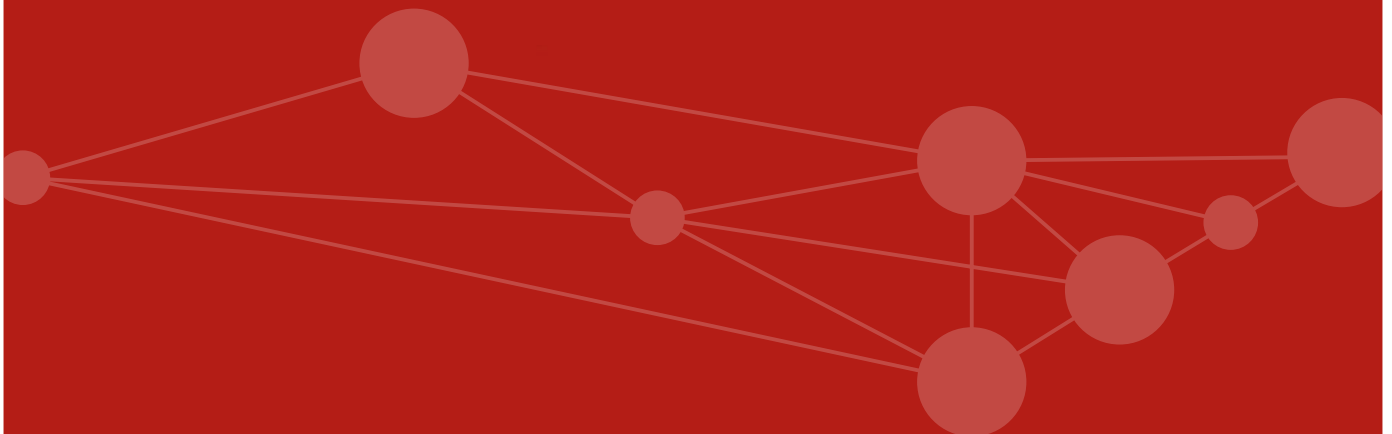




# THE NORDIC MODEL FOR DUMMIES

All You Need to Know in 6 Minutes



## About

*The Nordic Model for Dummies is based on the NordMod2030 research project, undertaken by the Fafo Institute for Labour and Science Research and a Nordic research team for SAMAK and Foundation for European Progressive Studies FEPS. Analytical inspiration has also come from ESOP - Centre for the Study of Equality, Social Organization, and Performance at the University of Oslo.*

*SAMAK is the Nordic Labor Movement's Organization, with 5 million members from Social democratic parties and trade union LOs in Denmark, Finland, Iceland, Norway and Sweden. You will find more on NordMod2030 and SAMAK at [www.samak.info](http://www.samak.info). Here you'll also find the Sørmarka Declaration "We Build the Nordics", a Social democratic and trade union political roadmap for the future Nordics.*

*The Nordic Model for Dummies is intended for foreign non-expert readers. It is written by, and published on the responsibility of, SAMAK's Secretary General Jan-Erik Støstad. I am grateful to colleagues, friends and family for valuable help. Please forward comments and suggestions for future editions to [jes@samak.info](mailto:jes@samak.info). The closing remark connects to the phrase "The economy, stupid", which James Carville coined as campaign strategist of Bill Clinton's successful 1992 presidential race against sitting president George H. W. Bush (Source: Wikipedia).*

*The cover photo is of sculptor Gustav Vigeland's "Wheel of Life" (Jean-Pierre Dalbéra, flickr.com).*

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PHOTO: ANDERS LÖVDIN

Delegates to SAMAK's Annual Meeting January 15 2016 at Rönneberga outside Stockholm, Sweden.

# Intro: A Miracle Come True?

The Nordic countries seem to have achieved capitalism with a smiling face.

Time and again we find Denmark, Finland, Iceland, Norway and Sweden, with their 25 million inhabitants, on the lists of the world's best countries to live in.

