

CHALLENGES TO INVESTMENT ETHICS IN THE NORWEGIAN PETROLEUM FUND¹: A NEWSPAPER DEBATE

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ABSTRACT

In this article I will describe the main elements of the Norwegian press's moral confrontation with the Government Pension Fund's ethical investment management when it was in an introductory phase in early 2005, with special emphasis on one newspaper, Stavanger Aftenblad. The press criticized the fund's fresh investment profile and intended exclusionary practice before it had really started in earnest. Then I will focus on how the press's unilateral criticism of the fund's investment practice at the time overshadowed a discussion of any defects in the ethical principles for investment. And I will focus on the press's lack of distinguishing between information and sensation. In conclusion I point out that in 2006 the press has abandoned its critical stance from 2005 and has now a tendency to idealize the fund's exclusionary practice and the underlying principles.

1. Introduction

The Norwegian Storting adopted new expanded ethical guidelines for the Government Pension Fund in May 2004. The elected representatives decided to support the proposal that the Graver Commission presented in the Norwegian Public Report (2003, p. 22). The adopted ethical guidelines entered into force on 19 November 2004. Immediately afterwards the Norwegian press showed significant interest in whether the authorities actually managed a government fund with one of the

¹ The fund was called the Petroleum Fund at the time; today it is called the Government Pension Fund.

world's greatest concentrations of economic power² based on the recently adopted ethical principles. At the end of 2004 and in the spring of 2005 many articles were published in Norwegian newspapers that sharply criticized the ethical management of what was called the Petroleum Fund at that time. Hence, in this paper I will refer to the fund as the Petroleum Fund and its popular name the "Oil fund".

Stavanger Aftenblad set the trend among the Norwegian newspapers. They presented very broad coverage of the issue. Over a period of several months, the newspaper was particularly critical of the fact that the government exhibited a critical political attitude towards gambling, alcohol, forced labour, cluster bombs and nuclear weapons, while it invested at the same time in companies linked precisely to such products and activities. Articles concerning those issues occurred also in the largest newspapers, such as *Dagbladet* (liberal), *VG* (conservative) and *Aftenposten* (liberal, conservative).

The newspaper is commonly referred to as christian-conservate when it comes to political attitude. It's headquarter is situated in Stavanger, a town on the southwest coast of Norway, close to the North Sea. Stavanger is called the "oil-town," due to the fact that the Norwegian oil industry has been in town from about 1980, with the largest company, Statoil, in charge. Several international oil companies have established their Norwegian headquarters here and thereby contributed to the common understanding of the town as the most important centre for oil industry in Norway during the last four decades. Parts of the public bureaucracy necessary, as *Oljedirektoratet* and *Petroleumstilsynet*, are also present. Oil drilling platforms are often seen at the harbour or on their slow way out to the sea. Off-shore activity is a normal part of the town's industrial identity. These facts have given the inhabitants of Stavanger a feeling of both being the most significant owners of the petroleum resources and having the main responsibility for how the investments of the oil-fund are handled. *Stavanger Aftenblads* sharp critic of the management of the ethical investments might be interpreted as a significant reflection of this common attitude in town.

² In the 4th quarter of 2004 the fund was valued at NOK 1000 billion or 124,8 billion EUR. In April 2006 it had passed NOK 1300 billion or 162,2 billion EUR.

I have selected 36 small and large articles from the newspapers that contributed to setting the tone.³ Half of the articles are from *Stavanger Aftenblad*. I will concentrate most on these articles, because they go more in depth. The articles represent a commentary series or an exposition that caused, symptomatically enough, significant effects in the public opinion. I will focus on two issues that the newspaper concentrated on in the debate.⁴ The government was criticized extensively for having double standards.⁵ The newspaper outlines only one way out of the problems: Government must exclude companies the oil fund has invested in.⁶

³ The number of articles can be broken down as follows: 20 from *Stavanger Aftenblad*, 7 from *Klassekampen*, 5 from *Aftenposten* and 4 from *VG*.

⁴ The total number of articles I refer to in the following is only 26 out of a total of 36 contributions, due to the fact that I have chosen to disregard material that I regard as peripheral, for example, since it takes the form of notices.

⁵ 11 articles on double standards. 9 from *Stavanger Aftenblad*: “Oil Fund Bets on Gambling,” (economic commentary, Stein Ove Grønsund and Harald Birkevold) 14 April. “Oil Fund’s Drunken Party,” (commentary, Birkevold and Grønsund), “18th of May Speech for the Oil Fund,” (editorial) 18 May. “Oil Fund Money Goes to Banned Weapons,” (political commentary, Stein Ove Grønsund and Harald Birkevold) 19 May. “Can Sell the Worst Cases on the Sly,” (commentary, Harald Birkevold) 21 May. “Indigenous Population Fights with Oil Fund,” (commentary, Stein Ove Grønsund and Harald Birkevold) 31 May. “Palestinian Houses Levelled to the Ground,” (commentary, Stein Ove Grønsund and Harald Birkevold) 1 June. “Oil Fund Gorges Itself on Burma Shares,” (commentary, Stein Ove Grønsund and Harald Birkevold) 3 June. “On the Right Track,” (editorial) 10 June. 1 from *Aftenposten*: “Oil Fund Invests Millions in Alcohol,” (NTB) 18 May. 1 from *VG*: “Oil Fund Earns Millions on Alcohol,” (NTB) 18 May.

