tenth of general government revenues at the current tax level.

At the same time, future expenditure on pensions, health, education, infrastructure and the judicial system represents a major commitment for the government.

Government expenditure for maintaining and developing the welfare state will increase substantially in the years ahead, primarily as a result of demographic trends. Estimates show that government expenditure on old-age pensions and disability benefits will double from 7½ per cent of GDP in 2001 to 15 per cent of GDP in 30 years. At the same time, it is reasonable to assume that spending on other programmes, which are today financed over government budgets, will increase as a share of total GDP.

With the current tax level, in conjunction with the challenges that increased trade and globalisation pose to the tax system, there would hardly be scope for increasing taxes. It would therefore be reasonable to assert that the value of the right to tax is lower than the value of commitments taken on by the government when the intention is to develop the welfare state. Without substantial government saving in the years ahead, promises to preserve the welfare state will lose credibility. The government thus has a clear motive for saving. At the same time, the high level of petroleum revenues, as mentioned, provides scope for accumulating substantial government financial wealth.

In my view, three points are of importance with regard to government wealth management.

First, investment must be based on the reason underlying government saving which, as I understand it, is to distribute petroleum wealth across generations and establish a foundation for maintaining important elements of the welfare state.

Second, the manager must seek to achieve a maximum return within duly considered risk limits. Returns and risk must be monitored continuously. The return and the risk limit must reflect the government's motive for saving.

Third, the management must be organised so that the manager pursues the objectives of the owner and does not develop its own goals.

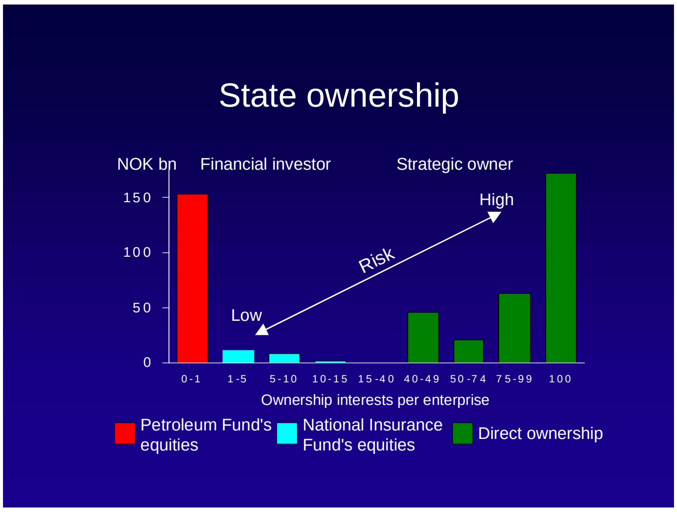
The government's motive for saving resembles the motives underlying saving in pension funds and life insurance companies. Among the government's saving vehicles, investments in the National Insurance Fund and the Government Petroleum Fund are best adapted to this motive for saving.

For both funds, there is a clear division of responsibility between the manager and the government, with the Ministry of Finance as owner. In the case of the Petroleum Fund, Norges Bank's mandate is to achieve the highest possible financial return in keeping with the strategy and risk limits established by the government.

