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The Norwegian Paradox: Oil Wealth, Sovereign Savings, and High Taxation

Trond Magnus Tønnessen

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Rajsingh

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Abstract

Sovereign wealth funds are typically evaluated in terms of their macroeconomic and fiscal effects, while their influence on economic attitudes and expectations has received less attention. This thesis examines how perceptions of Norway's Government Pension Fund Global (GPF) shape attitudes toward the Norwegian economy, with particular emphasis on institutional trust and expectation formation.

The study employs a mixed-methods research design combining a consumer survey with semi-structured expert interviews and a review of relevant literature. The quantitative analysis explores relationships between institutional trust, economic knowledge, and economic expectations, while the qualitative interviews provide contextual insight into expert perceptions of the GPF's role within the Norwegian economic model. The findings indicate that perceptions of the GPF influence economic attitudes primarily through institutional trust and expectations rather than through objective economic knowledge.

Survey results reveal a moderate and statistically significant positive relationship between trust in the GPF and economic expectations. Expert interviews corroborate these findings, highlighting the GPF's role as an expectation-stabilizing institution, while also noting potential trade-offs related to reform incentives and risk-taking. Overall, the thesis concludes that the GPF functions as both a fiscal and psychological anchor shaping economic sentiment.

Keywords: Sovereign wealth fund, Government Pension Fund Global, institutional trust, expectations, animal spirits, economic attitudes, economic governance

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Author: Trond M. Tønnessen

Sumário

Os fundos soberanos são normalmente avaliados em termos dos seus efeitos macroeconómicos e fiscais, enquanto a sua influência nas atitudes e expectativas económicas tem recebido menos atenção. Esta tese examina como as perceções sobre o Fundo Soberano da Noruega (GPFG) moldam as atitudes em relação à economia norueguesa, com particular ênfase na confiança institucional e na formação de expectativas.

O estudo emprega uma metodologia de investigação mista, combinando um inquérito aos consumidores, entrevistas semiestruturadas com especialistas e uma revisão da literatura relevante. A análise quantitativa explora as relações entre a confiança institucional, o conhecimento económico e as expectativas económicas, enquanto as entrevistas qualitativas fornecem insights contextuais sobre as perceções dos especialistas relativamente ao papel do GPFG no modelo económico norueguês. Os resultados indicam que as perceções sobre o GPFG influenciam as atitudes económicas principalmente através da confiança institucional e das expectativas, e não através do conhecimento económico objectivo.

Os resultados do inquérito revelam uma relação positiva moderada e estatisticamente significativa entre a confiança no GPFG e as expectativas económicas. As entrevistas com especialistas corroboram estes resultados, destacando o papel do GPFG como instituição estabilizadora de expectativas, ao mesmo tempo que apontam possíveis compensações relacionadas com incentivos para reformas e tomada de riscos. Em suma, a tese conclui que o GPFG funciona como uma âncora fiscal e psicológica, moldando o sentimento económico.

Palavras-chave: Fundo soberano de investimento, Fundo Global de Pensões Governamentais, confiança institucional, expectativas, otimismo animal, atitudes económicas, governação económica

Título: O Paradoxo Norueguês: Riqueza Petrolífera, Poupança Soberana e Elevada Fiscalidade

Autor: Trond M. Tønnessen

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With the participants' consent, all expert interviews were audio-recorded and transcribed using AI-based tools. The author subsequently reviewed and verified the transcripts to ensure accuracy and reliability.

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List of Abbreviations

SWF- Southern Wealth Fund

NBIM- Norges Bank Investment Management

GPFG- Government Pension Fund Global

RBT-Resource-Based Theory

Chapter 1: Introduction

Norway has two trillion U.S dollars in sovereign wealth assets, yet it has one of the highest taxation levels in the world. This paradox defines Norway's economic model, where an asset-rich country nevertheless chooses to significantly curb the disposable wealth of its citizens.

Since its establishment in the early 1990s, the Government Pension Fund Global (*hereafter referred to as GPFG*) has evolved into a globally influential investor and a cornerstone of Norway's fiscal framework. By investing petroleum revenues abroad and allocating only the expected real return to the state budget, the fund shields the domestic economy from volatility, prevents overheating, and promotes intergenerational equity (Regjeringen, 2022; IMF, 2023). This institutional arrangement has earned widespread praise for its transparency, fiscal discipline, and long-term focus, and is frequently cited as a benchmark for sovereign wealth fund governance worldwide (Dixon et al., 2022; Megginson & Fotak, 2015).

Existing literature has explored how sovereign wealth funds influence macroeconomic outcomes through fiscal policy, exchange rates, and public spending (Alhashel, 2015; Megginson et al., 2021), far less attention has been paid to how these funds shape economic perceptions and expectations among citizens. However, an expanding area of economic research highlights that perceptions, beliefs, and expectations are central to shaping economic behavior. Consumption, investment, and attitudes toward redistribution and reform are influenced not only by objective economic conditions, but also by how economic institutions are perceived and understood (Akerlof & Shiller, 2009; Keynes, 1936).

In Norway, the GPFG occupies a distinctive role in public discourse. It is often depicted as a guarantor of long-term security, fiscal stability, and collective insurance against economic shocks (Holden, 2019; NBIM, 2023). This perception may foster high levels of institutional trust and confidence in the welfare state's sustainability. Simultaneously, it can influence attitudes toward economic risk, innovation, and structural reform. Strong faith in the GPFG's protective capacity could lessen the perceived need for economic adjustment or dampen incentives for risk-taking and entrepreneurship, even absent direct policy changes. Such effects operate primarily through expectations and confidence, rather than through mechanical economic channels.

Expectations have long been recognized as central to economic decision making. Keynes (1936) argues that investment behavior is shaped by "animal spirits" confidence and subjective beliefs about the future rather than purely rational calculation. More recent research has highlighted the

importance of narratives, confidence, and institutional credibility in shaping macroeconomic dynamics (Akerlof & Shiller, 2009; Shiller, 2017). From this perspective, large and credible fiscal institutions influence the economy mainly by stabilizing expectations and reducing uncertainty, thereby shaping economic attitudes and behavior over time (IMF, 2023). Against this backdrop, this thesis shifts focus from objective macroeconomic effects to subjective economic perceptions. Instead of asking how the GPFG mechanically affects domestic economic activity, the study investigates how perceptions of the GPFG influence attitudes toward the Norwegian economy. This approach adds to the growing literature that considers expectations, legitimacy, and trust as key components of economic governance and policy effectiveness (Dixon et al., 2022; Megginson & Fotak, 2015).

The thesis employed a mixed-methods research design, combining expert interviews with a consumer insight survey of Norwegian citizens. The interviews captured expert and institutional interpretations of the GPFG's role, while the survey explored how ordinary citizens perceive the fund and how these perceptions relate to broader economic attitudes.

Research Question: How do perceptions of the GPFG influence attitudes toward the Norwegian economy?

Drawing on Keynes' notion of animal spirits, this thesis argues that perceptions of the Government Pension Fund Global may shape economic attitudes by influencing optimism, confidence, and expectations about the Norwegian economy under conditions of uncertainty.

Chapter 2: Literature Review

The following chapters review the literature on key concepts of southern wealth funds (*hereafter referred to as SWFs*), with a particular emphasis on the GPFG.

2.1 Introduction to State-Owned Investment

The concept of SWFs has gained increasing significance. A SWF is broadly defined as state-owned investment funds (*not operating companies*) that make long-term domestic and international investments in search of commercial returns (Megginson and Fotak 2015).

Although the term “SWF” was first introduced by Andrew Rozanov in 2005, the origins of these funds date back several decades, notably to the establishment of the Kuwait Investment Authority (KIA) in 1953 and the Abu Dhabi Investment Authority (ADIA) in 1976 (Megginson & Fotak 2015). Since then, both the number and scale of SWFs have expanded dramatically, reflecting the financialization of state capital and the increasing integration of governments into global capital markets (Dixon, Schena, & Capapé, 2022; Megginson & Fotak, 2015). Originating as fiscal stabilization mechanisms and transforming into major global investors, SWFs now collectively manage over US\$9 trillion in assets (Dixon, Schena, & Capapé, 2022; Megginson, Lopez, & Malik, 2021).

2.2 What is a SWF

2.2.1 Definitions and Core Characteristics

Despite their growing prominence, there is no universally accepted definition of an SWF. Clark, Dixon, and Monk (2013:16) define SWFs as “*government-owned and controlled investment funds that have no [...] their assets according to the interests and objectives of the sovereign sponsor*”

This highlights three core characteristics: sovereign ownership, a focus on financial investment, and the absence of external liabilities. In contrast to public pension funds, SWFs lack contractual obligations to specific beneficiaries and instead act as custodians of collective national wealth (Truman, 2008; Dixon, 2013).

The International Monetary Fund (IMF) offers a similar definition, describing SWFs as “*special-purpose investment funds or [...]*” (IMF, 2008). This view underscores the functional diversity of SWFs: some are designed to stabilize fiscal budgets against commodity price volatility, others to save for future generations, and some to promote strategic or developmental objectives.

Megginson and Fotak (2015) suggest that SWFs typically meet five key definitional criteria:

1. They are investment funds rather than operating companies.
2. They are wholly owned by sovereign governments and operate separately from the central bank or finance ministry.
3. They invest in both domestic and international financial assets.
4. They aim to achieve commercial returns over the long term, and
5. They are wealth funds rather than pension funds, meaning they are not financed by individual contributions or linked to specific liabilities.

This definition underscores the essential distinction between sovereign wealth management and traditional fiscal policy. SWFs are instruments through which states transform temporary or finite revenue streams, often derived from natural resources or trade surpluses, into permanent financial assets that generate stable returns and promote intergenerational equity (James, Retting, Shogren, Watson, & Wills, 2022).

2.2.2 Typologies of SWFs

The literature typically classifies SWFs into three main types according to their policy objectives (Bahoo, Alon, & Paltrinieri, 2020; Alhashel, 2015).

1. **Stabilization Funds** aim to protect budgets from commodity price swings and external shocks by saving surplus revenues in booms and using them during downturns.
2. **Savings or Intergenerational Funds** transform resource wealth into diversified financial assets intended for the benefit of future generations. Norway's GPFM exemplifies this approach by safeguarding oil revenues for use beyond the depletion of petroleum resources.
3. **Strategic or Development Funds** invest domestically or internationally to advance broader national development or industrial objectives. Notable examples are Singapore's Temasek Holdings and Malaysia's Khazanah Nasional Berhad, both serving as instruments of state-led economic diversification and competitiveness.

Although these categories are conceptually distinct, many SWFs in practice pursue overlapping objectives. For example, the GPFM primarily serves as a savings fund but also supports Norway's fiscal stability through the fiscal rule (*Handlingsregelen in Norwegian*), which restricts withdrawals to a sustainable portion of the fund's expected real return. This rule will be examined in greater depth in a later section.

2.3 Historical Evolution and Growth of SWFs

The evolution of SWFs mirrors major transformations in the global political economy. Early funds, such as Kuwait's KIA, were established to prudently manage resource revenues. In the late twentieth century, new funds emerged from foreign exchange surpluses, particularly in East Asia.

The 2000s marked a pivotal shift, as rising oil prices and sustained export surpluses in emerging economies spurred a surge in SWF creation. By 2020, nearly 100 SWFs were in operation, collectively managing over US\$9 trillion in assets (Megginson, Lopez & Malik, 2021).

This expansion was accompanied by a transformation in how SWFs are perceived, shifting from obscure fiscal instruments to major actors in global finance. This shift is also taken to be emblematic of the rise of state capitalism, where government-controlled funds acquire strategic stakes in global markets and sometimes spark political debate in recipient countries (Lyons 2007). However, not all SWFs conform to this narrative. Dixon et al. (2022) state that many funds, particularly those from democratic and transparent states like Norway, embody the "fiduciary state:" a model of state investment rooted in market norms, ethical governance, and long-term value creation rather than political influence.

2.4 Transparency, Governance, and Legitimacy

The rapid growth of SWFs has heightened concerns about transparency and accountability, particularly for funds originating from non-democratic regimes. In response, the Santiago Principles, formally the Generally Accepted Principles and Practices (GAPP) were introduced in 2008 by the International Working Group of SWFs in collaboration with the IMF. These voluntary principles promote good governance, strong risk management, and transparency. Also aligning SWF activities with macroeconomic stability and mitigating the risk of protectionist backlash.

Norway's GPFG is often regarded as a benchmark for best practice in SWF governance. Its operations, managed by Norges Bank Investment Management (NBIM) within a robust legal and ethical framework. GPFG have set international standards for disclosure and accountability worldwide. The fund's commitment to publishing detailed reports on holdings, returns, and ethical exclusions has reinforced its legitimacy both domestically and internationally (Dixon, Schena & Capapé, 2022).

2.4.1 The Santiago Principles and the Global Governance of SWFs

As SWFs expanded their cross-border investments, often acquiring substantial stakes in strategic sectors such as energy, banking, and technology, recipient countries voiced concerns that these funds might pursue geopolitical or strategic objectives rather than purely commercial interests. Western policymakers, particularly in the United States and Europe, cautioned that state-controlled investors could distort markets or threaten national security. This climate of suspicion underscored the need for an international framework to foster trust and accountability in the operations of SWFs (Truman, 2008; Megginson & Fotak, 2015).

In response, the Santiago Principles, formally known as the Generally Accepted Principles and Practices (GAPP) were introduced in 2008 by the International Working Group of SWF (IWG) under the auspices of the International Monetary Fund (IMF) (IFSWF, 2018). This initiative brought together leading SWFs and recipient countries to establish a shared code of conduct that balances national sovereignty with global market stability. The resulting 24 principles, adopted at a meeting in Santiago, Chile, address key areas including legal frameworks, governance structures, risk management, and transparency standards.

The Santiago Principles was founded on three broad objectives:

1. **Ensuring macroeconomic and financial stability** by encouraging SWFs to function as long-term, commercially oriented investors.
2. **Promoting transparency and accountability** through public disclosure of investment objectives, governance structures, and performance data.
3. **Building trust and confidence** between SWFs and recipient countries by affirming that fund decisions are grounded in economic and financial considerations rather than political motives.

