

In Norway, Everyone Is A Millionaire...On Paper



Most governments struggle to balance their budgets by taking money from citizens through higher taxes. But one government is doing exactly the opposite.

In January, the world heard the news that every Norwegian citizen was worth one million Kroner, or about \$164,000 US dollars. This came about thanks to the financial savvy of the country's government.

In 1969, oil was discovered in the North Sea, off the coast of Norway. This helped transform the country into the world's seventh biggest oil exporter and second largest natural gas exporter.

Taxes are high for oil refiners in Norway. Oil refiners pay 78 percent of their profits to the government. In 1990, the government decided to tuck away the surplus wealth into a sovereign fund. The fund was established to secure the future of all Norway's residents.

Thanks to smart investments, soaring oil prices, and the fact that only 4% of the fund can be withdrawn each year, the fund has now ballooned to a massive 5.22 trillion kroner, or \$828,660,000 US dollars. Divide that wealth among approximately 5,096,300 Norwegians, and everybody is suddenly a millionaire!

The people of Norway are not in a hurry to get their hands on the wealth. They are perfectly content to be "paper millionaires" and let the money grow, so Norway's future can be secure.

Abu Dhabi in the United Arab Emirates has a similar fund that is believed to be worth about \$627 billion. The US State of Alaska has also accumulated \$47 billion for its residents. Alaskans are already benefiting from it via an annual dividend distribution.