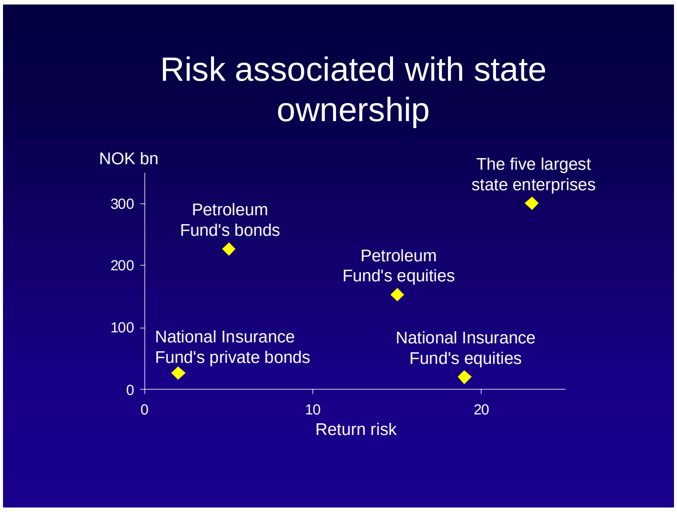
The Fund's investments are distributed among many countries and spread among a large number of equities and bonds. At end-2000, the Fund had invested NOK 153 billion in about 1800 companies in 21 countries, while NOK 234 billion had been invested in bonds in 18 countries. All ownership interests are now less than 1 per cent of the companies' total value. A turnaround in one country or a region, which in isolation may be pronounced, will not have a major effect on the total value of the Fund. The value of the Fund's equity portfolio will therefore shadow developments in prices on international stock exchanges. There is a substantial element of risk diversification, although we are not immune to the risk associated with the uncertainty in global developments. Along the same lines, the return on bond investments will reflect international interest rate developments.

The Government Petroleum Fund is built up through transfers of petroleum revenues that are not used domestically. In other words, the value of a natural resource is converted into a financial asset. The name of the Fund was chosen to reflect this. However, one weakness that may be associated with the Petroleum Fund is that the objective of saving is not sufficiently highlighted. The future use of revenues could have been made clearer either by choosing another name or by earmarking the capital for specific future uses, even though this would imply a constraint on the government's scope for manoeuvre. The study that is being planned may analyse fundamental and practical aspects of establishing a link between the pension system in Norway and the assets in the Government Petroleum Fund.

The National Insurance Fund's investments are mainly confined to Norway. As a result, changes in the value of the Fund's equity portfolio primarily reflect developments in Norwegian business and industry. The Fund has larger ownership interests in individual companies than the Petroleum Fund, and wider fluctuations in value.



As indicated in the chart, the government has substantial holdings in individual companies. The government's five largest stakes in Norwegian companies can be roughly estimated at NOK 300 billion. In general, concentrated ownership requires a more strategic ownership approach and gives rise to higher risk than diversified ownership.



This is illustrated further in the chart. The composition of government assets is broken down into equities and bonds in the Petroleum Fund and the National Insurance Fund and government ownership interests in the five largest companies. The horizontal axis provides a normal measure of risk, in other words the standard deviation of the return. The risk is estimated on the basis of the historical performance of the companies' share prices. For unlisted companies, we have used share price performance for comparable international companies. Higher risk means that the assets are more exposed to fluctuations in return. As a whole, the return on the Petroleum Fund and the return on private bond holdings in the National Insurance Fund feature a moderate risk profile. The risk is higher for both the National Insurance Fund's equities and the state's ownership interests in the five largest companies.

For a given expected return, the owner should aim at reducing risk because future income will then be more secure. Conversely, the owner should require a higher return on investments with higher risk. The absence of this excess return will reflect social losses.

It is important to bear in mind that the government can choose the composition, the required return and the risk profile with regard to its financial investments without taking into account the funding requirements of Norwegian companies. By the same token, Norwegian companies can choose their debt and equity structure independent of the government's financial investments. The capital market serves as an intermediary between the government as investor and enterprises seeking capital. This market makes it possible to separate the government's choices from companies' choices. The distribution of the government's financial investments and the choice of corporate funding structure should not be based on the notion that we are living in a barter economy. The Norwegian capital market is part of a Nordic market, which is being increasingly integrated into an international capital market. Capital markets are a very efficient tool for channelling funds from savers to investors.

Direct strategic ownership could nevertheless be the best solution if it generates a high return and the government has a solid basis for exercising its role as owner. There is some room for doubt concerning both points. The government has often neglected its demanding role as owner. A number of shortcomings stand out with regard to the way government ownership is managed.

First, the government has shown little ability and willingness to impose clear and ambitious return requirements and control the financial risk in companies where it has a dominant stake. In addition, if the companies are underperforming, both jobs and regions will be adversely affected.