Although voluntary, the Santiago Principles have become the global standard for best practice among SWFs. To monitor and encourage compliance, participating funds established the International Forum of Sovereign Wealth Funds (IFSWF) in 2009. The IFSWF provides a platform for cooperation, knowledge exchange, and peer review, thereby helping to institutionalize these norms within the global financial system (IFSWF, 2018).

As outlined above, Norway's GPFG is frequently cited as a model of full compliance with the Santiago Principles. The fund's extensive public reporting exemplifies the transparency and accountability envisioned by the framework.

GPFG publishes detailed quarterly reports on holdings, performance, and ethical exclusions, fully integrating the Santiago Principles' standards into its broader governance model (Dixon, Schena & Capapé, 2022). Norway also played a leading role in drafting the principles and continues to advocate for their global adoption, establishing the GPFG as a benchmark for ethical and responsible sovereign investment.

The Santiago Principles contributed to the legitimization of state capital in global markets (Dixon and Monk (2012), (Megginson and Fotak 2015)). By institutionalizing norms of good governance, the principles reframed SWFs not as threats to market liberalism but as professional, rules-based investors capable of supporting global financial stability. This transformation marked a turning point in perceptions of state-owned investment funds, from instruments of political power to fiduciary actors within the international financial order.

2.4.2 Norway's Council on Ethics

The Council on Ethics (*Etikkrådet*) is an independent advisory institution, established in 2004, tasked with providing recommendations to the Norwegian Ministry of Finance regarding the exclusion or observation of companies from the investment universe of the GPFG. Its mandate is to ensure that the Fund's investments adhere to Norway's ethical guidelines, reflecting the nation's commitment to responsible and sustainable management of national wealth. The Council assesses companies against internationally recognized standards related to human rights, labor rights, corruption, environmental harm, and the production of certain weapons. If a company's behavior is found inconsistent with these principles, the Council may recommend exclusion or observation (Council on Ethics – Government Pension Fund Global, n.d.) Final decisions are made by NBIM, based on the Council's recommendations.

Transparency is central to the Council's operations: all recommendations and decisions are published on its official website, ensuring public accountability and strengthening the GPFG's reputation for ethical investment. Through its rigorous assessments, the Council on Ethics exemplifies Norway's broader approach to responsible state capitalism, balancing financial performance with moral and societal considerations. The Council on Ethics demonstrates how transparency and ethical oversight can align state investment practices with broader societal values.

2.5 SWFs in the Contemporary Global Economy

Contemporary SWFs occupy a complex position at the intersection of state and market, acting both as stabilizers of domestic economies and as active participants in global capital flows. Their investment behavior is guided by a dual mandate: securing financial returns and supporting national policy objectives. As Megginson and Fotak (2015) observe, SWFs serve as fiduciary investors pursuing long-term commercial goals while remaining accountable to their sovereign sponsors. This duality distinguishes them from other institutional investors, blending public purpose with private-sector logic.

In sum, SWFs represent a distinct form of state financial agency, exemplifying the evolving role of governments as global investors. Their rise signals a broader transformation of capitalism, in which the state no longer remains separate from markets but actively shapes them through major financial participation. Norway's GPFGE epitomizes this model: a transparent, rules-based, and ethically governed instrument for transforming resource wealth into sustainable national prosperity.

2.6 Investment Strategies of SWFs

2.6.1 What is Private Equity

Private equity (PE) refers to ownership stakes in non-listed companies, typically accessed through limited partnerships where sovereign wealth funds act as limited partners alongside specialized PE firms. Investments are made over fixed horizons, commonly seven to ten years, allowing long-term investors to capture illiquidity premiums (Dixon, Schena, & Capapé, 2022).

2.6.2 PE as an investment strategy

PE has become an increasingly important asset class for sovereign wealth funds, reflecting a broader shift toward higher-yielding private markets. Large sovereign investors have expanded their allocations substantially over the past decade, motivated by the potential for enhanced long-term returns and active ownership (Megginson & Fotak, 2015; NBIM, 2023).

Contemporary private equity value creation relies less on financial engineering and more on operational improvements, governance, and strategic restructuring (Kaplan & Strömberg, 2009). Despite these advantages, PE investments pose challenges related to cost, transparency, and governance. High management fees and limited disclosure requirements have raised concerns, particularly for publicly accountable investors.

In April 2024, the Norwegian government decided not to permit PE investments within the GPFGE. Citing higher costs, reduced transparency, and the need for broad political consensus (Fouche,

2024). While proponents argue that PE could significantly enhance returns, the decision underscores the priority placed on legitimacy, transparency, and public trust over potential financial gains.

2.7 Strategic and Management Perspectives on SWF

2.7.1 Resource-Based Theory

Resource-Based Theory (RBT) conceptualizes the firm as a bundle of tangible and intangible resources and capabilities that managers assemble, coordinate, and develop to create value (Barney, 1991). These resources include financial capital, human talent, technology, organizational culture, and processes.

According to Barney, Ketchen, and Wright (2021), value creation occurs when a customer's willingness to pay exceeds the total production cost. Managers act as architects, combining resources to either enhance willingness to pay or reduce costs. Crucially, this process relies on co-specialization, the synergistic interaction among interdependent resources. For example, technological capability alone may be inadequate unless complemented by skilled human capital and an innovative-supportive culture. Within this framework, managers orchestrate resource configurations, balancing inducements and contributions among stakeholders (March & Simon, 1958). The enduring challenge is to align incentives so that individuals invest their efforts and skills in a collective system that generates superior value creation.

2.7.2 Dynamic Capabilities and Adaptation

While early RBT was sometimes criticized for being static, later developments emphasized dynamic capabilities. These refer to the firm's ability to integrate, build, and reconfigure resources in response to environmental changes. (Teece, Pisano, & Shuen, 1997). Dynamic capabilities are described as the firm's ability to systematically solve problems by sensing opportunities and threats, making timely market-oriented decisions, and reconfiguring its resource base (Barreto 2010).

Barney et al. (2021) clarify that these capabilities are not distinct from RBT but represent the way the firm deploys valuable, rare, and difficult to imitate resources. In managing dynamic environments such as global finance or energy transitions, organizations must continuously sense opportunities, seize them, and transform their asset base accordingly (Teece et al., 1997).

For the GPF, this could involve enhancing analytical competence in sustainability reporting or developing expertise in renewable infrastructure investment to help the fund adapt while maintaining long-term stability. Dynamic capabilities thus represent strategic learning and

innovation, underscoring the centrality of managerial judgment in effective resource orchestration in response to exogenous change.

2.7.3 Value Appropriation

Another dimension of RBT, as stated by Barney et al. (2021) is the distribution of the economic value generated through resource deployment among stakeholders. Firms rarely create value in isolation; they depend on external stakeholders such as employees, partners, regulators, and society who control complementary resources. Sustained competitive advantage arises not only from value creation for customers but also from the firm securing a favorable share of value that is generated. This is especially pertinent to publicly accountable organizations such as SWFs.

The legitimacy and ongoing success of the GPFG hinge on balancing economic rents (returns to the Norwegian state) with stakeholder trust (including citizens, markets, and global partners). The Fund's ethical investment framework, guided by its Council on Ethics, ensures that value appropriation is consistent with national values and global norms, thereby transforming ethical governance into a strategic resource (Barney, 2018).

2.7.4 The GPFG as a Resource-Based Organization

From a resource-based perspective, the GPFG's sustained performance cannot be explained solely by its scale or access to capital. Instead, it is rooted in unique organizational capabilities that are socially complex and path-dependent:

1. Institutional Integrity and Governance:

The GPFG's transparent management structure, clear separation of roles between the Ministry of Finance and NBIM, and adherence to the Santiago Principles create an inimitable governance capability. Such integrity is difficult to replicate for funds operating in less transparent political environments.

2. Reputation and Legitimacy:

Legitimacy, developed over decades of consistent ethical conduct, is an intangible asset that enhances stakeholder trust and global influence. As RBT posits, socially complex resources such as reputation are inherently difficult for competitors to imitate (Barney & Hansen, 1994).

3. Analytical and Strategic Competence:

The fund's expertise in quantitative analysis, risk management, and ESG integration constitutes a dynamic capability that enables adaptive decision-making in uncertain markets.

4. Stakeholder engagement

Contrary to Friedman's (1970) shareholder primacy view, which highlights profit maximization as the sole responsibility of economic institutions, the GPFG adopts a broader stakeholder-oriented approach. By treating both citizens and markets as critical stakeholders, the fund exemplifies what Barney (2018) terms "multi-stakeholder inducement alignment," ensuring voluntary participation and sustained cooperation across its value system.

2.8 The GPFG, Expectations, and Economic Attitudes

While the GPFG is often examined through the lens of fiscal transmission and macroeconomic stabilization, its domestic influence extends to less tangible channels. The literature highlights that large and credible fiscal institutions shape economic behavior indirectly by influencing expectations, confidence, and institutional trust (Keynes, 1936; Akerlof & Shiller, 2009; Shiller, 2017). From this perspective, the GPFG's most significant domestic effects may stem not from direct economic intervention, but from how it is perceived by economic actors.

2.8.1 Fiscal Rules, Credibility, and Expectation Formation

The primary institutional mechanism connecting the GPFG to the Norwegian economy is the fiscal rule (Handlingsregelen). This rule requires that the structural, non-oil government budget deficit aligns with the fund's expected real return, currently estimated at 3 percent of its market value (Regjeringen, 2022). As a result, petroleum revenues are invested abroad, while only predictable returns are incorporated into the state budget. The rationale for the fiscal rule is both intergenerational and macroeconomic.

By converting volatile petroleum revenues into a stable income stream, the rule reduces procyclicality and limits discretionary political use of resource wealth (Holden, 2019; Megginson & Fotak, 2015). Over time, this rules-based approach has enhanced fiscal credibility and predictability, shaping expectations among households and firms about future taxation, public spending, and economic stability (IMF, 2023). In this way, fiscal discipline underpins not only macroeconomic stability but also the formation of stable economic expectations.

2.8.2 Institutional Trust and Perceived Economic Security

Beyond fiscal mechanisms, the GPFG plays a pivotal role in fostering institutional trust. Its transparent governance, ethical investment principles, and clear separation between political authorities and operational management have fostered high public confidence in the fund (Dixon,

Schena, & Capapé, 2022; Megginson & Fotak, 2015). This trust extends beyond the fund, strengthening confidence in Norway’s fiscal institutions and welfare state.

As a result, the GPFG is widely viewed as a source of long-term economic security and collective insurance against future shocks (Holden, 2019; NBIM, 2023). These perceptions help reduce uncertainty and stabilize expectations, especially during times of external volatility. While the fund does not invest domestically, its mere existence shapes how economic actors assess long-term risks, contributing to a sense of resilience and continuity within the Norwegian economic model.

2.8.3 Perceived Security and Attitudinal Trade-Offs

While perceived economic security can bolster confidence and social cohesion, it may also create important attitudinal trade-offs. Some scholars contend that extended periods of fiscal stability can diminish the perceived need for structural reform, innovation, and productivity-enhancing adjustments (Holden, 2019; Megginson, Lopez, & Malik, 2021). These effects arise not from explicit policy decisions, but from how economic actors perceive the existence of a large and credible sovereign wealth fund as a safeguard against future risks.

In this way, the GPFG may indirectly shape attitudes toward risk-taking, entrepreneurship, and reform. Strong confidence in the fund’s ability to absorb shocks can dampen incentives to adapt or innovate, even as it lowers perceived downside risks. These dynamics work through perceptions and expectations rather than direct economic mechanisms, making them especially relevant for understanding economic attitudes rather than aggregate outcomes.

2.8.4 Expectations, Narratives, and Animal Spirits

The role of expectations in shaping economic behavior has deep theoretical foundations. Keynes (1936) famously contended that “animal spirits” – confidence, optimism, and subjective beliefs about the future – drive economic decisions more than purely rational calculation. More recent scholarship underscores how economic narratives shape collective beliefs and behaviors over time (Shiller, 2017).

In Norway, narratives portraying the GPFG as a safeguard of national prosperity and intergenerational fairness can powerfully shape economic attitudes. These narratives reinforce perceptions of stability and security, influencing how individuals assess economic risks, prospects, and the need for reform. Thus, the GPFG serves not only as a fiscal institution but also as a symbolic anchor for economic expectations.

2.8.5 The GPFPG as an Expectation-Stabilizing Institution

Overall, the literature indicates that the GPFPG's domestic influence is primarily expectation-stabilizing rather than interventionist. By anchoring beliefs about fiscal sustainability, institutional reliability, and long-term economic resilience, the fund shapes citizens' perceptions of economic risks and opportunities. This perception-driven channel forms the theoretical basis for this study's focus on public attitudes and underpins the empirical analysis of how perceptions of the GPFPG influence attitudes toward the Norwegian economy.

2.8.6 Psychological Channels and Animal Spirits

Standard economic models typically assume that agents form expectations rationally and respond predictably to economic incentives. However, much economic theory now recognizes that psychological factors are crucial in shaping behavior under uncertainty. In *Animal Spirits*, Akerlof and Shiller (2009) argue that macroeconomic outcomes cannot be fully understood without considering confidence, trust, and prevailing economic narratives.

Building on Keynes's original concept of animal spirits, Akerlof and Shiller frame these forces as systematic psychological drivers of economic choices. Confidence, perceptions of fairness, and institutional trust influence consumption, investment, and attitudes toward economic policy, especially in uncertain environments. Notably, the authors maintain that confidence and trust should be treated as macroeconomic variables, as changes in collective sentiment can amplify both booms and downturns.

This framework is particularly relevant for understanding the domestic role of GPFPG. While the GPFPG does not directly intervene in the mainland economy, its presence may influence economic attitudes by anchoring expectations about fiscal sustainability and long-term security. From the animal spirits perspective, the GPFPG acts not only as a financial institution but also as a psychological stabilizer, reinforcing confidence in the state's ability to manage economic risk (Keynes, J. M, 1936).

Akerlof and Shiller (2009) also highlight the power of economic narratives in shaping beliefs and behaviors. In Norway, narratives that present the GPFPG as a safeguard of national prosperity and intergenerational fairness may bolster optimism and lessen perceived vulnerability. However, the animal spirits framework also points to potential trade-offs: strong confidence in institutional buffers can dampen the perceived urgency for reform or innovation. This perspective provides a theoretical basis for examining how perceptions of the GPFPG influence economic attitudes, directly supporting the empirical focus of this thesis.

