

# Norway: Budget pledges attacks on social provisions, tax cuts and privatisation

Steve James, Niall Green  
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The national budget proposed by Norway's minority coalition government was finally approved by parliament (Storting) on December 3. The deal was secured with the support of the far-right Progress Party and followed two months of haggling that brought the Conservative dominated coalition, led by Christian Democrat Kjell Bondevik, to the brink of collapse. In the end, Progress and the government came to terms, with tacit encouragement from the Labour Party.

First published in October, the national budget proposed 10.6 billion NOK (\$1.46 billion) of tax cuts in 2002, as part of a three-year 25 billion NOK (\$3.46 billion) tax-cutting programme. Tax cuts would be somewhat offset by small amounts taken from the country's vast 666 NOK billion (\$92 billion) Petroleum Fund nest egg collected from North Sea oil revenues. Nevertheless, disability benefits and state funding of children's day-care centres would be cut. Unemployment benefit eligibility would be cut from three to two years.

Progress, led by chauvinist demagogue Carl I. Hagen, immediately objected to the budget. Publicly the party argued that more oil money should be spent on pensioners, propping up Norwegian seafarers' wages, that proposals to introduce prescription charges should be dropped and funeral grants restored. In negotiations with the government, however, Progress made clear that its primary aim was greater tax cuts and the acceleration of privatisation in public services.

Since the last general election, in autumn 2001, when Progress emerged as power brokers in discussions on the character of the new government, the coalition has relied on the party to implement its legislative programme. Over the year, buoyed by its soaring opinion poll ratings, Progress has thrown its weight around in negotiations with the government, always

seeking to give the impression that Bondevik rules on under sufferance.

Progress initially refused to support the proposed budget, forcing the government to turn to the other opposition parties. The Conservatives entered into talks with the Labour Party, which was humiliated at the last general elections. Labour, which had dominated national political life for most of the last eight decades, now frequently manages to garner the support of only one-fifth of those polled. The party proposed a series of small spending increases which it had no intention of seriously prosecuting. During negotiations, a poll suggested that 72 percent of Labour politicians thought that Labour should not enter government. Unsurprisingly, negotiations between Labour and the Conservatives collapsed.

In response, Progress unveiled their own demands for 28 billion NOK (\$3.88 billion) in tax cuts, the abolition of the wealth tax, and the slashing of agricultural subsidies, foreign aid and cultural spending. Progress reopened negotiations with the government. Worried that the messy process of scraping together support for the budget was tarnishing the image of the state, Labour leader Jens Stoltenburg encouraged Progress and the coalition to reach an agreement, commenting, "It would be most proper for the party that installed the government [Progress] to ensure that the government reaches a majority for its budget."

The final agreement with the government was close to the original budget, including as well a new attack on 30,000 railway and postal workers' pensions rights and pushing privatisation measures in local government, healthcare, prison building and national parks.

The Labour Party has no disagreements with wealth grab set out most clearly by Progress. Rather, their worries are that widespread opposition will emerge if

the Norwegian super-rich are seen to be raiding the public purse too blatantly.

Rising social inequality over the past decade has eroded many of the social concessions to the working and middle classes. Norway's population is 4.1 million. Despite the prodigious oil wealth flooding the country, 19,000 children are living in poverty and 76,800 workers are unemployed, a figure that is expected to rise to 100,000 in the next year. Many thousands more jobs are now threatened by the accelerating pace of privatisation. The 6,200 homeless people are in a particularly desperate situation in a country in which only 4 percent of housing is publicly controlled. One million Norwegians are reported to have suffered health problems from stress at work, while 15 percent of the workforce say they are burnt-out.

By contrast, leading supporters of both Progress and the Labour Party are amongst the wealthiest in the land. During the budget negotiations, Stein Erik Hagen, Norway's richest man and the only Norwegian on the Forbes rich list, called for Progress to join the government, as did several other leading investors.

Between 1995 and 2001 top executives' pay rose by 110 percent, while industrial wages went up by just 28 percent. The wealth accruing to the trade union bureaucracy is indicated by the fact that a recent conference of the Norwegian Union of Municipal Employees cost 20 million NOK (\$2.7 million) for a six-day junket—about the same as last year's wedding of the Norwegian Crown Prince. Delegates to a Labour conference earned 110,000 NOK (\$15,000) more than average earnings while Labour leader Jens Stoltenberg earned 900,000 NOK (£125,000) last year alone.

Both Labour and Progress speak for layers made wealthy in recent years by oil money and the booming value of international stock markets. As finance minister, Stoltenberg in 1997 changed the investment guidelines of the Petroleum Fund to allow 30-50 percent of the fund to be invested in the stock market, as opposed to bonds.

Progress, like other right-wing formations across Europe, has taken advantage of widespread alienation from the established parties. Now the second largest party in the Storting, Progress holds the balance of power in most parliamentary votes. Yet only two years ago the party was gripped by internal feuding, which led to the expulsion of openly fascist elements from

its ranks. This move was intended to limit hostility to the party in the wake of massive nationwide protests over the racist killing of a Norwegian/African teenager, Benjamin Hermansen, by three young fascists. Although Progress continues to blame the country's ills on its immigrant communities and Hagen repeatedly insists that Norway is being "ruined" by immigrants, the party, aided by the media, has attempted to refashion itself as the champion of the common man.



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