⁶ 11 articles on exclusion. 5 from *Stavanger Aftenblad*: “Support Committee for West Sahara – Oil Fund Must Sell Its Shares,” (Dagfinn Dommersnes) 18 December 2004. “Cluster Bombs Must Be Eliminated from the Oil Fund,” (domestic commentary) 9 March. “First Company Excluded from Oil Fund,” (economic commentary, NTB) 6 June. “Total May Be the Next Man Out,” (economic commentary, Harald Birkevold) 8 June. “Slave Labour Causes Concern,” (economic commentary, Harald Birkevold) 9 June. 4 from

In the debate there was also some focus on an issue that I will not delve into too much. Philanthropic use of parts of the fund's capital was proposed to support the tsunami disaster aid.⁷

This article describes in the sections two and three the main elements of the Norwegian press's moral confrontation with the Government Pension Fund's ethical investment management when it was in an introductory phase in early 2005. The press criticized the fund's fresh investment profile and intended exclusionary practice before it had really started in earnest. Section four focuses on how the press's unilateral criticism of the fund's investment practice at the time overshadowed a discussion of any defects in the ethical principles for investment. Section five describes the press' lack of distinguishing between information and sensation. The epilogue (section six) points out that in 2006 the press has abandoned its critical stance from 2005 and is now well on its way to idealizing the fund's exclusionary practice and the underlying principles.

Klassekampen: "Cluster Bombs Out First," (editorial paragraph) 10 March. "Norwegian Federation of Trade Unions Makes Strong Appeal to Bondevik Government: - Out of Burma!" (commentary, Magnhild Folkvord) 9 May. "Received an Ethics No. Ethics Council Said No to Activities in the West Sahara," (commentary, Tarjei Leer-Salvesen) 7 June. "Government's Ethics" (editorial, Tarjei Leer-Salvesen), 9 June. 1 from *Aftenposten*: "First Company Excluded from Oil Fund,"(NTB) 6 June. 1 from *VG*: "First Company Excluded from Oil Fund," 6 June.

⁷ 5 articles proposing the transfer of funds from the oil fund to a disaster fund. 2 from *Aftenposten*: "Earmarked for Future Generations," (commentary, Sigurd Bjørnstad) 9 January. "Norwegians Positive to a Disaster Fund with Oil Money," (NTB) 26 January. 1 from *VG*: "Socialist Left and Progressive Parties Desire a Billion in Aid," (commentary, Arne Rovick and Per Valebrokk) 2 January. 1 from *Klassekampen*: "Red Electoral Alliance Wants to Give 60 Billion," (commentary, Hans Petter Sjøli) 3 January.

2. Government's failure

Investing billions in the share market places Norway in ethical dilemmas. *Aftenbladet* will look at how Norway is handling this in a series of articles.

This is a quote from a vignette that *Stavanger Aftenblad* used on almost all the articles in the commentary series. Time and time again from the middle of April to the middle of June the newspaper attempted in accordance with well-known ideals in the press to reveal a scandal. The authorities' attitudes towards a number of ethical challenges in the Petroleum Fund are full of double standards. The government fails to fulfil its obligations in every area. Gambling, alcohol, violation of workers' rights, cluster bombs, nuclear weapons and companies in Burma represent investment areas for the oil fund, contrary not only to the ethical guidelines for the fund, but also the ethical-political ideals of the government and the population. Let me take a closer look at the content of this criticism before I evaluate it.

2.1 Gambling

On 14 April *Aftenbladet* published one of the more prominent articles on gambling. It showed that the fund had invested a great deal in this area.⁸

This is taking place while Valgerd and the Government are trying to get Norwegians to gamble less... While part of official Norway, personified by Minister of Culture Valgerd Svarstad Haugland, go from one court to the other trying to prevent Norwegians from gambling away an assumed NOK 22 billion in gambling machines, the fund managers at Bankplassen do not have any scruples about investing money in Station Casinos, a company that has specialized in people with average to low incomes according to its own website...

⁸ The most prominent proponents in the newspaper are the journalists Harald Birkevold and Ove Grønsund. They have signed all the articles in the series.

In addition to pointing out the lack of moral coherence, *Aftenbladet* showed that the Norwegian investments in Station Casinos grew from around NOK 10 million in 2004 to NOK 16.7 million at the end of 2005. This lack of coherence is ridiculed by portraying the government as a gambler:

Not many of the local gamblers in Las Vegas can take such winnings home with them after a year at the slot machines. Since 2 January 2004 to the present the shares in the casino company have risen 120 per cent. The former Minister of Children and Family Affairs can at least be happy that the casinos have separate rooms for children, where the youngest can spend a few hours under expert supervision while mom and dad gamble away their weekly earnings. The rule of thumb in Las Vegas is that eighty per cent of the casinos' earnings come from slot machines.