2.8.7 Expectations as Institutional Anchors

The literature on expectations and animal spirits suggests that economic attitudes develop within broader institutional contexts rather than in isolation. Although expectations may arise from personal experiences, available information, and prevailing narratives, they are frequently anchored by large, credible institutions that offer continuity and long-term stability. These institutional anchors help reduce uncertainty by providing reference points that shape how individuals interpret economic conditions and assess future prospects.

This distinction between *expectation formation* and *expectation anchoring* is especially pertinent to the GPFPG. Instead of directly shaping expectations through intervention, the fund serves as a passive yet powerful anchor, stabilizing beliefs about economic resilience and fiscal sustainability. Its rules-based governance, long-term investment horizon, and political insulation foster credibility and predictability, influencing how individuals perceive economic risk and security.

Thus, expectations are shaped less by technical economic knowledge and more by confidence in the strength of the institutional framework that underpins economic management.

From an expectations-based perspective, the GPFPG's role can therefore be understood as primarily symbolic and institutional rather than operational. The fund embodies a collective commitment to intergenerational equity and disciplined fiscal policy, which may foster confidence even among individuals with limited economic knowledge. This aligns with behavioral and institutional economic research, which emphasizes that trust in governance structures can substitute for detailed information when individuals form judgments under uncertainty.

These insights indicate that the GPFPG's influence on economic attitudes likely operates through perceptions of institutional trust and legitimacy, rather than through objective assessments of economic fundamentals. Accordingly, this thesis investigates whether individuals who view the GPFPG as credible and well governed display systematically different economic attitudes compared to those with lower levels of trust. By focusing on perceptions, expectations, and institutional credibility, the analysis connects the theoretical discussion of animal spirits with the empirical study of attitudes toward the Norwegian economy.

Chapter 3: Research Methodology

3.1 Research design

Figure 1 below presents an overview of the research design, illustrating the sequential progression of the thesis. From conceptual framing and literature review to data collection, analysis, and synthesis of findings.

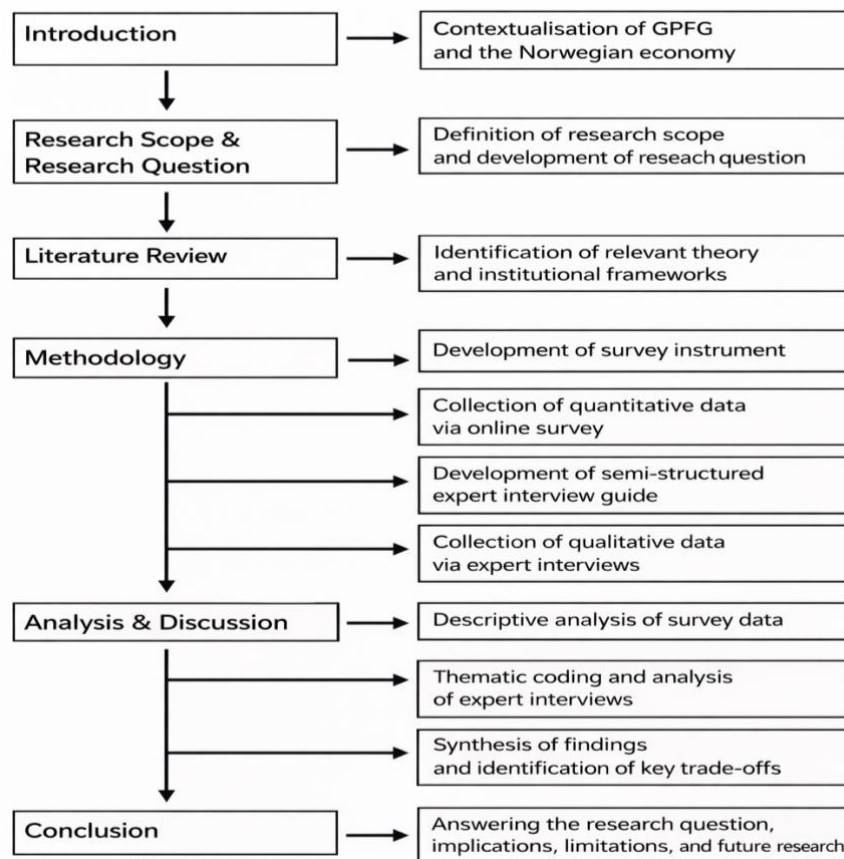


Figure 1: Research Design

3.2 Data collection

This thesis employed a mixed-methods research design to investigate how perceptions of the GPFG influence attitudes toward the Norwegian economy. Mixed methods are especially suitable for research questions involving subjective perceptions and attitudes, as they enable the combination of in-depth understanding with analysis of broader empirical patterns (Bryman & Bell, 2007).

Instead of assessing the direct causal impact of the GPFG on objective macroeconomic outcomes, this study examined perception-based mechanisms. This design reflected the study's theoretical foundation, which emphasizes expectations, confidence, and institutional trust as economically relevant variables. The qualitative component consisted of semi-structured expert interviews. This interview format is well suited for exploratory and theory-informed research, offering a balance

between comparability and flexibility to probe complex interpretations and narratives (Rowley, 2012). Experts were purposively selected for their professional insight into fiscal policy, finance, and economic governance. The number of interviews was determined according to the principle of theoretical data saturation, with interviews conducted until no substantively new themes emerged (Francis et al., 2010). The interview data were analyzed using thematic keyword coding, whereby recurring concepts and patterns were identified, categorized, and interpreted across interviews.

The quantitative component consisted of a consumer survey administered to Norwegian citizens. Surveys are appropriate for capturing attitudes and perceptions across a broader population and allow for systematic comparison across respondents (Bryman & Bell, 2007) Perceptions of the GPFG and attitudes toward the economy were measured using Likert-scale items, which are widely used to quantify subjective constructs such as confidence, optimism, and perceived security. When carefully designed and transparently reported, Likert scales provide a reliable means of capturing attitudinal data (South et al., 2022)

The two methods are complementary. Expert interviews offer contextual depth and help identify key narratives and perceived trade-offs related to the GPFG, while the survey enables analysis of how these perceptions are distributed within the population. Consistent with the study’s focus on attitudes and expectations, the research design does not aim to establish causal relationships but instead analyzes associations between perceptions of the GPFG and economic attitudes. This approach aligns with established guidance on mixed-methods research in business and management studies (Bryman & Bell, 2007).

3.2.1 Primary data - Expert Interviews

Code	Experience, expertise and current position
ID1	Financial professional currently working as an equity trader in Oslo. 5+ years within banking and finance, including board member.
ID2	Former NBIM executive and finance expert. 20+ years of experience within asset management.
ID3	Senior consultant with experience from the Norwegian National Security Authority (NSM), including roles at the National Cyber Security Centre (NCSC). Background in advising public and private organizations on cyber risk, security architecture, and incident preparedness. Holds an MSc in International Management.
ID4	Business and financial professional currently serving as a Financial Controller in the Norwegian Armed Forces. Holds an MSc in International Management and formal officer training in NAF.

ID5	Technology and management professional with experience from large IT and consulting firms, currently serving as Manager at a consulting firm. Background includes senior consulting roles and multiple product- and project-management positions within banking and financial. Holds an MSc in Management
ID6	Professor of Economics at BI Norwegian Business School, specializing in natural resource economics and political economy. He has experience in research on economic development, energy and oil markets, public economics, and political institutions.
ID7	Finance executive with long-standing experience in CFO, and corporate finance roles within financial services and insurance. Board-level experience complements a career spanning more than 20 years in senior financial leadership positions.
ID8	Investment professional with experience across capital markets and alternative investments. Currently working in equities and fixed income sales at an international securities firm in London. Holds a master's degree in international management.
ID9	Senior executive with extensive leadership and board-level experience across marine insurance, risk management, and industrial operations. Currently serving as CEO and Chairman of the Board of an industrial operations company, alongside long-standing roles as Managing Director and Director of a major industrial group. More than three decades of executive experience.
ID10	5+ years within banking/finance. Operations and supply chain professional with experience in procurement, financial administration, and operational roles within maritime, construction, and financial services. Holds a master's degree in supply chain management.

Table 1: Overview of interviewees

3.2.2 Primary data: Consumer survey

The consumer survey was developed to assess how perceptions of the GPFG relate to attitudes toward the Norwegian economy. Aligned with the thesis's theoretical focus on confidence and trust, the survey emphasized subjective perceptions and expectations. The questionnaire comprised closed-ended items measured on five-point Likert scales, ideal for capturing attitudes and beliefs such as perceived economic security, institutional trust, and economic optimism (Bryman & Bell, 2007; South et al., 2022).

Two main constructions were operationalized. Firstly, the perceptions of the GPFG, including perceived security, trust in governance, and long-term sustainability. Secondly the survey measured economic attitudes, such as optimism, perceived resilience, and attitudes toward risk and reform. The survey was administered online to Norwegian citizens.

A total of 141 responses was collected through the online survey. To ensure data quality and reliability, metadata rows, incomplete responses, and extreme speeders were removed. A total of 118 responses remained. Subsequently, respondents who failed the attention checks were excluded. This resulted in a final analytical sample of n=118 respondents. The data were analyzed descriptively and relationally to identify associations between perceptions of the GPFPG and economic attitudes.

In line with the research design, the analysis did not seek to establish causal relationships, but to examine patterns in how attitudes vary with perceptions of the GPFPG. The survey thus provided quantitative support for the expectation-based mechanisms outlined in the literature review and complements qualitative insights from the expert interviews.

Chapter 4: Analysis and Discussion

The expert interviews are analyzed in Chapter 4.1 and survey in Chapter 4.2.

4.1: Expert interviews

4.1.1 GPFPG as an Institutional Stabilizer

A central theme appearing in the expert interviews was the GPFPG's role as an institutional stabilizer in the Norwegian economy. Experts highlighted that the fund's primary purpose is not direct economic intervention, but rather serving as a fiscal and institutional buffer that mitigates volatility and constrains political short-termism. Experts ID1, ID2, and ID6 specifically characterized the GPFPG as a mechanism that insulates resource revenues from short-term political decision-making, thereby promoting economic stability and predictability. The stabilizing effect of the GPFPG was consistently described as institutional rather than purely financial. Experts ID3 and ID5 emphasized that by separating petroleum revenues from the annual state budget, the fund lowers the risk that oil price fluctuations lead to procyclical public spending. They argued that this institutional arrangement has been crucial for Norway's success in avoiding many of the macroeconomic distortions common in other resource-rich nations. Expert ID8 also observed that the predictability fostered by the GPFPG has enhanced fiscal credibility and strengthened the public sector's capacity for long-term planning.

Depoliticization appeared as a closely connected aspect of the GPFPG's stabilizing function. Experts ID4, ID7, and ID9 stressed that the interplay between the GPFPG and the fiscal rule greatly restricts discretionary political influence over resource wealth. This limitation was regarded as crucial for sustaining broad political consensus and public confidence in fiscal policy. Nevertheless, not all

experts considered this effect entirely positive. Expert ID10 warned that the stability provided by the framework could reduce the perceived need for structural reform, as ongoing stability may diminish political motivation to tackle persistent challenges. Overall, the interviews converged on the view that the GPFG serves as a cornerstone of Norway's economic governance architecture. Although experts differed regarding the fund's secondary effects, there was broad consensus that its primary role is to stabilize expectations and protect the mainland economy from volatility. In this respect, the fund constitutes the institutional foundation on which other economic mechanisms both beneficial and adverse depend.

4.1.2 Fiscal Transmission to the Mainland Economy

The experts also highlighted how the GPFG influences the Norwegian mainland economy through fiscal transmission rather than direct intervention. Experts ID1, ID2, and ID5 highlighted that the fund's domestic impact occurs via the state budget and fiscal rule, which determine how expected returns are channeled into public spending. Several experts highlighted the stabilizing effects of this framework.

Experts ID3 and ID6 argued that the fiscal rule has smoothed public expenditure and reduced sensitivity to oil price volatility, thereby strengthening macroeconomic stability. However, other interviewees raised concerns that the fiscal rule has increasingly been treated as a structural norm rather than a stabilizing constraint.

Experts ID4, ID7, and ID9 noted that expected GPFG returns are often perceived as a permanent component of public finances, which may weaken fiscal discipline over time. While Expert ID2 maintained that institutional safeguards continue to constrain excessive spending, 4.2.2 reveals a clear tension between stability and discipline. Fiscal transmission has enhanced predictability, but its long-term effectiveness depends on continued restraint in applying the fiscal rule.

4.1.3 Cost, Competitiveness, and Crowding-Out Effects

A recurring theme in the expert interviews was the indirect impact on costs and competitiveness stemming from GPFG-enabled public spending. Experts ID1, ID4, and ID7 argued that sustained fiscal capacity has driven the expansion of the public sector and contributed to persistently high wage and cost levels in Norway, putting pressure on private, export-oriented firms. Several experts described these effects as a gradual crowding-out process rather than a direct displacement. Experts ID3 and ID6 observed that attractive wages and job security in the public sector can pull labor and capital away from competitive industries, undermining productivity growth over time. Expert ID8 likewise emphasized that high-cost levels erode the international competitiveness of Norwegian

firms, especially in exposed sectors. Importantly, interviewees stressed that these effects are indirect and structural, not the consequence of explicit policy decisions. As Expert ID2 noted, the GPFG does not directly increase costs, but the fiscal space it provides enables spending levels that can eventually strain cost competitiveness. Overall, Theme 3 underscored a key trade-off in the Norwegian economic model: fiscal stability and welfare provision may, at the same time, contribute to cost pressures and crowding-out in the private sector.

4.1.4 Innovation and Incentive Trade-Offs

Another theme was how the stabilizing role of the GPFG influences innovation and economic incentives. Several experts argued that the important level of economic security provided by GPFG, financed public spending reduces pressure on firms, workers, and policymakers to innovate and adapt. Experts ID1, ID5, and ID7 emphasized that stability can weaken incentives for risk-taking and structural change, especially in sectors less exposed to international competition.

