

The role of welfare state in Norway

By Hanif Ghaffari

TEHRAN — Norway is located in Northern Europe and is one of the Nordic countries and a member of NATO. The country has long borders with Sweden and in other sides with Finland. 30% of the workforces in Norway are working in the public sector, which rate is highest among the Organization for Economic Cooperation and Development (Statistics Norway, 2014: 24). The Norwegian government is large owners in key industries such as the strategic petroleum sector (Statoil), hydroelectric power generation (Statkraft), aluminum production (Norsk Hydro), the largest Norwegian bank (DNB), and telecommunications service provider round (Telenor). Through these big companies, government controls about 30% of the shares in the Oslo Stock Exchange.

Although in the two referenda in 1972 and 1994, Norwegian citizens have rejected joining the EU, Norway, along with Liechtenstein and Iceland are actively involved in Europe Free Trade Association (EØS-loven, 27 October 1992). As mentioned, Norway has a population of about 5 million. This is despite the fact that the country has abundant natural resources of oil and gas. Norway's revenue from these sources (in proportion to its population) is very high. Revenues from oil and gas exports is half of total exports and over 20 percent of Norway's gross domestic product. Norway's fifth largest oil exporter and third largest gas producer in the world; However, Norway is not an OPEC member.

As a result, the country's oil policies are not OPEC-compliant (Statistics Norway, 2009: 40). Norway follows model of prosperous countries of Northern Europe (Sweden). These countries provide in return for tax-heavy universal health insurance, welfare and education subsidies to their citizens. In Norway as well as Sweden there is a comprehensive system of social security. Norway has one of the highest human development indicators in the world (United Nations, 2011). Another point is related to oil economy of Norway. Norway's revenues from crude oil sales are not spend as current spending but are reserved in a separate fund. The value of the fund is estimated at \$ 900 billion and is the largest fund in the world (Reed, 24 June 2014).

Norway is now considered one of the richest countries in the world, both in terms of per capita gross domestic product and in terms of capital turnover. In terms of human development indices of the United Nations, Norway is one of the world's best three countries. Benefiting from the natural resources, skilled labor and the use of new technologies and the small population have made the country one of the most successful countries in the world (in terms of economic and welfare). This success has continued consistently in the nineteenth and twentieth centuries. From 1830 until now, on average, GDP growth in Norway has continued (Grytten, 2004b: 245) Condition of exports in Norway Norway's exports: in 2015, the value of exports amounted to 105.4 billion dollars in Norway. In the meantime, oil exports accounted for 58.1 percent of total exports of Norway. Fish exports accounted for 8.3% of its exports in 2015.

Industrial machinery, aluminum, electronic equipment, pharmaceutical products, iron and metals, ships and boats, and nickel are other export products to other countries of the world (World's Richest Countries, 30 May 2016). Britain is Norway's main trading partner. Norway 21.8 percent of export income in 2015 was related to the Britain. Norway's second largest export partner is Germany. In 2015, about 18 percent (17.6 percent) of Norway's products were exported to Germany. The third export partner of Norway is the Netherlands and Norway 10 per cent of export products were exported to that country. France is Norway's fourth largest export partner and 6.5 percent of exports in 2015 were made to France. Norway's neighbor Sweden is the country's fifth largest export partner.

Sweden accounted for 5.9 percent of Norway's ex-



ports. Belgium where Europe Union's headquarters are located accounted for 4.9 percent of Norway's exports and placed sixth. Also 4.4 percent of total exports is made to the United States of America. Denmark, the other Nordic Cooperation Council's member, is eighth partner of Norway in exports and 3.7% of Norway's total exports are made to that country. China and South Korea are the ninth and tenth export partners of Norway and Norway respectively account for 2.8 and 1.9 percent of each of these countries' exports (World's Richest Countries, 30 May 2016).

Condition of import in Norway In 2015, Norway's imports from different countries were \$ 76.3 billion. As seen, Norway's import is lower than exports by about \$ 30 billion less. This issue shows concerns of the Norwegian government to create balance between exports and imports is in line with the emphasis on export-led economy. Machinery, electronic equipment, ships and boats, metal products, pharmaceutical products, pharmacy-set equipment, petroleum and gas products, plastics and furniture and decorative products are items imported from other countries to Norway. Sweden has the most import to Norway.

11.5 percent of total imports of Norway are Swedish products. It indicates that the deep bond between the two Scandinavian neighbors in terms of economic and trade relations. In 2015, Germany was the second largest import partner and 11.3% of imports Norway were from Germany. The second important point is that Germany is both the second export and import partner of Norway. China is ninth export partner of Norway, and the country's third largest import partner. 10.4 percent of total imports of Norway are Chinese products. England is the first export partner of Norway, and is the country's fourth largest import partner. 6.4% of imports of Norway are English products.