The newspaper pointed out in this specific example that the government earns money on investments in a betting game that helps parents destroy the family economy. It was stressed that the fund had shares in gambling valued at NOK 220 million at the end of 2004⁹. Thus, it was illustrated that the government likely bears an extensive responsibility as an accomplice in these types of activities.

2.2 Alcohol

On 18 May *Aftenbladet* published an article that aimed to reveal that the government had a vacillating attitude towards alcohol. Reference was made to what may be perceived as sensational statements from a Minister of Health. Dagfinn Høybråten, from the Christian Democratic Party, proposed that wine columns in Norwegian newspapers should be encompassed by the ban against alcohol advertising. It was pointed out accordingly that the Directorate for Health and Social Affairs had written a letter to Brann Stadium, a famous football stadium in Bergen,

⁹ Station Casinos NOK 17,708,000, Las Vegas Sands Corp NOK 1,358,000, Sun International Ltd (South Africa) NOK 13,568,000, Lottomatica SpA (Italy) NOK 96,372,000, Sportingbet Plc (UK) NOK 20,394,000, Harrah's Entertainment Inc NOK 71,853,000.

concerning the removal of the white seats that “spell out” “Hansa” on one of the short sides of the field. However, during the same period that the EU published figures showing that 600,000 Europeans lost their lives due to alcohol-related injuries the assets of the Petroleum Fund rose by NOK 82 million on an investment in spirits distribution. To make matters worse – the Petroleum Fund’s ownership interest in the French spirits company Pernod-Ricard was valued at over NOK 242 million at the end of 2005. Pernod-Ricard grew 19 per cent in Asia and the third world in the first quarter 2006 and sold spirits valued at NOK 6.2 billion.

The Government vacillated in other words between wanting to limit the consumption of alcohol in Norwegian society and earning money on extensive international alcohol consumption in Europe and the third world, a consumption that leads to significant health problems. The newspaper brings up the question of how much responsibility the government bears through its investments in the companies selling alcoholic beverages for mass consumption, which facilitate the loss of many lives over time.

2.3 Slave labour?

On 13 May *Stavanger Aftenblad* published information indicating that farm workers in the tomato industry in Florida worked under terrible conditions. This is also an industry in which the fund has invested a great deal of money. Due to disease, destitution, poverty and very low wages, the workers in this industry resemble slaves more than employees in a well-regulated society. The Florida tomato industry supplies some of the world’s largest companies, including fast food chains, with fresh tomatoes. The fund has also invested significant capital in these fast food chains.¹⁰ The newspaper’s journalists based their information on a week-long reporting assignment. This information raises the question of whether the oil fund also earns money on human suffering in this area as well.

¹⁰ Yum Brands NOK 178 million, Mc Donalds NOK 600 million, Subway/Wendy’s NOK 78 million.

This article apparently impressed the Norwegian authorities. On 9 June¹¹ it is pointed out that the fund's Ethics Council had taken up the gauntlet. In the wake of the article from 13 May, the pressure group Coalition of Immokalee Workers (CIW) became an important discussion partner for the council. Early in 2005, CIW was awarded the Robert Kennedy Memorial Prize for its work to improve the conditions for workers in the tomato industry. *Aftenbladet* refers to a letter from the Ethics Council to CIW dated 7 June. In this letter the Ethics Council requests the CIW to provide additional information on its work to improve the conditions for the farm workers. The journalist quotes from the council's letter:

The abuse of workers in agriculture is a serious concern for us, whether it is in the USA (Florida) or abroad (Central and South America). Some large companies that the Petroleum Fund has invested in have been identified as having extremely poor working conditions, and this must be addressed.

By quoting the Ethics Council's letter, the newspaper reinforces the impression it has already created: the fund is an accomplice to "extremely poor working conditions". It appears thus that they are accomplices to the violation of common worker rights.

2.4 Weapons

The article that is published on 19 May¹², "Oil Fund Money Goes to Banned Weapons", sheds light on investments of NOK 1231 million in companies that manufacture cluster bombs and components for nuclear weapons. In its discussion of the aforementioned investments, the newspaper refers to a resolution passed by the Storting on 15 June 2001 by 72 against 27 votes:

¹¹ "Slave Labour Causes Concern," (economic, Harald Birkevold) 9 June.

¹² "Oil Fund Money Goes to Banned Weapons," (political commentary, Stein Ove Grønsund and Harald Birkevold) 19 May.

The Storting requests that the Government give active support to international work that can lead to a ban against cluster bombs.¹³

At the end of 2004 the fund nevertheless owned shares valued at NOK 15 million in the American cluster bomb manufacturer Alliant Techsystems. This company was responsible for the bomb type CBU-87. The fund had also invested NOK 13 million in the British cluster bomb manufacturer Hunting Plc., which manufactured the bomb type BL 755. Moreover, the fund had a NOK 66 million position in Textron, which manufactured the bomb type BLU-108. The fund had also invested in General Dynamics (NOK 166 million), which manufactures parts for cluster bombs and NOK 184 million in the American company Raytheon, which manufactures antipersonnel mines. In other words, a combined investment of NOK 429 million.