## **You, living outside the Nordics, may wonder:**

- Have the Nordics really performed that well?
- How do you make your Nordic Model fly?
- Can we clone it back home?

Let's give it a try.



Front page of  
The Economist,  
February 2nd 2013.



# 1. What Should a Society Provide?

We must start here. Well, for most of us in the Nordics, the really important things are the opportunity to have a job, money to get by, a decent place to live, education, good health. In short: To feel free.

## **We think, simply, we then have to:**

- **Be efficient**
  - Efficiency generates high output of the things we need.
- **Be working**
  - Work too drives output, and makes our lives meaningful.
- **Have gender equality and respect**
  - Because this is right, and discrimination is wrong.
- **Equalize income**
  - Because it is fair. And efficient. And safer for all.

*The politicians' task is  
to build the dancefloor,  
where people can dance  
their lives.*

**Tage Erlander, Prime Minister  
of Sweden 1946-1969**

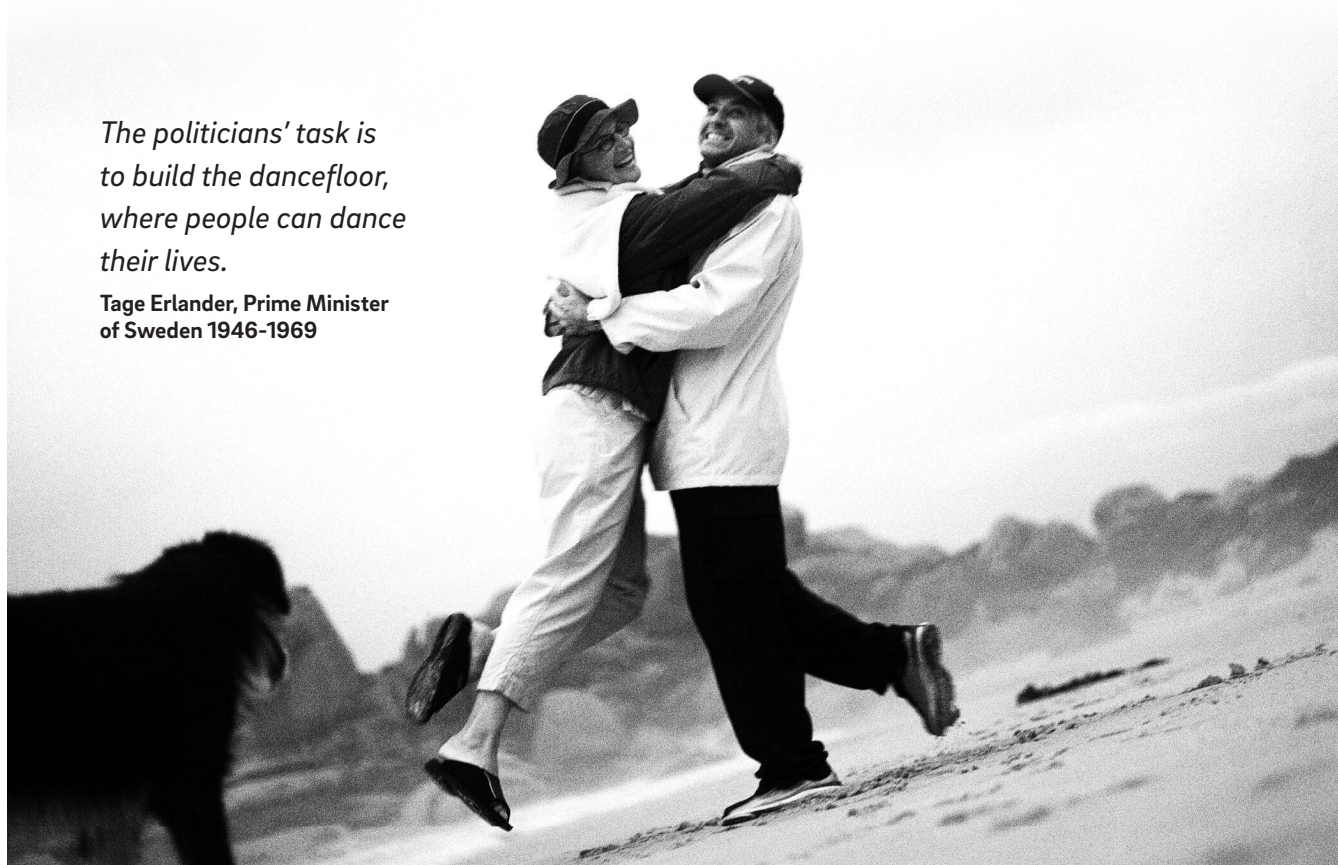


PHOTO: COLOURBOX.COM

## 2. How Well Do You Really Do, Then?

Excellent, in fact. No doubt about it. In decade after decade the Nordic countries have increased people's living standards, kept employment rates high, improved their family policies and reduced poverty.

### Compared to other countries, even the US, the Nordics:

- **Have about the same or better efficiency**
  - Surprised? Yes, the Nordic Model is efficient.
- **Are easier to find a job in, and have better working conditions**
  - The same or a higher share of the population work. The lowest wages are much higher.
- **Have better results on gender equality**
  - More women work. Good parental leave for both women and men. And subsidized child care.
- **Are far better on income equality**
  - Few are poor. The richest are not as super-rich. More people's income differs from their parents.



*– The world would be more secure and more prosperous if we just had more partners like our Nordic countries.*