At the same time, interviewees consistently described this effect as a trade-off rather than a deficiency. Experts ID3 and ID6 noted that the GPFG's stabilizing function lowers uncertainty and shields the economy from severe downturns, though this may come at the cost of diminished urgency for innovation. This dynamic was characterized as a gradual process, not an immediate or uniform effect across the economy.

The counterfactual scenario was also frequently discussed. Experts ID2 and ID8 argued that an economy without the GPFG would likely experience greater volatility, stronger adjustment pressures, and increased exposure to economic shocks. Theme 4 thus highlighted a central tension: while the GPFG acts as a collective insurance mechanism that cushions downside risk, it may also blunt the incentives that drive innovation and long-term adaptability.

4.1.5 Governance, Legitimacy, and Investment Trade-Offs

Another theme was the importance of governance and legitimacy in shaping the GPFG investment strategy. Several experts stated that the fund's public ownership and political anchoring demand a high degree of transparency, ethical consistency, and democratic accountability. Experts ID2, ID4, and ID9 argued that maintaining public trust is a critical constraint on the GPFG's investment decisions. This governance orientation was especially evident in discussions of investment strategy. Experts ID1 and ID6 acknowledged that greater exposure to private equity or alternative assets might enhance long-term returns, but others highlighted the accompanying risks. Expert ID5 and ID8 stated that increased complexity and reduced transparency could undermine political legitimacy and public confidence in the fund. Overall, Theme 5 highlighted that the GPFG operates under

fundamentally different conditions than private investors. As Expert ID7 noted, investment decisions are determined not only by expected returns, but also by governance considerations that prioritize legitimacy and political neutrality. This governance-first approach plays a decisive role in defining both the scope and limits of the GPFG's economic influence.

4.1.6 The limits of GPFG in a post oil economy

The final theme addressed the long-term limits of the GPFG as a foundation for economic sustainability in a post-oil economy. The experts broadly agreed that the GPFG plays a crucial role in stabilizing public finances, several point out that the fund cannot substitute for productivity growth, innovation, and structural adaptation in the mainland economy. Experts ID1, ID6, and ID10 stressed that lasting prosperity depends on value creation outside the petroleum sector. Several interviewees cautioned that the presence of a large sovereign wealth fund may foster a perception of enduring security that masks underlying structural challenges. Expert ID3 and ID7 cited demographic pressures, declining oil revenues, and competitiveness risks as issues that the GPFG alone cannot resolve.

In this context, the fund was described as a mechanism to buy time and smooth adjustment, but not as a catalyst for real economic transformation. Overall, this theme delineated the boundaries of the GPFG's economic role.

As Expert ID2 observed, the fund can support the transition to a post-oil economy by maintaining stability and fiscal flexibility, but it cannot replace the reforms, and productivity gains necessary for sustained growth. This underscored a central conclusion: the GPFG is a vital institutional support, but an insufficient substitute for long-term economic adaptability.

4.2 Consumer Survey

4.2.1 Demographics

These variables were later included as controls in the correlation and regression analysis.

Most respondents identified as men (79%), followed by women (20%); one respondent preferred not to answer.

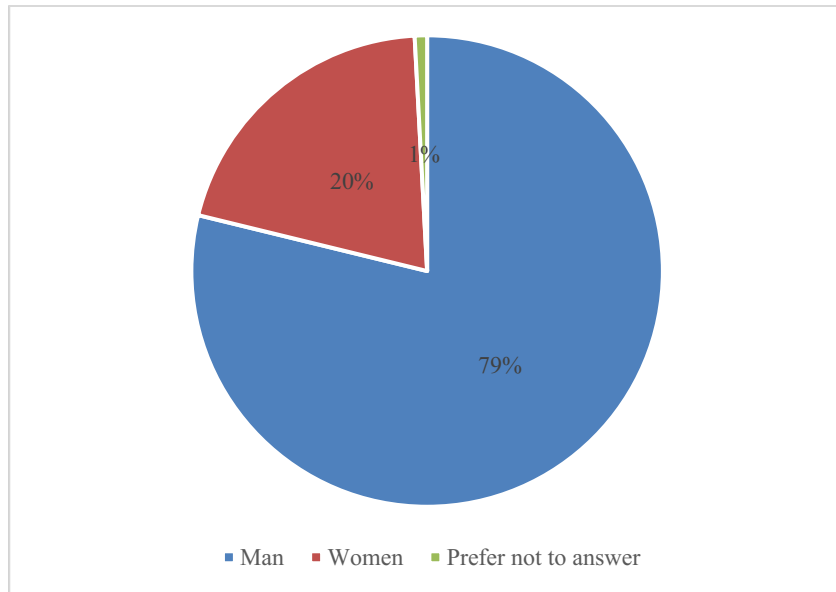


Figure 2: Gender distribution (n=118)

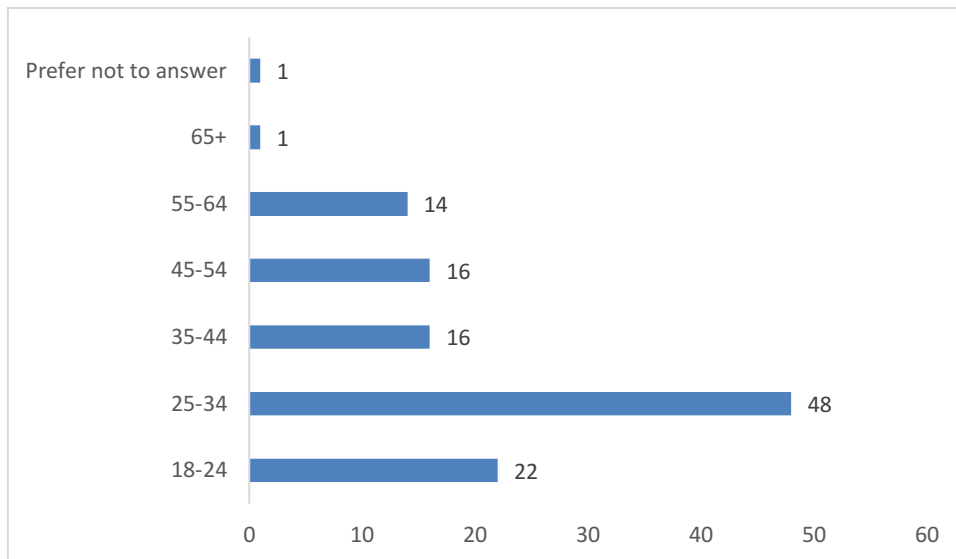


Figure 3: Age distribution (n=118)

The age distribution of the sample indicates that respondents are young adults, with the largest share in the 25–34 age group, followed by 18–24, while older age groups are relatively underrepresented.

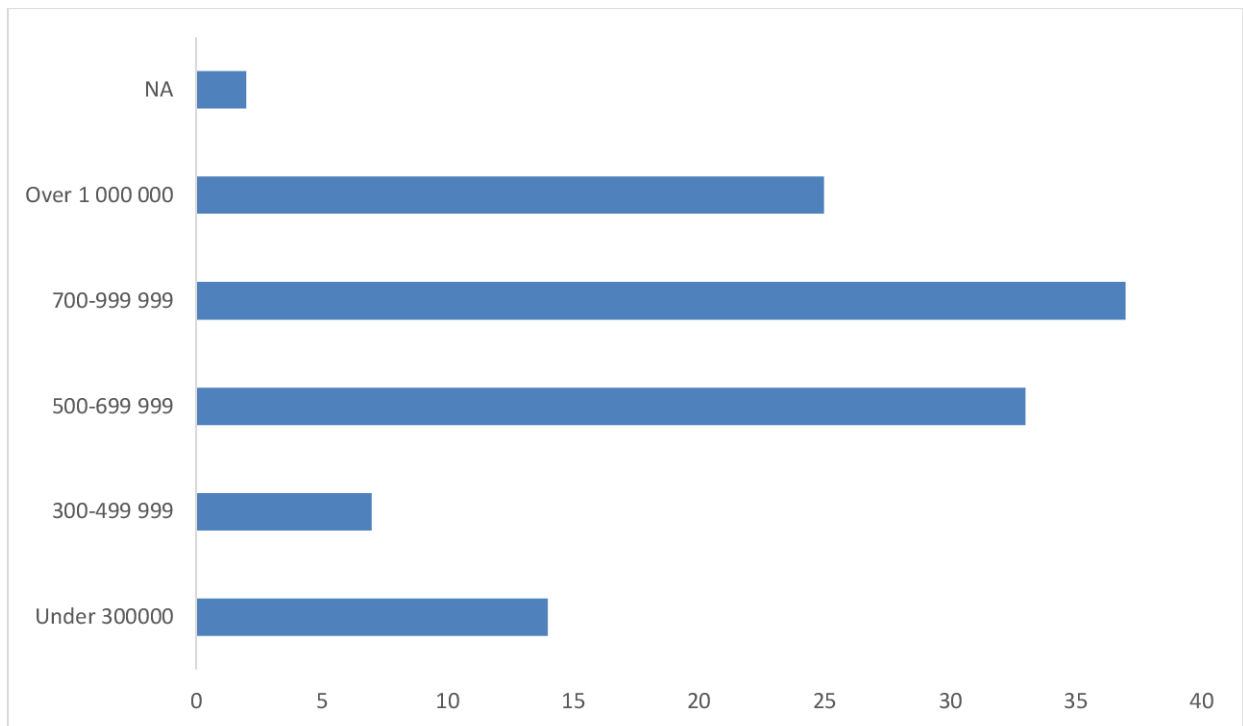


Figure 4: Yearly Salary (in NOK) before taxes (n = 118)

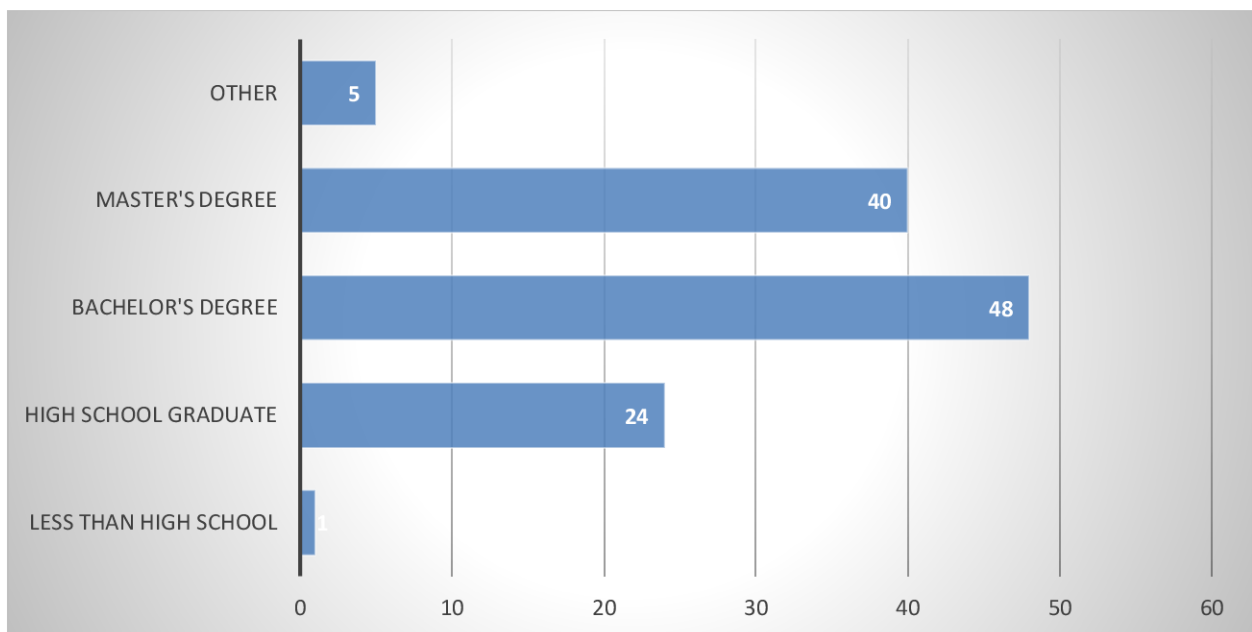


Figure 5: Educational level (n = 118)

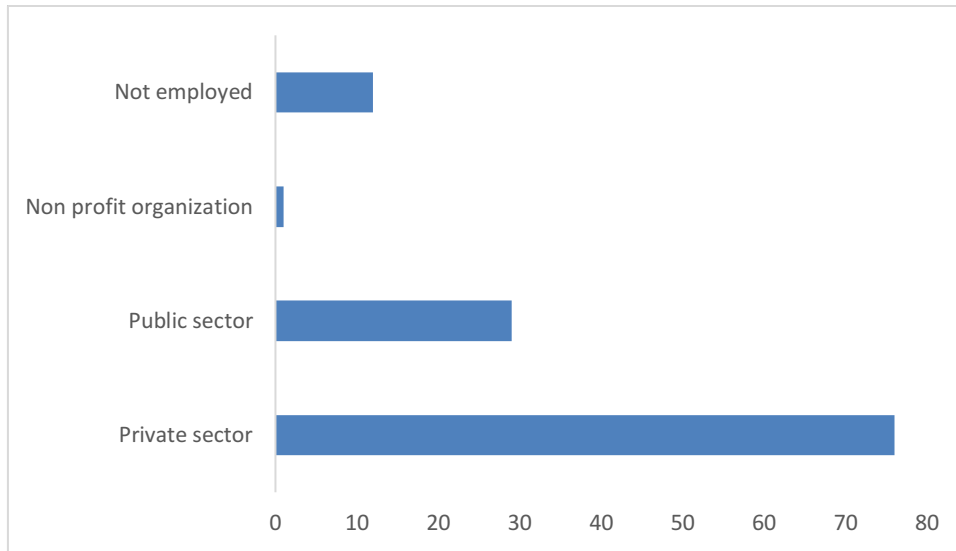


Figure 6: Employment sector (n = 118)

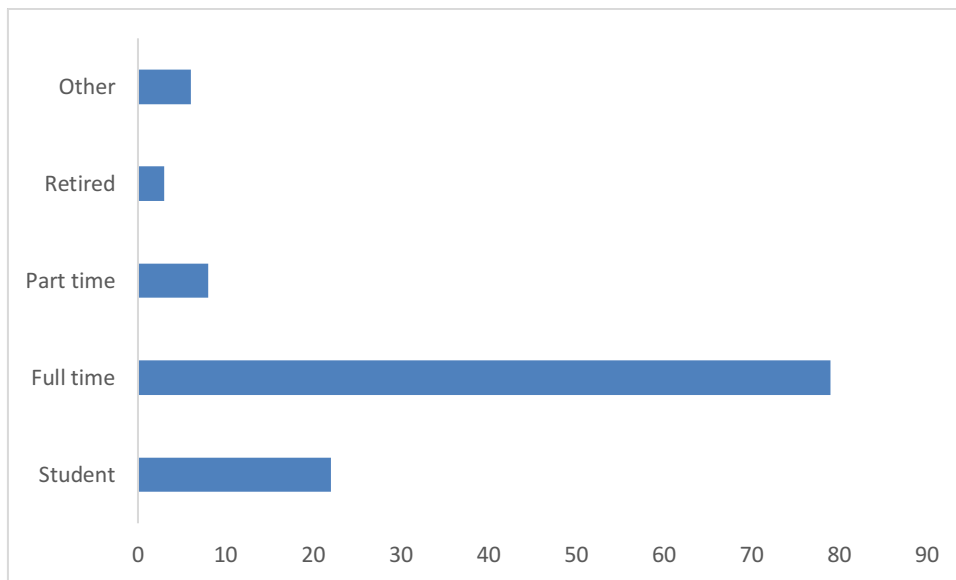


Figure 7: Occupation (n=118)

Overall, respondents reported high levels of economic knowledge ($M=3,74$, $SD=0,85$), with more than two thirds classified as having high knowledge.