Stavanger Aftenblad also criticized the fund's investments in companies that manufacture parts for nuclear weapons. The fund has used NOK 802 million on investments in companies that allegedly manufacture, directly or indirectly, nuclear weapons, Lockheed Martin (NOK 276 million), Honeywell (NOK 204 million), General Dynamics (NOK 116 million) and Halliburton (NOK 206 million). The newspaper is not very willing to admit that the distinction in the ethical guidelines between key and peripheral production components is important. They point out nevertheless that the Ethics Council will have to decide which of these two product types should lead to exclusion. The newspaper itself seems to incline to the position that both should be excluded.

¹³ The newspaper explains the background for the Storting's restrictive attitude by means of a definition that the Ministry of Defence has prepared. The Ministry used this definition after the strong criticism that was voiced publicly in Norway when it became known that a Norwegian and a Dutch F-16 aircraft had used cluster bombs when they bombed a target during an exercise at Hjerking on 7 October 2002. According to the newspaper the definition is as follows: "Cluster bombs or cluster ammunition are popular terms that many people use to describe bombs designed for dropping from aircraft that contain...subcharges that are carried in a grenade case or a bomb shell." The newspaper maintains that cluster bombs contain a large number of smaller charges that are often left undetonated on the ground, and as a consequence of this, civilians, not to mention curious children, are often injured by explosives that may resemble soft drink cans.

What the newspaper is aiming at when it criticizes investments in both cluster bombs and parts for nuclear weapons is of course not just a question of being an accomplice to the production of nuclear weapons, which contradicts the official policy and the ethical guidelines. The problem is in other words not primarily that of being an accomplice to the violation of norms. The crucial question that arises is more serious. What happens if these weapons are used? Is the government then an accomplice in killing or mutilating civilians through the fund? It can easily be argued that the fund in this way contributes to harming innocent people, a group that is increasingly being affected by war actions in modern times. As we will see *Stavanger Aftenblad* has beaten the fund to the punch by being the first to criticize the weapon investments. Several of the companies mentioned have been excluded from the portfolio now.

2.5 Support for a dictatorship

On 3 June *Stavanger Aftenblad* published an article entitled “Oil Fund Gorges Itself on Burma Shares.” They focused on three issues in this article. Firstly reference is made to the fact that the fund has invested around NOK 6 billion in three multinational companies (Unocal Corp., Total and Mitsui). These companies operate a gas pipeline from the Burmese gas field Yadena to the markets in neighbouring Thailand. The gas pipeline is one of the most important sources of income for the Burmese dictatorship, the newspaper maintains. Secondly, reference is made to the fact that Prime Minister Bondevik has cooperated with a number of human rights activists with a view to persuading these and other multinational companies to withdraw from Burma. Thirdly, it is pointed out that the fund has invested NOK 35 billion in 85 companies that are on the list of over 436 companies that the International Confederation of Free Trade Unions (ICFTU) has identified as active in Burma. The idea here is the same as we have already seen – the authorities vacillate.

3. Exclusion

For *Stavanger Aftenblad* there is only one solution to the authorities’ extensive double standards. The companies that are guilty of gross

violation of recognized moral norms must be excluded from the Petroleum Fund's portfolio. Only by "not having anything to do with the worst cases" can one act responsibly and create consistency in the government's moral universe.¹⁴

On 18 December 2004 *Aftenbladet* allowed the Support Committee for West Sahara voice its opinion and demand that the Petroleum Fund sells its shares in Kerr-McGee as quickly as possible, because the company is exploring for oil in favour of an occupation power, according to the committee. On 9 March 2005 the newspaper published an interview with the Chairman of the Ethics Council Gro Nystuen. She stated that the cluster bomb manufacturers will be the first to be excluded from the fund.

First, however, the council will determine what the facts are with respect to what companies are involved in the production of cluster bombs and nuclear weapons. We must, for example, establish a definition of key components in cluster bombs and nuclear bombs. There are different types, and we must draw the boundaries.

On 6 June the newspaper discusses the first company to be excluded from the Petroleum Fund's portfolio, Kerr-McGee. *Aftenbladet* points out that Kerr-McGee facilitates Morocco's possible exploitation of the natural resources in the area in the opinion of the oil fund's Ethics Council. The council regards such activities to be a "*particularly gross violation of fundamental ethical norms*", due to the fact that this can contribute to legitimizing Morocco's claim to sovereignty and thus undermine the UN peace process. The block of shares that was sold at the end of last year was valued at NOK 337 million. *Aftenbladet* mentioned two individuals who were very satisfied with the decision, Øystein Djupedal (Socialist Left Party) and Rolf Wermundsen from the Support Committee for the West Sahara. "We must congratulate the Ministry of Finance and the Ethics Council with their decision. It is a useful and very important clarification of the Norwegian West Sahara policy", says Wermundsen to the newspaper. On 8 June yet another

¹⁴ Such exclusion is the subject of a total of 11 articles this spring – 5 articles from *Aftenbladet*, 4 from *Klassekampen*, 1 from *VG* and 1 from *Aftenposten*. See note.

article is published that discusses the question of exclusion. “Will Total be the next company that disappears from the fund?” the newspaper asks. Reference is made to the fact that Minister of Finance Per-Kristian Foss has requested, via the Ministry of Finance, the oil fund’s Ethics Council to evaluate whether the oil company Total (formerly Total Fina Elf) shall be excluded due to the company’s joint venture with the Burmese dictatorship.