Second, the government has not developed effective management of equity in the companies. The size of equity and the dividend policy seem to be randomly determined by historical factors. New equity management instruments, such as share buy-backs and extraordinary dividends, are seldom used. On the whole, it seems difficult for a state-owned enterprise and for the state as owner to acknowledge that a growth period may have come to an end and that the owners should invest their capital elsewhere.

Third, the state as owner will always have a strong aversion to negative corporate events. On the other hand, the state will provide little extra rewards to a company that has boosted its return on equity by one or two percentage points. The result is an erosion of an important driving force behind growth.

In a state-owned enterprise the board or management of the company and the state as owner may have a common interest in overcapitalising the company because they will then both be on the safe side.

Fourth, the state has complex and elaborate procedures for making decisions. Moreover, the procedures are designed to accommodate tasks other than the role of ownership. Studies in political science show that the weighing of interests occurs through deliberations in ministries or parliamentary standing committees. As a result, decision-making procedures may not be suitable for the owner to provide clear management signals and ensure consistency over time.

Fifth, it is difficult for the government to maintain clear dividing lines between its various roles. Considerations regarding business policy, state finances and demand management can impair ownership management and make it a disadvantage for an enterprise to be owned by the state.

Historical factors tend to explain each of the government's current strategic ownership interests. Some state enterprises have changed from a state monopoly with administrative functions to companies that now compete in a market. Ownership, for example in the electricity sector, may in other cases have been a historical instrument for providing the government with economic rent.

Several of the former state-owned enterprises have been partly privatised, which could contribute to improving the management of companies by its owners. Company performance will receive greater attention, for example. This would enhance the management of equity capital and create greater impatience with regard to performance. This would stimulate growth. The sale of state ownership interests will also enhance the efficiency of the domestic capital market, which now primarily features a shortage of investment vehicles rather than a shortage of capital.

At the same time, it is important for the state to assume the ownership responsibility associated with its remaining ownership interests. As a large owner, the state will have to safeguard its financial interests ensuing from its current holdings. This is partly because various owners may have different interests to promote. Joint ownership is not the same as joint interests.

The reason for government ownership that seems to have been highlighted most is the importance of national ownership. There may be concern that the acquisition of Norwegian companies could lead to a relocation of head offices, research and product development to a foreign country. Proximity between decision-makers and enterprises may also be important. On the other hand, it may be a disadvantage for an enterprise to be designated as a means of safeguarding national ownership. The state may after a period find that it owns enterprises that were, but no longer are important. The business sector is not static.

At the same time, cross-border acquisitions and sales of companies are important for disseminating knowledge and technology and thus for enhancing growth. Value added in Norwegian companies can be increased when they acquire foreign companies, and in many cases Norwegian jobs may be more secure under the ownership of a company located abroad. The best contribution to balanced ownership is a well functioning Norwegian capital market, a solid infrastructure in infrastructure, a neutral tax treatment of investment and a well educated workforce. Changes in state ownership of two of the three largest Norwegian commercial banks illustrate that national considerations, although deemed important, are not always decisive.

Management of central government wealth

- The central government's motive for saving
  - confidence in the welfare state
- Management adapted to the motive for saving
- Separate the government's investment profile from corporate funding
- Sale of state shares contributes to higher growth

Allow me to conclude by summing up my discussion of government wealth management as follows:

- The government has a clear motive to save, which is to distribute petroleum wealth across generations and foster confidence in the welfare state. These considerations may imply a considerable accumulation of capital in the hands of the government.
- Wealth management must be adapted to the government's motive to save. The models chosen for the National Insurance Fund and the Government Petroleum Fund satisfy this.
- The government's choice of investment strategy and Norwegian companies' choice of funding structure should be looked upon as two separate things. The capital market is the most effective tool for channelling funds from saver to investors.
- Divestment of government ownership interests in the Norwegian business sector will contribute to enhancing ownership management and will stimulate growth.

Thank you for your attention.