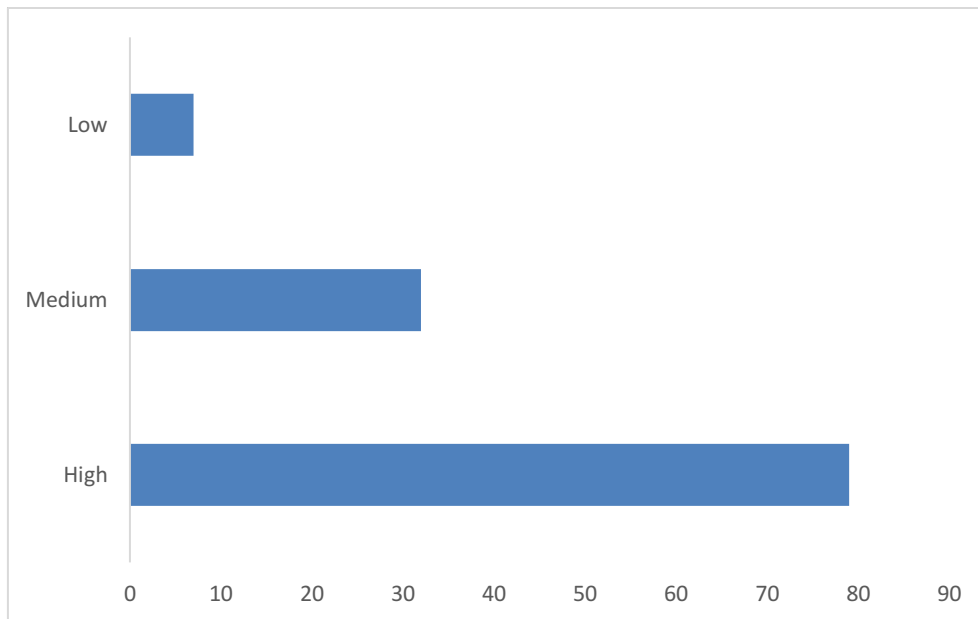


Figure 8: Understanding of the Norwegian economy (n = 118)

4.2.3 Knowledge and expectations

This section investigates whether varying levels of economic knowledge among respondents are linked to differences in economic expectations. Economic knowledge was divided into three categories: low, medium, and high.

An expectations index was created based on four survey items reflecting perceptions of the Norwegian economy. Descriptive statistics indicate that the average economic expectations were similar across all knowledge groups. Specifically, respondents with high economic knowledge reported a mean expectations score of 3.29 ($SD=0.77$), those with medium knowledge had a mean of 3.22 ($SD=0.56$), and those with low knowledge had a mean of 3.32 ($SD=0.61$).

To assess whether these differences were statistically significant, a one-way ANOVA was performed. The analysis showed no significant differences in economic expectations between the three knowledge groups, $F(2, 115) = 0.135$, $p = 0.874$ (see Appendix 3). These results suggest that, within this sample, economic knowledge does not significantly shape respondents' expectations about the Norwegian economy.

4.2.4 Institutional trust and economic expectations

This section explores how trust in key economic institutions, especially the GPF and its management influences individuals' expectations about the Norwegian economy.

Institutional trust was assessed through a composite index derived from respondents' evaluations of the Oil Fund's contribution to economic stability, its function as an economic safety net, and their

trust in NBIM. Economic expectations are measured using an index that reflects perceptions of both current economic conditions and anticipated future robustness.

Analysis showed a moderate, statistically significant positive relationship between institutional trust and economic expectations. A Pearson correlation test yielded a correlation coefficient of $r = 0.40$ ($p < 0.001$), indicating that higher trust levels are linked to more optimistic economic expectations.

This finding highlighted institutional trust as an important correlation of economic sentiment. It indicated that perceptions of institutional credibility and governance quality may influence how individuals evaluate the economic outlook.

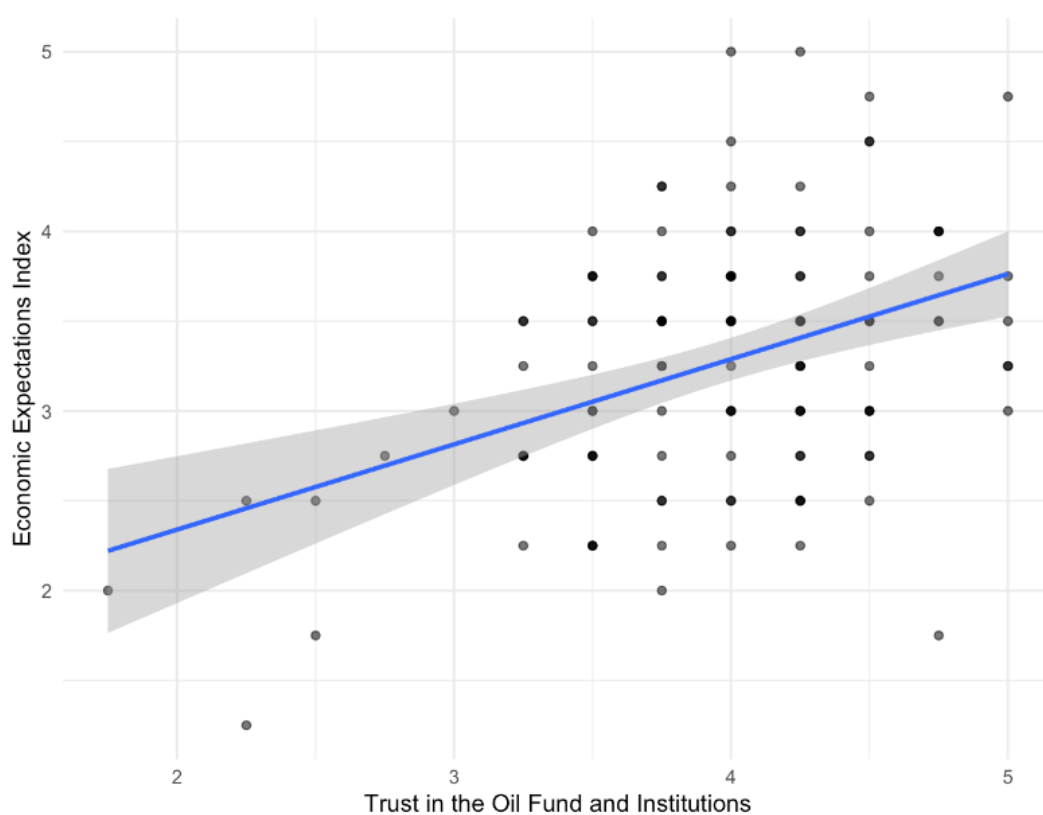


Figure 9: Relationship: Trust & expectations.

Figure 9 visually demonstrates this relationship, revealing a clear upward trend between the trust index and the expectations index. Respondents with greater trust in economic institutions consistently report more positive expectations about the Norwegian economy.

4.2.5 Correlation analysis of key variables

This section presents a correlation analysis of the key variables included in the empirical model.

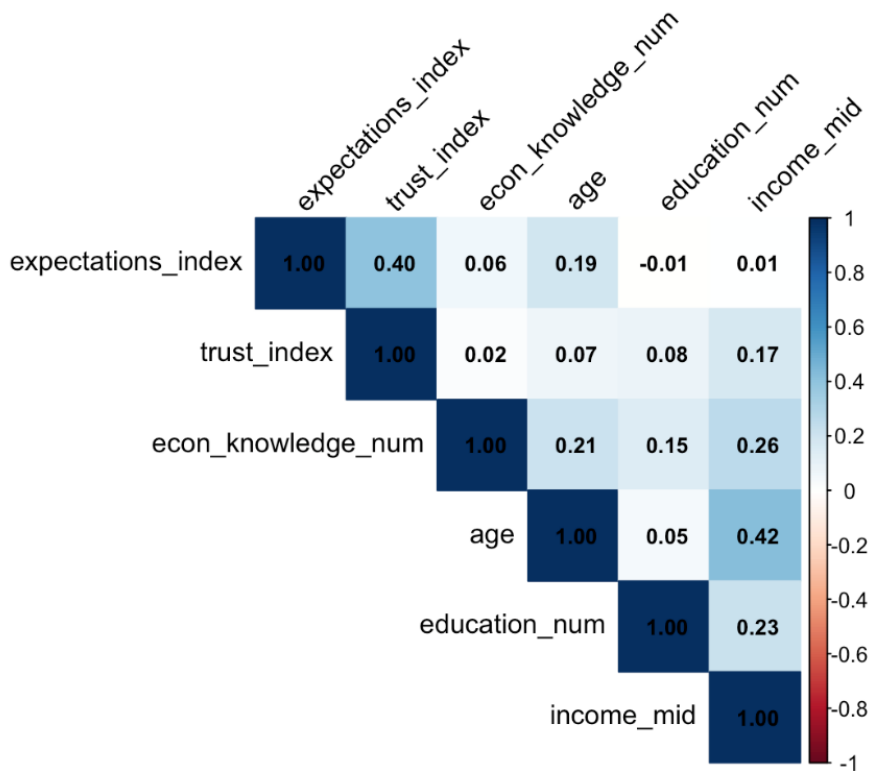


Figure 10: Correlation matrix

Figure 10 displays a correlation matrix containing economic expectations, trust in the GPF and related institutions, economic knowledge, and selected demographic controls. The strongest association emerged between trust and economic expectations ($r = 0.40$), indicating a moderate positive relationship. This finding suggested that individuals with greater trust in economic institutions tended to hold more optimistic expectations about the Norwegian economy. By contrast, economic knowledge showed only a weak correlation with expectations ($r = 0.06$), and demographic variables including age, education, and income exhibit limited associations with expectations.

Moderate correlations were observed among some demographic variables, particularly between age and income ($r = 0.42$). Overall, the correlation matrix demonstrated that trust is more strongly related to economic expectations than either economic knowledge or demographic characteristics. Importantly, the correlations among explanatory variables remained below commonly used thresholds, indicating that multicollinearity was unlikely to be a concern in the subsequent regression analysis.

Regression Results: Trust and Economic Expectations		
Dependent variable:		
	Economic Expectations Index	
	(1)	(2)
Trust Index	0.474*** (0.100)	0.477*** (0.103)
Economic Knowledge		0.051 (0.074)
Age		0.011** (0.005)
Education		-0.040 (0.076)
Income		-0.0004 (0.0002)
Constant	1.391*** (0.402)	1.190** (0.521)
Observations	118	115
R2	0.162	0.200
Adjusted R2	0.155	0.163
Residual Std. Error	0.649 (df = 116)	0.647 (df = 109)
F Statistic	22.382*** (df = 1; 116)	5.452*** (df = 5; 109)
Note:	*p<0.1; **p<0.05; ***p<0.01	

Figure 11: Regression output

Chapter 5: Conclusions

The final chapter provides a summary of the main findings, acknowledges the study's limitations, and identifies directions for future research.

5.1 Key findings

This thesis examined how perceptions of the GPFG influence attitudes toward the Norwegian economy. Using a mixed-methods approach that integrates expert interviews and a consumer survey, the findings showed that the GPFG shapes economic attitudes primarily through expectations and institutional trust, rather than through objective economic knowledge or direct economic intervention. The central finding was that institutional trust in the GPFG is strongly linked to more optimistic economic expectations.

Survey analysis revealed a moderate, statistically significant positive relationship between trust in the GPFG and respondents' expectations about the Norwegian economy ($r = 0.40, p < 0.001$).

Individuals who perceive the fund as credible, well-governed, and capable of serving as a long-term economic safety net consistently report higher confidence in the economy. In contrast, economic knowledge shows no significant relationship with expectations, and demographic variables display only weak associations.

These quantitative findings closely aligned with qualitative evidence from expert interviews. Interviewees consistently described the GPFG as an institutional stabilizer that constrains political short-termism, enhances fiscal credibility, and reduces uncertainty about future public finances. Experts stressed that the fund's main domestic role is not direct intervention in the mainland economy, but stabilizing expectations by providing predictability and long-term discipline. The convergence between expert interpretations and survey results strengthens the validity of the findings through triangulation. Analytically, perceptions of the GPFG's credibility and governance operate as the main independent variables, while economic expectations serve as the dependent variable. Institutional trust acts as a key mediating factor linking perceptions of the fund to broader economic attitudes. While the study does not claim strict causality, the consistency between theory, expert insights, and observed correlations supports a plausible expectation-based mechanism.

These findings are consistent with literature emphasizing the importance of expectations, confidence, and animal spirits in economic evaluation (Keynes, 1936; Akerlof & Shiller, 2009; Shiller, 2017). At the same time, this thesis extends prior research by showing that a sovereign wealth fund can influence domestic economic attitudes primarily through perception-based channels rather than fiscal or investment activity.