In the following I will focus in particular on two characteristics of the Norwegian press’ confrontation with the ethical investment management in 2005. The unilateral criticism of the government’s double standards gives cause for fundamental criticism. The unilateral criticism emerges as a mixture of entertainment and information.

4. Unilateral criticism

The one-sidedness of *Stavanger Aftenblad’s* confrontation is the newspaper’s strength. This strength lies in the fact that they manage to reveal double standards in five investment areas in the management of the Petroleum Fund. The newspaper appears to be right basically about how the authorities have practiced extensive double standards with respect to gambling, alcohol, forced labour, cluster bombs, nuclear weapons and international companies in Burma. The newspaper was one of the first, if not the first, to reveal investments in a number of companies in the weapons industry publicly in Norway. Many of the companies that the newspaper identified were among those that were subsequently excluded from the portfolio, because the Ministry of Finance found in accordance with the recommendations from the Ethics Council that these investments violated the ethical guidelines.¹⁵

¹⁵ Information on what companies have been excluded from the fund’s investment universe may be found on the Ministry of Finance’s website http://www.regjeringen.no/en/sub/Styrer-rad-utvalg/ethics_council.html?id=434879. Honeywell is among the companies that the Ethics Council proposes be excluded in a letter of 19 September 2005, in other words, four months after the newspaper criticized this investment. The exclusion decision is made on 5 January 2006, around seven and a half months after the newspaper’s criticism. The reason for the exclusion was the fact that the company

However, the newspaper's one-sidedness is also its weakness. It lumps all the investments together. Using double standards as a portal to fund management gives the impression that all of the investments mentioned are equally problematic. They are not. Some of the investments are flagrantly more problematic than others. The Graver Commission has pointed out that, ethically speaking there is a difference between key and peripheral components in the question of being an accomplice. If a company manufactures screws, nuts and wires, for example, it is less serious with respect to being an accomplice than if the company manufactures the actual explosive charges or components for the control system in nuclear weapons.¹⁶ In accordance with such reasoning, it can be maintained that the investments in cluster bombs and nuclear weapons that were identified are more problematic than gambling or alcohol. It would probably be reasonable to place investments that violate the rights of ordinary workers, such as those that affect the aforementioned farm workers, somewhere in between.¹⁷ Investments in gambling and alcohol are not affected by the Petroleum Fund's ethical principles or exclusions either. They are not mentioned as investments that the fund should avoid investing in or should withdraw

was responsible for the development and production of key components in nuclear weapons via a subsidiary. Raytheon, Lockheed Martin and Alliant Techsystems belong to a group of companies that the Ethics Council recommends be excluded from the fund in a letter of 16 June 2005, in other words one month after the newspaper criticized these investments. The exclusion decision for these companies that manufacture cluster bombs is made on 31 August 2005, in other words, three months after the newspaper's criticism. The Ethics Council justifies the decision by stating that the production of weapons that violate fundamental humanitarian principles in normal use shall be avoided. The injury potential for the civilian population during and after an attack must be weighed up against the military value, which is considered to be of less value here.

¹⁶ Norwegian Public Report (2003), Appendix 9: Negative filtration, Section 4.3: "The "worst" and most unethical weapon types and ammunition."

¹⁷ Norwegian Public Report (2003), Appendix 10: Withdrawal, Section 6: "Human rights and worker rights". It is stated here that investments in companies that are responsible for gross and systematic violations of common worker rights

from. In other words, some investments being worse than others entail a philosophy of various *degrees of accomplice responsibility*.

Due to the one-sidedness of the criticism, the newspaper fails to criticize the fund for a lack of understanding that there are different degrees of accomplice responsibility when one makes investments. The unilateral criticism of double standards and an exclusionary practice overshadows a debate on the fact that the Storting has in reality only adopted minimum ethical requirements for investments.¹⁸ The newspaper does not place any critical focus on the fact that it is only the minimum requirement principle of not being an accomplice to gross, systematic violations of national and international norms that governs what companies the fund should invest in. The exclusive focus on “minimum” assumes, however, that it is acceptable to make investments in production and activities that represent a violation of norms ranging from moderate to severe. However, it is precisely this responsibility as an accomplice in such clear violations of norms that the newspaper has really been criticizing. Several investments of the type *Stavanger Aftenblad* focuses on are precisely on this scale (gambling, alcohol, forced labour). The editorial in *Stavanger Aftenblad* on 18 May¹⁹ sums

¹⁸ Norwegian Public Report (2003, p. 12): “With an overlapping consensus as a point of departure.” The committee assumes here implicitly, without any discussion, that Rawls only means with his theory of overlapping consensus that in a pluralistic democracy one can only reach an agreement on minimum requirements – to avoid gross and systematic violation of norms.