In other words, Norway exports about 21 percent of its products to Britain and in exchange, it imports about 6 percent of its requirements from England. This represents a huge economic benefit that the Norwegian economy takes from trade relations with London. United States of America in 2015 was Norway's fifth largest import partner. Accordingly, The US accounted for 6.3 percent of the imported products of Norway. Denmark is Norway's sixth largest import partner and its total imports to Norway in 2015 amounted to \$ 4.4 billion or 5.7 percent of Norway's total imports.

South Korea was seventh import partner for Norway in 2015, which accounted for 4.2% of Europe's imports. After South Korea, the Netherlands is the eighth import partner and 3.6 percent of the country's imports are made from Netherlands. France and Poland are the ninth and tenth import partners of Norway, accounting for 3.3 and 3 per-

cent of total imports in 2015 respectively (World's Richest Countries, 22 March 2016).

The Political Economy of Sweden and Norway each is a kind of unique political economy in the world. Such uniqueness is on the one hand the product of special geographic situation and national income and wealth and small population of the two countries. However, the main variables, namely the existence of the welfare state in Sweden and Norway cannot ignore. Any interpretation of foreign policy, domestic politics and the economy of Sweden and Norway should be based on what the government has done relative to the welfare state.

Here, "welfare state" should be considered as an independent variable in the economic, political and security equations of the two countries of Sweden and Norway. Membership in Scandinavia and the Nordic countries strengthens the role of the welfare state in this regard. Promoting social democracy in the 19th and 20th centuries has been productive of a structure that is called the Scandinavian welfare state (the three countries, Sweden, Norway and Denmark) today. Political and economic structural adjustment of Norway and Sweden with new theories in the field of political economy and international relations occur in favor of concepts and elements associated with the welfare state in these two countries.

If we focus on the main concern of the Government of Sweden and Norway to establish and sustain prosperity in both countries, the interpretation of any theory involving domestic and foreign policy in Sweden and Norway should be done based on such main concern. As mentioned, the long-term holding of power by Social Democrats and providing solutions such as Anthony Giddens's Third Way played an important role in the concept of the welfare state in the Nordic countries. On the other hand, rich resources and a small and manageable population in both Sweden and Norway resulting in high levels of GDP to the population, GDP Per Capita of these countries and the consolidation of political and economic model of social democracy of Norway, and is the country's fourth-largest import partner. 6.4% of imports of Norway are English products.

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sixth largest import partner and its total imports to Norway in 2015 amounted to \$ 4.4 billion or 5.7 percent of Norway's total imports. South Korea was seventh import partner for Norway in 2015, which accounted for 4.2% of Europe's imports. After South Korea, the Netherlands is the eighth import partner and 3.6 percent of the country's imports are made from Netherlands.

France and Poland are the ninth and tenth import partners of Norway, accounting for 3.3 and 3 percent of total imports in 2015 respectively (World's Richest Countries, 22 March 2016). Table 7. Ten import partners of Norway in 2015 (World's Richest Countries, 22 May 2016) No. Country Imports (%) No. Country Imports (%) 1 Sweden 11.5 6 Denmark 5.7 2 Germany 11.3 7 South Korea 4.2 3 China 10.4 8 Norway 3.6 4 England 6.4 9 France 3.3 5 The US 6.3 10 Poland 3 Conclusion The Political Economy of Sweden and Norway each is a kind of unique political economy in the world. Such uniqueness is on the one hand the product of special geographic situation and national income and wealth and small population of the two countries.

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The factors of establishment of the welfare state in Sweden and Norway can be divided into three categories: 1- The factors underlying the welfare state 2- Causing factors of the welfare state 3- Stabilizers of the welfare state When it comes to the underlying factors of the welfare state, we mean the factors that strengthen a country's ability to create and deploy the welfare state. Two factors underlying the creation of the welfare state in Sweden and Norway are rich resources and a small population of the two countries.

Factors that facilitate and absence of each of them undermines the structure of the welfare state. Causing factors are factors that are directly involved in the creation of the welfare state. Here, the system of social democracy and its long-term deployment in Scandinavia, especially Sweden is the most important causing factor of welfare state. If the model of social democracy did not exist in Sweden and Norway, a welfare state cannot be formed. The influence of dynamic thoughts like the economic ideas of John Maynard Keynes or Third Way Plan of Anthony Giddens on social-democratic politicians played the main role in the creation of Scandinavian welfare state.

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The deadline for the delivery of filled-in documents is until May 25, 2019

Delivery of the filled-in documents does not create any obligation for the Zagros Kowsar Power Plant Production and Management Company to invite and choose contractor.

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