Finally, the interviews highlighted important attitudinal trade-offs linked to expectation stability. While the GPFG's stabilizing role bolsters confidence and perceived economic security, several experts caution that prolonged stability may diminish the perceived urgency for structural reform, innovation, and risk-taking. Overall, the findings indicated that the GPFG serves not only as a fiscal institution, but also as a psychological and institutional anchor that stabilizes economic sentiment while shaping attitudes toward long-term adaptation.

5.2 Limitations

The findings of this thesis should be interpreted considering several limitations. First, the study focuses on perceptions and self-reported attitudes rather than observed economic behavior. While expectations, confidence, and institutional trust are theoretically central to economic evaluation, attitudes do not necessarily translate into concrete actions. The results, therefore, capture how individuals assess the economy, not how they act within it.

Second, the cross-sectional survey design limits causal inference. Although the observed relationship between institutional trust and economic expectations is theoretically grounded and supported by qualitative evidence, the analysis identifies associations rather than causal effects. The

research design intentionally prioritizes perception-based mechanisms over causal inference, thereby constraining the scope of the conclusions.

Third, the survey sample may not be fully representative of the Norwegian population. Respondents report relatively high levels of economic knowledge, which may reflect self-selection. While this does not undermine the internal consistency of the findings, it may limit their generalizability.

Finally, the expert interviews reflect informed but partial perspectives shaped by professional experience and institutional context. The qualitative findings provide depth and interpretation but should not be read as definitive accounts of causal mechanisms. Taken together, these limitations delimit rather than invalidate the study's conclusions. The findings are best understood as evidence of robust perception-based relationships that warrant further investigation.

5.3 Future research

Future researchers could examine larger and demographically diverse populations to assess whether the perception-based relationships identified in this study hold across different segments of society. Comparative studies that contrast countries with large sovereign wealth funds and strong fiscal buffers with those lacking similar institutions could provide further insight into how institutional design and governance shape economic expectations.

Longitudinal research tracking changes in institutional trust and economic attitudes over time, especially in response to economic shocks, political events, or fiscal policy adjustments would strengthen understanding of dynamic expectation formation.

Future researchers could investigate whether perception-based attitudes toward the GPFG translate into observable economic behaviors. Such as investment decisions, entrepreneurship, or labor mobility. Finally, interviews with additional stakeholder groups including policymakers, public administrators, and representatives from labor organizations or the private sector could enrich the qualitative understanding of how narratives surrounding the GPFG are formed and maintained within the Norwegian economy.

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Appendices

Appendix 1: Interview guide:

- Q1. Can you briefly introduce yourself and your background?
- Q2. How would you describe the current state of the Norwegian economy?
- Q3. How would you describe the overall role of the Oil Fund (the Government Pension Fund Global) in the Norwegian economy today?
- Q4. In your view, what are the most important ways in which the Oil Fund affects domestic economic activity, directly or indirectly?
- Q5. If the Oil Fund had not been established, how do you think the Norwegian economy would look today?
- Q6. Do you believe that the design of the Oil Fund constrains or promotes innovation and entrepreneurship in Norway?
- Q7. To what extent do you think the fiscal rule functions as intended when it comes to regulating the use of petroleum revenues in the economy?
- Q8. How important are transparency and ethical management for maintaining public trust in the Oil Fund?
- Q9. What is your opinion on allowing the Oil Fund to invest in private equity in order to increase returns?
- Q10. The Oil Fund invests exclusively abroad. What macroeconomic considerations, in your view, underline this principle?
- Q11. If you were to point to one macroeconomic risk that Norway is underestimating today, what would it be?
- Q12. What are the greatest challenges and opportunities facing the Oil Fund over the next decade?
- Q13. Do you believe the Oil Fund will continue to support the Norwegian economy effectively in a post-oil era?

Appendix 2: Summarized answers of expert interviews.

The summarized responses from each expert are presented in the following pages. To maintain anonymity and conciseness, the introductory question regarding interviewees background, professional experience, and organizational affiliation has been excluded from the main presentation. An overview of interviewee profiles is provided in Table 1. Each summary table includes the expert's identification code, interview date, and interview format.

Code: ID1	Date: 01.12.25	Time: 11:30	Type: In person meeting
Question	Answer		
Q2: How would you describe the current state of the Norwegian economy?	The Norwegian economy is in a moderate condition, characterized by high interest rates, persistent inflation, and slightly elevated unemployment. Some sectors, such as construction and property development, are struggling, while consumer-driven industries like groceries perform better. Overall, Norway remains relatively strong compared to trading partners, supported by stable exports of oil, gas, and fish, as well as a recently strengthened currency.		
Q3: How would you describe the overall role of the Sovereign Wealth Fund in the Norwegian economy today?	Norway is to some extent dependent on the Sovereign Wealth Fund and its returns to sustain public spending and investments in welfare services. The fund's primary role is to distribute returns over time, ensuring long-term economic flexibility for both current and future generations.		
Q4: In your view, how does the Sovereign Wealth Fund affect domestic economic activity?	The fund affects the economy directly through returns and the fiscal rule, as higher returns allow greater public spending and long-term investments in infrastructure and key public sectors. Indirectly, by investing exclusively abroad, the fund stabilizes the Norwegian economy and exchange rate, thereby improving overall economic sustainability.		
Q5: How do you think the Norwegian economy would look today without the Sovereign Wealth Fund?	The economy would likely be weaker, with poorer infrastructure, greater dependence on oil price cycles, a weaker currency, and potentially higher interest rates due to lower economic stability and creditworthiness.		
Q6: Do you think the design of the Sovereign Wealth Fund limits or promotes	The fund does not directly promote innovation or entrepreneurship, but it indirectly contributes by supporting economic stability, credibility, and low capital costs. However, its size and strong returns		

innovation and entrepreneurship in Norway?	have contributed to a large public sector with high wages, which may reduce talent allocation toward startups and other high-risk ventures.
Q7: To what extent does the fiscal rule function as intended?	The fiscal rule functions relatively well by preventing economic overheating. However, the fund's size and returns still contribute to wage pressure and high domestic costs, and sharp declines in fund value could create political pressure if spending limits tighten unexpectedly.
Q8: How important are transparency and ethical management for maintaining public trust in the fund?	Transparency and ethical management are extremely important, particularly given the difficulty of distinguishing ethical considerations from political motivations. Clear and transparent decision-making processes are therefore essential for maintaining trust.
Q9: What is your opinion on allowing private equity investments by the Sovereign Wealth Fund?	Private equity has proven successful for large institutional investors such as university endowments, and allocating a small share of the fund to private equity could be beneficial. The interviewee is generally positive toward such investments.
Q10: Why does the Sovereign Wealth Fund invest exclusively abroad, from a macroeconomic perspective?	Foreign investments help prevent overheating of the Norwegian economy, preserve competitiveness, and reduce the risk of Dutch disease.
Q11: What macroeconomic risk does Norway underestimate today?	Norway faces a significant demographic challenge, with an aging population reducing the working-age share of society. This may weaken tax revenues while increasing healthcare and welfare costs, and higher taxation of high-income individuals could further increase the risk of capital and talent outflows.
Q12: What are the main challenges and opportunities for the fund over the next decade?	Key challenges include ethical constraints, political pressure, and geopolitical risk, particularly due to the dominance of the United States in global equity markets. Opportunities lie in improved decision-making through advanced economic analysis and artificial intelligence.
Q13: Do you believe the Sovereign Wealth Fund will continue to support the	Yes, the fund is expected to continue supporting the Norwegian economy effectively in a post-oil era.

Norwegian economy effectively in a post-oil era?	
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Table 2: Summarized responses of ID1

Code ID2	Date: 01.12.25	Time: 12:00	Type: Teams meeting
Question		Answer	
Q1: How would you describe the current state of the Norwegian economy?		The Norwegian economy is described as strong, but increasingly vulnerable due to rapid and excessive growth in public spending. This weakens incentives for productivity growth and leads to inefficient resource allocation.	
Q2: How would you describe the overall role of the Sovereign Wealth Fund in the Norwegian economy today?		The fund has become far more important than originally intended. Instead of serving primarily as a buffer for downturns, it has become a permanent source of government revenue through the fiscal rule, making the entire economic structure heavily dependent on it.	
Q3: In your view, how does the Sovereign Wealth Fund affect domestic economic activity?		Its main impact operates through the state budget. Extensive use of oil revenues leads to crowding out of private-sector activity, reduced investment incentives, and misallocation of resources, making private business less attractive in Norway.	
Q4: How do you think the Norwegian economy would look today without the Sovereign Wealth Fund?		Without the fund, oil revenues would likely have been held in foreign currency reserves, similar to countries like Singapore. This could have caused major monetary policy challenges and inefficient spending, making the establishment of the fund essential for structured management of oil revenues.	
Q5: Do you think the design of the Sovereign Wealth Fund limits or promotes innovation and entrepreneurship in Norway?		The fund is seen as indirectly limiting innovation, not by absorbing capital or talent, but by enabling high public spending and high taxation. This weakens incentives to start companies in Norway, encouraging entrepreneurs to relocate to lower-tax jurisdictions.	

Q6: To what extent does the fiscal rule function as intended?	The fiscal rule worked well until the 2008 financial crisis, but has since lost relevance. Using oil revenues during economic booms undermines the original principle. The interviewee suggests splitting the fund into a low-risk consumption fund and a long-term investment fund.
Q7: How important are transparency and ethical management for maintaining public trust in the fund?	Transparency is absolutely critical to prevent corruption, abuse of power, and poor resource allocation. The lack of public access to the reference portfolio is viewed as problematic, particularly when deviations from the benchmark or controversial investments occur.
Q8: What is your opinion on allowing private equity investments by the Sovereign Wealth Fund?	The interviewee is strongly opposed to private equity investments, citing high costs, low transparency, and limited market capacity relative to the fund's size. He argues that management enthusiasm for such investments lacks solid economic justification.
Q9: Why does the Sovereign Wealth Fund invest exclusively abroad, from a macroeconomic perspective?	The primary reason is to avoid Dutch disease and protect domestic competitiveness. Norway is also too small for the fund to invest domestically without dominating markets, so foreign investment is necessary to preserve long-term economic balance.
Q10: What macroeconomic risk does Norway underestimate today?	A major underestimated risk is the possibility that foreign governments—particularly the United States—could impose taxes on the fund's dividends and investments, significantly reducing returns and exposing Norway to geopolitical and fiscal vulnerability.
Q11: What are the main challenges and opportunities for the fund over the next decade?	Key challenges include foreign taxation, regulatory pressure, and political demands to increase risk or politicize investments. Opportunities lie in reforming the fiscal rule, splitting the fund, and using capital more strategically where private investors are unwilling to act.
Q12: Do you believe the Sovereign Wealth Fund will continue to support the Norwegian economy effectively in a post-oil era?	The interviewee hopes so and stresses that it is essential. Without effective fund support, the Norwegian economy would need to contract significantly. Responsible management and a reassessment of how and which parts of the fund are used will be crucial.

Table 3: Summarized responses of ID2

Code ID3	Date: 02.12	Time 10:00	Type Teams meeting
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Question	Answer
Q2: How would you describe the current state of the Norwegian economy?	The Norwegian economy is described as fundamentally robust due to strong public finances and the size of the Sovereign Wealth Fund. However, business sentiment is weak, with companies focusing on downsizing, cost reductions, and efficiency rather than growth. This creates a paradox between strong macroeconomic capacity and limited economic dynamism.
Q3: How would you describe the overall role of the Sovereign Wealth Fund in the Norwegian economy today?	The fund is viewed as a cornerstone of the Norwegian economy and one of the world's most successful sovereign wealth funds. Its primary role is to preserve and grow national wealth through long-term global investments, while also providing Norway with exceptional economic security. At the same time, it may weaken economic discipline and political prioritization.
Q4: In your view, how does the Sovereign Wealth Fund affect domestic economic activity?	The fund mainly affects the domestic economy indirectly through the fiscal rule, which finances public consumption and welfare and stabilizes the economy. However, its size contributes to high costs, weaker reform incentives, and reduced emphasis on policies that stimulate private investment and growth.
Q5: How do you think the Norwegian economy would look today without the Sovereign Wealth Fund?	Without the fund, Norway would likely have been forced to make more difficult but necessary economic choices. The economy would probably be more disciplined, less insulated from reality, and more dependent on private-sector value creation, albeit with lower welfare levels and greater exposure to external shocks.
Q6: Do you think the design of the Sovereign Wealth Fund limits or promotes innovation and entrepreneurship in Norway?	The fund's investment model is considered highly effective, but its existence may indirectly limit innovation if it becomes a 'comfort cushion'. Abundant public resources reduce pressure to improve entrepreneurial conditions, capital access, and competitive frameworks. The interviewee emphasizes the importance of avoiding excessive bureaucracy and remaining open to innovation.
Q7: To what extent does the fiscal rule function as intended?	The fiscal rule is seen as sensible and largely successful, contributing to long-term fund growth and stable use of oil revenues. The main risk is that it becomes an excuse for inefficiency and lack of reform, rather than a tool for disciplined economic management.

Q8: How important are transparency and ethical management for maintaining public trust in the fund?	Transparency and ethics are considered essential for legitimacy. However, ethical issues are often politicized, particularly in debates related to Israel and Palestine. While ethical guidelines are necessary, the interviewee warns against using the fund as a political instrument and stresses a pragmatic focus on safeguarding national wealth.
Q9: What is your opinion on allowing private equity investments by the Sovereign Wealth Fund?	The interviewee is positive toward allowing private equity investments, arguing that the fund should be willing to take more risk and avoid excessive caution or bureaucracy. While acknowledging concerns about lower transparency and higher fees, he considers these drawbacks less significant than the potential gains in returns and capital efficiency.
Q10: Why does the Sovereign Wealth Fund invest exclusively abroad, from a macroeconomic perspective?	Although not discussed in technical detail, foreign investments are implied to shield the Norwegian economy from overheating, politicization, and conflicts of interest, while improving diversification and preventing destabilizing effects on domestic markets.
Q11: What macroeconomic risk does Norway underestimate today?	The most underestimated risk is that Norway has become detached from economic reality. Abundance and security reduce the urgency for structural reform. In addition, weak adaptability to technological change—particularly AI, which is already reducing entry-level jobs—is highlighted as a growing risk.
Q12: What are the main challenges and opportunities for the fund over the next decade?	The key challenge is maintaining relevance in a future where oil revenues may decline. At the same time, opportunities exist if the fund embraces innovation, including private equity, new technologies, and potentially unconventional asset classes. Long-term ownership of high-quality assets remains the guiding principle.
Q13: Do you believe the Sovereign Wealth Fund will continue to support the Norwegian economy effectively in a post-oil era?	Yes, provided that the fund adapts. The interviewee believes the fund can remain a pillar of the Norwegian economy after oil, as long as it stays pragmatic, open-minded, and willing to explore new investment opportunities. Continuous innovation is seen as crucial.