¹⁹ *Stavanger Aftenblad* 18 May: 18th of May Speech to the People: “The revelations from Florida, where the Oil Fund has invested heavily in companies that force tomato pickers to work under slave-like conditions are the worst... The fact that billions of Norwegian oil money are invested in international gambling and the alcohol industry must be a paradox for a Government led by the Christian Democratic Party that is fighting a battle against such vices at home... After a lot of back and forth, ethical regulations were established for the Oil Fund at the end of last year. Norwegian oil fund investments shall not contribute to violations of fundamental humanitarian principles, gross human rights violations, gross corruption and serious environmental destruction according to the regulations... An Ethics Council shall monitor that the regulations for the Oil Fund are followed. The council has a job to do. If these unworthy conditions are not rectified, Kjell Magne Bondevik’s and Hilde Frafjord Johnson’s Norway will be

up the newspapers criticism with this in view. However, the editor does not use the newspaper's perspectives to criticize the principles that enable it. The Petroleum Fund's principles favourize avoiding the grossest forms of complicity. Thus the serious to moderate forms of complicity are simply ignored. In addition, this ignorance of important types of complicity has not been discussed by the Graver Commission, and therefore it has not been taken into consideration in the guidelines either. This is a defect in both the democratic process that led up to the selection of the ethical principles and the principles themselves. It is of course not only the "worst" investments that make the fund an accomplice; it is also the investments that are linked to everything from serious to moderate violations of norms.

Such defects in the foundation of the principle are due primarily to the commission's narrow application of John Rawls' theory of overlapping consensus²⁰. In a pluralistic society like the Norwegian one can only agree on minimal ethical requirements as a basis for the selection of investments in the opinion of the commission: A heterogeneous population can allegedly only agree on a very narrow field, namely that the Petroleum Fund should avoid the worst forms of accomplice responsibility.²¹ Whether this represents a correct interpretation of Rawls's theory and thus of the status of the Norwegian population is highly doubtful. It is just as reasonable to assume that the Norwegian population will agree on more than that, to avoid gross, serious and probably even moderate violations of norms. In spite of ethical pluralism, the Norwegian society has historically been more homogenous than many of the larger western societies, such as UK, France and the USA, which Rawls's theory is related to primarily.

a superpower in hypocrisy. "

²⁰ For a detailed explanation of Rawls's theory of overlapping consensus, see Rawls (2003, p. 88).

²¹ Norwegian Public Report (2003, p.12): Ethics in the Petroleum Fund. Chapter 1: With an overlapping consensus as a point of departure. Norwegian Public Report (2003, and pp. 4-41): Proposal for ethical guidelines for the Government Petroleum Fund.

Stavanger Aftenblad's perspectives are of course conducive to problematizing how widespread a consensus on a minimum requirement actually is in Norwegian society. The articles that criticize the fund for significant profit from investments in alcohol, gambling and forced labour express possible agreement in the population of a greater consensus that contributing to such circumstances is also unacceptable. The newspaper's angles are also conducive to a discussion of whether it is a too "narrow" understanding of Rawls's consensus concept that leads to the guidelines becoming too narrow. And the newspaper's empirical aim is conducive thus to an alternative portal to Rawls's theory with a focus on a more extensive form of overlapping consensus.

Stavanger Aftenblad's coverage is of course an important contribution to a future debate on the correlation between Rawls' theory and the magnitude of an overlapping consensus on ethical norms among the Norwegian people. The fact that, in the Norwegian Public Report (2003), the Graver Commission did not discuss the question of whether there is a consensus among the Norwegian people to avoid gross, serious and moderate violations of international and national norms is a paradox, since the commission consisted of members (such as Alexander Cappelen) who have good knowledge of both Norwegian culture and John Rawls's philosophy of overlapping consensus.

5. Entertainment and morals

After the tsunami several newspapers allowed a number of individuals to make themselves heard publicly with a strong moral commitment to the victims. The press was not neutral. The press was sympathetic to the empathy that arose in the people. Hence the newspapers allowed individuals and parties to explain that the government should take large sums of money from the fund to help the victims. Of course, those who expressed their opinions did not agree on how much the government should give. The leader of the Red Electoral Alliance, the communist Lars Dahle, proposed²² giving NOK 60 billion, the billionaire Trygve

²² *Aftenposten*: "Norwegians Positive to a Disaster Fund with Oil Money," (NTB) 26 January.

Hegnar subsequently proposed NOK 10 billion, a survey conducted by *VG* and *Aftenposten*²³ showed that those who were surveyed were divided down the middle. They desired to give NOK 3-4 and NOK 1-2 billion, respectively. The Socialist Left Party and Progressive Party were on the bottom of the list. They wanted to give NOK 1 billion from the fund to the victims after the disaster according to *VG* and *Aftenposten*²⁴. The differences between these figures gave the impression of a pronounced difference in the morals of the donors – between the generous and the stingy. This difference already has a hint of entertainment value.