Table 4: Summarized responses of ID3

Code: ID4	Date: 04.12.25	Time: 10:00	Type: Teams meeting
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Question	Answer
Q2: How would you describe the current state of the Norwegian economy?	The Norwegian economy is currently strong, particularly from a public-sector perspective. Increased government spending—especially in defense following the war in Ukraine—has provided substantial financial capacity. However, the interviewee is concerned about long-term sustainability. Outside the defense sector, the economy is characterized by political complacency, growing state capitalism, and weak incentives for private value creation, which may lead to structural problems over the next 20–30 years.
Q3: How would you describe the overall role of the Sovereign Wealth Fund in the Norwegian economy today?	The Sovereign Wealth Fund plays a central role in financing the Norwegian state, with roughly one-fifth of the national budget funded by the fund. While this provides politicians with exceptional fiscal flexibility, the fund is described as an ‘artificial stimulant’ to the economy—useful, but potentially distortionary—by enabling high public spending and reducing the need for prioritization.
Q4: In your view, how does the Sovereign Wealth Fund affect domestic economic activity?	The fund affects the economy primarily through high public spending, an extensive welfare state, and reduced reform pressure. It creates a ‘low-pressure’ environment in which difficult economic and political choices are postponed. High taxation becomes more feasible in the short term, weakening incentives for entrepreneurship, investment, and private value creation.
Q5: How do you think the Norwegian economy would look today without the Sovereign Wealth Fund?	Without the fund, Norway would likely resemble countries such as Sweden or Denmark, with a more diversified economy, more technology firms, and less state capitalism. Although oil revenues would still exist, the absence of the fund would have forced stricter fiscal discipline, lower welfare spending, and stronger focus on private-sector innovation and value creation.
Q6: Do you think the design of the Sovereign Wealth Fund limits or promotes innovation and entrepreneurship in Norway?	The interviewee clearly argues that the fund has a net negative effect on innovation and entrepreneurship. Public support schemes are viewed as less effective than market-based capital allocation, mainly due to weakened incentives. When the state controls large financial resources, risk becomes less personal and investment decisions less efficient compared to private actors risking their own capital.
Q7: To what extent does the fiscal rule function as intended?	The fiscal rule is viewed very positively and is considered an essential institutional safeguard against short-term political pressure. It constrains politicians across the political spectrum. However, the

	interviewee warns that the rule may be challenged during a future financial crisis if politicians are unwilling to reduce public spending.
Q8: How important are transparency and ethical management for maintaining public trust in the fund?	Transparency and ethics are important for maintaining trust, and the current framework is largely seen as effective. The interviewee criticizes what he perceives as symbolic and inconsistent ethical debates, particularly related to individual investments. He argues that openness and predictability are more important than frequent changes to ethical guidelines.
Q9: What is your opinion on allowing private equity investments by the Sovereign Wealth Fund?	The interviewee is clearly opposed to private equity investments. Although they may offer higher returns, the loss of transparency and potential erosion of public trust are considered too costly. Trust in fund management is viewed as more important than marginal improvements in financial returns.
Q10: Why does the Sovereign Wealth Fund invest exclusively abroad, from a macroeconomic perspective?	Foreign investments help prevent overheating of the Norwegian economy and limit political control over capital allocation. Investing abroad also separates the fund's role as a financial investor from domestic politics, which supports long-term stability and trust.
Q11: What macroeconomic risk does Norway underestimate today?	The most underestimated risk is Norway's limited ability to replace value creation from the oil and gas sector, which accounts for around 25% of national value creation with exceptionally high productivity. Weak development of new global growth industries—especially in technology—and capital and talent outflows intensify this risk.
Q12: What are the main challenges and opportunities for the fund over the next decade?	The main challenge is achieving satisfactory real returns and outperforming the benchmark in a more demanding global market, combined with rising geopolitical risks. Potential opportunities may arise from structural changes in capital markets, but these should not come at the expense of transparency and trust.
Q13: Do you believe the Sovereign Wealth Fund will continue to support the Norwegian economy effectively in a post-oil era?	The interviewee is skeptical. While the fund can smooth the transition, it cannot compensate for declining oil revenues without new value creation. Without structural reforms, improved conditions for entrepreneurs, and stronger private-sector innovation, long-term prosperity is unlikely to be maintained.

Table 5: Summarized responses of ID4

Code: ID5	Date: 08.12.25	Time: 15:30	Type: Teams meeting
Question			Answer
Q1: How would you describe the current state of the Norwegian economy?			The Norwegian economy is currently strong from a public-sector perspective, driven by oil revenues and increased defense spending. However, this masks long-term structural weaknesses, including weak private value creation and growing state dependence.
Q2: How would you describe the overall role of the Sovereign Wealth Fund in the Norwegian economy today?			The Sovereign Wealth Fund finances a significant share of the state budget and provides high fiscal flexibility, but also reduces political discipline and incentives for prioritization.
Q3: How does the Sovereign Wealth Fund affect domestic economic activity?			The fund indirectly sustains high public spending and taxation, reducing reform pressure and weakening incentives for entrepreneurship, private investment, and innovation.
Q4: How would the Norwegian economy look without the Sovereign Wealth Fund?			Norway would likely resemble Sweden or Denmark, with a more diversified economy, lower welfare spending, and stronger private-sector innovation.
Q5: Does the design of the fund limit or promote innovation and entrepreneurship?			The fund is seen as limiting innovation by weakening market-based capital allocation and reducing risk-bearing incentives.
Q6: To what extent does the fiscal rule function as intended?			The fiscal rule works well as a safeguard against political misuse of the fund, though it may be tested in future crises.
Q7: How important are transparency and ethical management?			Transparency is essential for trust, and current practices are adequate, though symbolic ethical debates may undermine consistency.
Q8: What is your opinion on private equity investments by the fund?			Private equity is opposed due to reduced transparency and potential loss of public trust, despite possible higher returns.

Q9: Why does the fund invest exclusively abroad?	Foreign investments prevent domestic overheating and reduce political interference in capital allocation.
Q10: What macroeconomic risk does Norway underestimate?	Norway underestimates the challenge of replacing oil and gas driven value creation with new competitive industries.
Q11: What are the main challenges and opportunities ahead?	Challenges include achieving real returns and managing geopolitical risk, while opportunities must not compromise trust.
Q12: Will the fund support Norway in a post-oil era?	The fund can ease the transition but cannot replace oil revenues without major structural reforms and innovation.

Table 6: Summarized responses of ID5

ID:6	Date 10.12.25	Time: 11:00	Type Teams meeting
Question		Answer	
Q2: How would you describe the current state of the Norwegian economy?		The Norwegian economy is described as fundamentally robust, especially in an international and geopolitical context marked by war, political instability, and economic uncertainty. Despite global shocks and uncertainty in major economies, Norway appears stable, supported by strong institutions and broad political consensus. Debates on productivity and relative income growth are seen as secondary to overall institutional stability.	
Q3: How would you describe the overall role of the Sovereign Wealth Fund in the Norwegian economy today?		The primary role of the Sovereign Wealth Fund is to act as an institutional buffer between oil revenues and the mainland economy. Through foreign investments and the fiscal rule, the fund shields the economy from oil price volatility, ensures long-term savings for future generations, and prevents destabilizing capital inflows into the domestic economy.	
Q4: In your view, how does the Sovereign Wealth Fund affect domestic economic activity?		The fund has very limited direct impact on the domestic economy by design. Its main indirect effect operates through the fiscal rule, which injects a steady flow of funds into the economy via the state budget.	

	As the fund has grown, this injection has become large relative to GDP, while fluctuations in global financial markets introduce indirect volatility in expected returns.
Q5: How do you think the Norwegian economy would look today without the Sovereign Wealth Fund?	Without the fund, the Norwegian economy would have been far more exposed to oil price volatility and political pressure for short-term spending. Oil revenues would likely have been spent directly, risking overheating, currency appreciation, reduced competitiveness, and greater business cycle volatility.
Q6: Do you think the design of the Sovereign Wealth Fund limits or promotes innovation and entrepreneurship in Norway?	While the fund's design limits direct capital use in the domestic economy, this constraint contributes to macroeconomic stability, which is essential for long-term business development. A more indirect concern is that large public transfers may encourage rent-seeking and lobbying behavior, potentially diverting resources away from productive innovation.
Q7: To what extent does the fiscal rule function as intended?	The fiscal rule performs well in achieving its primary goal of safeguarding wealth for future generations, as evidenced by continued growth of the fund. However, it is less effective as a stabilization tool, since it does not sufficiently account for fluctuations in fund value driven by global financial markets, leading to potentially volatile spending paths.
Q8: How important are transparency and ethical management for maintaining public trust in the fund?	Transparency and ethical management are considered absolutely essential for the fund's legitimacy. Public trust depends on professional governance and stable, predictable ethical guidelines. However, politicized or unclear ethical standards may invite conflict and opportunistic behavior, thereby undermining confidence in the fund.
Q9: What is your opinion on allowing private equity investments by the Sovereign Wealth Fund?	Private equity investments may offer higher expected returns and improved diversification, but they also entail greater complexity and lower transparency. The most significant risk is political rather than financial, as losses in opaque investments may be difficult to justify publicly and could trigger populist backlash against the fund.
Q10: Why does the Sovereign Wealth Fund invest exclusively abroad, from a macroeconomic perspective?	The main rationale is to avoid destabilizing the domestic economy. Global markets are sufficiently large to absorb the fund's transactions without disruption, whereas the Norwegian economy is too small to handle such large-scale investment flows without significant instability in prices and capital allocation.

Q11: What macroeconomic risk does Norway underestimate today?	A key underestimated risk is the political-economy dynamic surrounding oil revenue use, particularly increasing incentives for lobbying, rent-seeking, and gradual erosion of established fiscal rules as the size of the fund continues to grow.
Q12: What are the main challenges and opportunities for the fund over the next decade?	The main challenge is preserving the fund's legitimacy through stable rules, broad political consensus, and high public trust. At the same time, the fund represents a major opportunity by providing Norway with exceptional capacity to manage future pension obligations, demographic shifts, and major economic or geopolitical shocks.
Q13: Do you believe the Sovereign Wealth Fund will continue to support the Norwegian economy effectively in a post-oil era?	Yes, provided that the existing institutional framework is maintained. The fund functions as a long-term insurance mechanism for the Norwegian economy, offering resilience against population aging and unforeseen crises, even as oil revenues gradually decline.

Table 7: Summarized responses of ID6

Code: ID7	Date: 14.11.25	Time: 13:30	Type: Teams meeting
Question		Answer	
Q2: How would you describe the current state of the Norwegian economy?		Norway is in a uniquely strong position compared to most other countries. Low unemployment, high labor participation, and comprehensive welfare arrangements contribute to economic stability. The Sovereign Wealth Fund allows Norway to avoid many of the fiscal concerns faced by other nations.	
Q3: How important is the oil and energy sector for Norway's economic stability today?		The oil and energy sector remains extremely important. It provides the state with the ability to stabilize economic activity through transfers from the Sovereign Wealth Fund and continues to act as a key stabilizing force in the broader economy.	
Q4: How would you describe the role of the Sovereign Wealth Fund in Norway's economic model?		The fund is designed to operate as a non-political financial institution with a clear investment mandate. Through the fiscal rule, it ensures stable long-term income for the state while remaining insulated from short-term political influence.	

<p>Q5: How do you think the Norwegian economy would look today without the Sovereign Wealth Fund?</p>	<p>Without the fund, Norway would have faced much tougher fiscal trade-offs. Several welfare arrangements would likely have been unaffordable, and the state would have been forced to operate with greater efficiency. The interviewee argues that abundant resources have reduced incentives for efficiency in public spending.</p>
<p>Q6: How important is the fiscal rule for maintaining long-term macroeconomic stability?</p>	<p>The fiscal rule is viewed as extremely important. It prevents politicians from overusing national wealth and represents a highly successful institutional innovation compared to other countries that have failed to manage similar resource revenues responsibly.</p>
<p>Q7: Do you think the design of the Sovereign Wealth Fund limits or promotes innovation and entrepreneurship in Norway?</p>	<p>While returns from the fund can be used to support innovation initiatives, the fund itself does not directly promote innovation. Instead, it risks becoming a ‘comfort cushion’ that reduces pressure to pursue productivity-enhancing reforms and entrepreneurial activity.</p>
<p>Q8: How important are transparency and ethical management for maintaining public trust in the fund?</p>	<p>Transparency and ethical governance are crucial for public trust. The fund must remain politically neutral and professionally managed, regardless of which political party is in power. Ethical guidelines should exist, but not be so restrictive that they undermine effective diversification.</p>
<p>Q9: What is your opinion on allowing private equity investments by the Sovereign Wealth Fund?</p>	<p>The interviewee is open to private equity investments, as they may increase returns and diversification. However, such investments should be approached carefully and remain consistent with the fund’s long-term mandate.</p>
<p>Q10: Why does the Sovereign Wealth Fund invest exclusively abroad, from a macroeconomic perspective?</p>	<p>Foreign investment is considered essential to avoid overheating the Norwegian economy. Investing such large sums domestically would have severe distortive effects in a small economy like Norway.</p>
<p>Q11: What are the main challenges and opportunities for the fund over the next decade?</p>	<p>The main challenge is declining inflows as oil revenues fall, potentially causing returns to lag behind public spending needs. Geopolitical fragmentation also complicates diversification. Opportunities include further portfolio diversification, potentially through increased real estate exposure.</p>

Q12: Do you believe the Sovereign Wealth Fund will continue to support the Norwegian economy effectively in a post-oil era?	Yes, provided that the fiscal rule is respected. As long as withdrawals remain disciplined, the fund can continue to support economic stability even as oil revenues decline.
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Table 8: Summarized responses of ID7

Code: ID8	Date: 12.12.25	Time: 14:30	Type: Phone call
Question		Answer	
Q2: How would you describe the current state of the Norwegian economy?		The Norwegian economy is in good condition, rated around five out of six. Increased defense spending driven by the geopolitical situation is expected to boost public expenditure. However, the state has grown significantly, and oil revenues are expected to decline over time, posing long-term challenges.	
Q3: How would you describe the overall role of the Sovereign Wealth Fund in the Norwegian economy today?		The Sovereign Wealth Fund is extremely important and plays a defining role in Norway's economic model. It is essential for maintaining current public goods and welfare services, while also allowing state revenues to be increased in periods of need, thereby ensuring fiscal stability.	
Q4: In your view, how does the Sovereign Wealth Fund affect domestic economic activity?		The fund affects the economy directly through the state budget. Extensive use of oil revenues contributes to crowding out across sectors and leads to heavy taxation of the private sector, which may weaken private economic activity.	
Q5: How do you think the Norwegian economy would look today without the Sovereign Wealth Fund?		Without the fund, Norway could have fallen into a policy trap where politicians speculated on oil revenues. Other countries might have become more competitive, while Norway risked complacency. The interviewee points to Sweden, which has a stock market roughly three times larger than Norway's despite lacking oil revenues.	
Q6: Do you think the design of the Sovereign Wealth Fund limits or promotes innovation and entrepreneurship in Norway?		The fund does not directly promote innovation, but it contributes to economic stability and makes Norway a trusted trading partner. However, its size and returns have enabled the growth of a very large public sector, which may weaken incentives for innovation and entrepreneurship.	