When the newspapers publicized with clear sympathy the fact that known persons had a strong moral willingness to give aid in the face of disasters the obligations of the media seemed to be somewhat non-committal and fleeting. When the next disaster arose on the international scene, the media turned their focus once again away from what they had committed themselves to – to new events. They did not follow up the moral commitment that appeared when they allowed emphatic individuals to express themselves, to stay with what they had started to commit themselves to. In the face of a continuous stream of new disasters on the global scene, the editors preferred to allow new voices to make themselves heard with a new commitment marked by the freshness of new challenges. As a result of this, the former commitment in the face of “old” challenges was always concluded before the new started in earnest. The moral commitment was fragmented.

In line with the perspectives taken by Zygmunt Baumann (1992, p. 51), we can state that the media can be successful with such fragmentation, because the media depend on and promote the dynamics in our consumer society. The media’s fleeting commitment is a “commodity” for a reader personality typical of the time in which news is consumed in a correspondingly fleeting manner. The media and the readers are two of a kind. The presentation of the “generosity” of well-known people is something the press can expect that the readers will consume. If the presentation is entertaining enough that is. This is

²³ *Klassekampen*: “Red Electoral Alliance Wants to Give 60 Billion,” (commentary, Hans Petter Sjøli) 3 January.

²⁴ *VG*: “Socialist Left and Progressive Parties Desire a Billion in Aid,” (commentary, Arne Rovick and Per Valebrokk) 2 January.

probably one of the contributing factors to why the press more or less organize a competition for the most moral use of the oil fund in their encounter with the victims after the tsunami. The communists in the Red Electoral Alliance emerge in the world of the media as seemingly completely serious competitors to the ultrarich capitalist Hegnar (and others) in the contest to give the most to the victims. The Power and Democracy Project has focused on this contradiction in the current Norwegian media world when it is maintained in the final report that: "... journalism stresses critical social tasks, but it is at the same time person-oriented entertainment that appeals to the consumer interests of the public." (PDP 2003, p. 136)

A clear example that the press does not just want to entertain the readers with the moral commitments of others, but with its own commitment as well, can be found when *Stavanger Aftenblad* slaughtered the Christian Democratic Party for an allegedly immoral use of the Pension Fund's capital at the opening of the party's election campaign in Haugesund.²⁵ *Stavanger Aftenblad* believes that the hard criticism documents something sensational: As one of the Government parties, the Christian Democratic Party is an accomplice in using the riches of the state to become even richer by investing in weapons, alcohol and gambling! The editor decides to confront this "scandal" in an editorial: "If these unworthy conditions are not rectified, Kjell Magne Bondevik's and Hilde Frafjord Johnson's Norway will be a superpower in hypocrisy."²⁶ In addition, the newspaper uses a special occasion – during an election campaign when the party is supposed to make its best impression – to voice sharp criticism against the party on these sensitive points. This example is not exceptional in today's press. This is more in line with the general picture of the development of the press. Linking sensation with information is something that is characteristic of the Norwegian press as opposed to the press in large parts of Europe according to the Power Project. In most large countries there is a sharp

²⁵ "Senior Christian Democratic Party Officials Refuse to Respond." (political commentary, Harald Birkevold) 28 May. "Høybråten Not Happy about Gaming and Gambling." (interview with comments, Harald Birkevold) 4 June.

²⁶ "18th of May Speech to the People". Editorial in *Stavanger Aftenblad* 18 May 2005.

distinction between the elite press and popular press, and they have very different readerships. In Norway this distinction is less sharp (PDP 2003, pp. 132-3). The boundaries between sensation and information are blurred.

The timing chosen may indicate that the newspaper's agenda was to mix information and sensation. The general elections were at hand shortly after the article series started. The first article was published on 7 December 2004. The Christian Democratic Party's election campaign in Haugesund started on 4 June 2005. This allows for enough time in other words to slaughter the management first and then slaughter the Christian Democratic Party at a time when the scandal (and thus the entertainment value) is the greatest – during the election campaign. The criticism of the allegedly scandalous defects in the fund entails that the Christian Democratic Party can subsequently be criticized for a corresponding scandal. It seems very likely that the order is not a coincidence, and was probably hatched as part of an editorial strategy.

6. Epilogue – a perfect model?

Maintaining that the ethical management of the fund linked to the exclusion of companies has become a national icon in the Norwegian press after the initial phase in 2005 is quite an extreme claim. However, compared to the chopping block and scapegoat role assigned to it by the press early in 2005, the claim seems justified. From 2006 there are many fewer critical voices in the press concerning the exclusion of companies from the Pension Fund. No individual media company has presented any extensive criticism of this aspect of the investment management since the spring of 2005. On the contrary, the press is well on its way to idealize the fund's exclusionary practice and its underlying principles – and giving up on what many believe to be the press's most important social duty, namely criticism. In the spring of 2006, the Norwegian press, while an increasing number of companies are excluded from the fund, is in the process of presenting the exclusion policy in the Norwegian Pension Fund as an ethical ideal, for both domestic industry and international investment management.

As far back as 10 June 2005 *Morgenbladet* praised the members of the Ethics Council for their work on the criteria for exclusion and

filtration. The fund's ethics on this point are presented as a unique model for the business community abroad. The newspaper entitled its article "A Historic Assignment from the Norwegian People". The almost religious tone signals the corresponding admiration to come in other newspapers.

After the Nobel Peace Prize for 2005 was awarded, *Dagsavisen* referred to the fund in its editorial ("Money Can Also Smell" 29 November) as an international model for investment management. The editor suggested that the Swedish Nobel Fund should imitate the Pension Fund's ethical investment management, because the guidelines are exemplary. A copy of the exclusion strategy could entail that the Peace Prize Winners do not receive prize money that originates from companies they have fought against.

Dagens Næringsliv arrived on the scene not long after our first female Minister of Finance from the Socialist Left Party announced (6 January 2006) that the authorities had decided to exclude additional companies that manufacture and develop key components for nuclear weapons from the fund.²⁷ The newspaper gives not only the leader of the Socialist Left Party extensive space to express herself at this time, but also links an editorial that is sympathetic of the ethical norms for exclusion to the news. Even though it is questioned how strict the exclusionary criteria should be interpreted, it is of decisive importance to the editor that the exclusion of such weapon companies is testimony of humanity.

Verdens Gang ("A Conscience with Oil Stains") and *Dagbladet* ("Djupedal's baby") publish corresponding articles on the same day, where they show a great deal of sympathy for the fact that the authorities make such exclusions. "We are just so unbelievably rich. Rich enough to stipulate ethical requirements," says *Verdens Gang*.

Dagens Næringsliv devotes a conspicuous amount of space on 25/26 February 2006 for the Minister of Finance's statements that the fund's ethical guidelines are a model for her in her work to persuade the boards of large government dominated companies such as Hydro and

²⁷ On 5 January 2006 the Ministry of Finance announces that the following companies that manufacture key components of nuclear weapons were being excluded from the portfolio: BAE Systems Plc., Boeing Co., Finmeccanica Sp. A., Honeywell International Inc., Northrop Grumman Corp., United Technologies Corp. and Safran SA.

Statoil to implement corresponding guidelines. The same newspaper has pointed out that the guidelines should be a consistent model for the government to avoid the inconsistency of the authorities investing in the same companies that are excluded from the fund's portfolio.

Dagsavisen gives accordingly space for an article by Minister of Finance Kristin Halvorsen on 28 April 2006 entitled “*UN Follows up Norwegian Ethical Principles.*” Here she writes:

The Government Pension Fund has drafted principles for responsible investment activities after an invitation by then UN Secretary General Kofi Annan. The result of this work was six principles [...] and this represents yet an example of how Norway through its work on ethical guidelines emerges as an international pioneer in this area.

A local newspaper like *Asker- og Bærums Budstikke* announces in an approving manner on 26 April 2006 that Bærum's chief administrative officer is proposing ethical rules for the municipality's investments on the initiative of the Socialist Left Party. The party has used the Petroleum Fund's rules as its model. The proposed rules, which will be adopted in all likelihood by the local council according to the newspaper, will only aim to exclude the “worst cases”. The article discusses a local political strategy that could make the municipality's guidelines for investments almost identical to the guidelines of the Petroleum Fund.

On 2 and 3 May 2006 articles are published in *Aftenposten* that focus on the number of exclusions in the Pension Fund as a model for the major Norwegian bank DnB Nor. The newspaper allows the environmental protection organization The Future in Our Hands to criticize DnB. The bank has decided to use ethical guidelines that are almost identical to the guidelines of the Pension Fund, but it has not yet excluded a single company.

This series of trendsetting examples shows that there are clear tendencies towards idealization of the Pension Fund's exclusion of the “worst cases” and the underlying principles in key parts of the press. Such trends mark a sharp break with the critical voices we saw in *Stavanger Aftenblad* in 2005 at the time when the fund was a chopping block and scapegoat. There is, however, also continuity in 2006 in the press's attitude towards the fund's current investment practice. They are just as uncritical towards the ethical principles for exclusion as in 2005.

The longstanding lack of criticism of the minimum requirement to avoid investing only in the “worst cases” is a typical sign of the press’s unwillingness to debate principles.

Criticism is the prime task of the press in a democracy. A democracy is dependent on a press that is aware of the difficulties of fulfilling this vast task. The task is especially important when it comes to highlight the use of extensive power in the hands of large institutions. The core ethical function of the criticism of financial power is not only to make this power transparent by telling the simple truth about how it is constructed and sometimes used in hidden ways. The ethics of criticism has also to do with the press’s duty to diminish such power and its negative consequences, by by the use of the power of criticism. Power acts against power so to speak. When the press doesn’t fulfil this significant duty the quality of the public debate suffers. The will of the people might be weakened. People are not given the possibility to criticize and confront illegitimate use of power. The result could easily be that illegitimate financial power expands rapidly and could carry out more severe harm than the public are aware of.

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