Q7: To what extent does the fiscal rule function as intended?	The fiscal rule is important, but also potentially risky. The fixed three-percent rule ties up large amounts of capital over time and creates permanent public expenditures. In the event of geopolitical shocks or declining returns, political pressure to increase the spending limit may arise.
Q8: How important are transparency and ethical management for maintaining public trust in the fund?	General ethical guidelines are necessary, but the fund should avoid restricting investments based on political considerations tied to specific countries. Excessive political constraints risk turning the fund into a political instrument. The primary objective should remain achieving the highest possible long-term return in a politically neutral manner.
Q9: What is your opinion on allowing private equity investments by the Sovereign Wealth Fund?	The interviewee is open to private equity investments and believes the fund should explore new sectors. He argues that higher fees paid to third parties are acceptable if they result in superior returns that ultimately benefit Norwegian citizens.
Q10: Why does the Sovereign Wealth Fund invest exclusively abroad, from a macroeconomic perspective?	Investing abroad helps avoid overheating the Norwegian economy. Domestic investment of such scale would create significant macroeconomic risks, which is why investments are kept outside Norway.
Q11: What macroeconomic risk does Norway underestimate today?	Norway underestimates how large the public sector has become. A prolonged period of weak fund performance or declining revenues could create serious fiscal challenges given the current level of public expenditure.
Q12: Do you believe the Sovereign Wealth Fund will continue to support the Norwegian economy effectively in a post-oil era?	Yes, but only if incentives are adjusted to reward risk-taking. The interviewee argues that the fund should be used to reduce taxes, thereby stimulating innovation and entrepreneurship and encouraging individuals to take productive economic risks.

Table 9: Summarized responses of ID8

Code: ID9	Date: 21.11.25	Time: 09:30	Type: Phone call
Question	Answer		

<p>Q2: How would you describe the current state of the Norwegian economy?</p>	<p>The Norwegian economy is described as fundamentally robust and stable, supported by strong institutions and political stability. While global uncertainty affects Norway, internal economic instability is limited compared to other countries, and debates on productivity and income levels are viewed as secondary to overall institutional strength.</p>
<p>Q3: How would you describe the overall role of the Sovereign Wealth Fund in the Norwegian economy today?</p>	<p>The Sovereign Wealth Fund shields the Norwegian economy from fluctuations in oil revenues, ensures long-term savings for future generations, and prevents overheating in the mainland economy. Its influence operates indirectly through the fiscal rule rather than through direct domestic investments, providing predictability and institutional stability in fiscal policy.</p>
<p>Q4: In your view, how does the Sovereign Wealth Fund affect domestic economic activity?</p>	<p>The fund has very limited direct impact on domestic economic activity by design. Its main influence occurs indirectly through the fiscal rule and the state budget, which inject substantial and steady funding into the economy. As the fund has grown, fluctuations in fund value have introduced indirect volatility through changes in expected returns and increased political pressure, lobbying, and rent-seeking behavior.</p>
<p>Q5: How do you think the Norwegian economy would look today without the Sovereign Wealth Fund?</p>	<p>Without the fund, Norway would be far more exposed to oil price volatility and political pressure for short-term spending. This could have led to economic overheating, a stronger currency, reduced competitiveness, weaker long-term savings, and lower institutional discipline in fiscal policy.</p>
<p>Q6: Do you think the design of the Sovereign Wealth Fund limits or promotes innovation and entrepreneurship in Norway?</p>	<p>The fund does not directly support innovation, as it does not invest in domestic businesses. However, it indirectly promotes entrepreneurship by providing macroeconomic stability and predictability. At the same time, increased rent-seeking and lobbying associated with oil revenue use may weaken incentives for productive innovation.</p>
<p>Q7: To what extent does the fiscal rule function as intended?</p>	<p>The fiscal rule functions well in ensuring long-term savings and fiscal discipline, as evidenced by continued growth of the fund. However, it is less effective as a stabilization tool because it does not account for fluctuations in fund value driven by global financial markets.</p>
<p>Q8: How important are transparency and ethical management for maintaining public trust in the fund?</p>	<p>Transparency and ethical governance are essential for the fund's legitimacy and public trust. Stable and predictable ethical guidelines are necessary, while unclear or politicized ethical rules risk undermining confidence and institutional credibility.</p>

Q9: What is your opinion on allowing private equity investments by the Sovereign Wealth Fund?	Private equity investments may increase expected returns and diversification but also raise complexity and reduce transparency. While financial risks are manageable, political risks are more significant, as losses in opaque investments may be difficult to justify publicly and could trigger populist reactions.
Q10: Why does the Sovereign Wealth Fund invest exclusively abroad, from a macroeconomic perspective?	Foreign investment protects the Norwegian economy from large capital movements that it is too small to absorb. Investing abroad avoids price distortions, asset bubbles, and economic instability while preserving competitiveness and limiting concentration of economic and political power domestically.
Q11: What macroeconomic risk does Norway underestimate today?	An underestimated risk is the gradual erosion of the fiscal rule due to increasing political pressure for exemptions and special spending arrangements. Rising rent-seeking and lobbying may weaken institutional discipline and undermine trust in the fund's framework over time.
Q12: What are the main challenges and opportunities for the fund over the next decade?	Key challenges include preserving legitimacy, preventing politicization of investment and ethical mandates, resisting pressure to circumvent the fiscal rule, and managing a more complex investment environment. Opportunities include acting as a unique financial buffer against demographic, economic, and geopolitical shocks.
Q13: Do you believe the Sovereign Wealth Fund will continue to support the Norwegian economy effectively in a post-oil era?	Yes. Provided that existing institutional frameworks are maintained, the fund is expected to continue supporting the Norwegian economy effectively in a post-oil era.

Table 10: Summarized responses of ID9

Code: ID10	Date: 08.12.25	Time: 16:30	Type: Phone call
Question	Answer		
Q2: How would you describe the current state of the Norwegian economy?	The Norwegian economy is reasonably solid, though growth remains low to moderate. The economy has been affected by high inflation, a period of elevated interest rates, a weak currency, and geopolitical uncertainty. Despite these challenges, the labor market remains strong, albeit with early signs of		

	weakening. Public finances are very strong, supported by high revenues from oil and gas and the Sovereign Wealth Fund, giving Norway more fiscal flexibility than most countries.
Q3: How would you describe the overall role of the Sovereign Wealth Fund in the Norwegian economy today?	The fund provides economic security by supporting the state budget, acting as a buffer against economic shocks, and helping stabilize the Norwegian krone. Its role is to shield the economy and ensure long-term financial sustainability.
Q4: In your view, how does the Sovereign Wealth Fund affect domestic economic activity?	The fund primarily affects the domestic economy through the state budget. By investing abroad, it reduces capital inflows to Norway, dampens pressure on the exchange rate, and protects export-oriented and competition-exposed industries.
Q5: How do you think the Norwegian economy would look today without the Sovereign Wealth Fund?	Without the fund, the Norwegian economy would be far more unstable, characterized by a weaker currency and significantly lower welfare levels.
Q6: Do you think the design of the Sovereign Wealth Fund limits or promotes innovation and entrepreneurship in Norway?	The fund indirectly promotes innovation by providing economic stability and reducing risk for entrepreneurs and investors. This stability makes Norway a relatively attractive environment for starting and scaling new businesses.
Q7: To what extent does the fiscal rule function as intended?	The fiscal rule largely functions as intended by ensuring that only the real return of the fund is spent, thereby preserving the principal for future generations. However, it is increasingly challenged by political pressure and the need for discretion during economic fluctuations.
Q8: How important are transparency and ethical management for maintaining public trust in the fund?	The interviewee takes a relatively pragmatic view, emphasizing that the fund's primary objective should be to generate returns for Norwegian citizens. While clearly unethical investments should be avoided, excessive ethical or political constraints risk undermining the fund's core financial mandate.
Q9: What is your opinion on allowing private equity investments by the Sovereign Wealth Fund?	The interviewee is positive toward allowing private equity investments if they increase returns, even at the cost of reduced transparency. He expresses trust in NBIM's professional judgment and suggests limiting private equity exposure to a small share of the fund.

Q10: Why does the Sovereign Wealth Fund invest exclusively abroad, from a macroeconomic perspective?	Foreign investment helps prevent overheating of the domestic economy, avoids Dutch disease, stabilizes the exchange rate, and improves risk diversification.
Q11: What macroeconomic risk does Norway underestimate today?	Key underestimated risks include an aging population and the very high debt burden of Norwegian households relative to income.
Q12: What are the main challenges and opportunities for the fund over the next decade?	Challenges include lower expected returns due to geopolitical risk, increased focus on climate issues, and tensions between return maximization and ethical considerations. Opportunities lie in continued diversification and leveraging the fund's scale to manage long-term risks.
Q13: Do you believe the Sovereign Wealth Fund will continue to support the Norwegian economy effectively in a post-oil era?	Yes, the interviewee believes the fund will continue to support the Norwegian economy effectively in a post-oil era.

Table 11: Summarized responses of ID10

Appendix 2: Outline of survey questions

#	Question	Question Type	Answer options
1	What is your gender?	Multiple choice	Male; Female; Other; Prefer not to say
2	How old are you?	Open-ended	Numeric response
3	What is your highest level of education completed?	Multiple choice	Primary school; Upper secondary school; Bachelor's degree; Master's degree; Doctoral degree (PhD); Other

4	What is your annual gross income?	Multiple choice	Below NOK 300,000; NOK 300,000–499,999; NOK 500,000–699,999; NOK 700,000–999,999; Above NOK 1,000,000; Prefer not to say
5	What is your employment status?	Multiple choice	Student; Employed (full-time); Employed (part-time); Job seeker; Retired; Other
6	Which sector do you work in?	Multiple choice	Private sector; Public sector; Non-profit organization; Not employed
7	The Norwegian economy is generally strong.	Likert scale (5-point)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)
8	The Norwegian economy is well prepared for future challenges.	Likert scale (5-point)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)
9	I have a good understanding of how the Norwegian economy works.	Likert scale (5-point)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)
10	Economic activity in Norway is influenced by global conditions.	Likert scale (5-point)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)
11	Attention check: Please select “Strongly agree” for this question.	Attention check (Likert)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)

12	Public investments are important for maintaining economic growth.	Likert scale (5-point)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)
13	The government should invest more in Norwegian businesses.	Likert scale (5-point)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)
14	Norway uses public funds in a responsible manner.	Likert scale (5-point)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)
15	The government should prioritize investments that create new jobs.	Likert scale (5-point)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)
16	The level of taxation in Norway is too high.	Likert scale (5-point)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)
17	The level of taxation in Norway hampers economic growth.	Likert scale (5-point)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)
18	Economic activity in Norway has been high in recent years.	Likert scale (5-point)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)

19	Increased public investment would further strengthen the Norwegian economy.	Likert scale (5-point)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)
20	Innovation and technological development are crucial for Norway's future.	Likert scale (5-point)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)
21	The Norwegian labor market is robust and stable.	Likert scale (5-point)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)
22	Attention check: Please select "Strongly disagree" for this question.	Attention check (Likert)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)
23	I have good knowledge of how the Government Pension Fund Global works.	Likert scale (5-point)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)
24	GPFG contributes to economic stability in Norway.	Likert scale (5-point)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)
25	GPFG functions as an economic safety net for Norway.	Likert scale (5-point)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)

26	GPFG affects Norwegian economic activity.	Likert scale (5-point)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)
27	The government should use less of the fund to avoid increased inflation.	Likert scale (5-point)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)
28	I trust NBIM to manage the fund well.	Likert scale (5-point)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)
29	Ethics and transparency are important aspects of the Government Pension Fund Global.	Likert scale (5-point)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)
30	The Government Pension Fund Global should invest more in Norwegian businesses.	Likert scale (5-point)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)
31	The Government Pension Fund Global should support startup companies in Norway.	Likert scale (5-point)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)
32	There is a risk that Norway becomes too dependent on the	Likert scale (5-point)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)

	Government Pension Fund Global.		
33	The fund's investments abroad provide indirect economic benefits for Norway.	Likert scale (5-point)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)
34	Attention check: Please select "Neutral" for this question.	Attention check (Likert)	5-point Likert scale: Strongly disagree (1) – Strongly agree (5)

Table 12: Outline of survey questions

Appendix 3: Anova expectations

	Df	Sum Sq	Mean Sq	F value	Pr(>F)
econ_knowledge_group	2	0.14	0.0683	0.135	0.874
Residuals	115	58.24	0.5064		

Figure 12 Anova expectations