Barack Hussein Obama,  
White House May 13th 2016

# 3. Why? How Is This Possible?

## More trust

- In each other, in the civil service and – you wouldn't believe it – in politicians and trade unions.
- Trust is efficient. Trust spells fewer and simpler contracts, less expensive lawyers and less red tape.

## More cooperation

- The Nordics are innovative, competitive economies, but with close cooperation between bosses and workers.
- Tight dialogue between organizations and politicians.

## Open to the world

- Our economies are open, with lots of exports and imports.

## Acknowledging "Sharing is Good"

- People in the middle class (and even the upper class) are more secure and well off when there is little poverty and no ghettos.
- Business is better off when workers at all levels gain higher competence.
- Sharing creates support for an efficient and open economy.

## A strong learn & work ethic

- The Nordic norm is to learn and work – for yourself, your family and for society.

These norms and attitudes are reinforced when we expect and meet them in our daily life. Trust breeds trust.

And note how the employers play a decisive and active part in the Nordic Model. How come? Because, as their organizations, they think this is how they make the most profit in the long run.

## 4. But That Can't Explain It All!

Most of it. But then, of course, there is our workhorse.

**That is, The Three Basic Pillars of the Nordic Model:**



The Three Basic Pillars solve the tricky part; the giant leap from political ideas to practical results.



# 5. But How Do the Pillars Work?

Doubtless, talking about the Nordic Model, they work together!

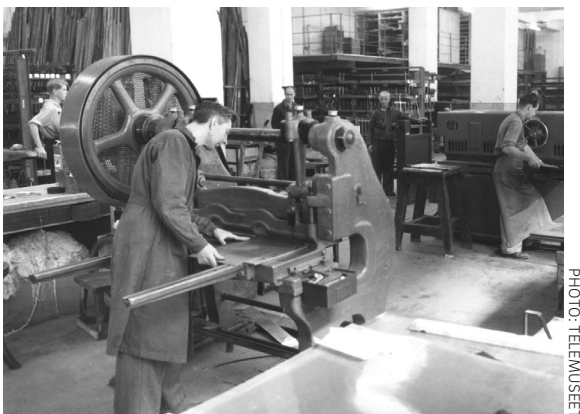
## In a virtuous circle:

1. The Organized Work Pillar over time raises the lowest wages, and moderates the higher ones and the year-on-year wage changes.
2. The Economic Governance Pillar, supported by the year-on-year wage moderation, spurs growth and high employment.
3. The Public Welfare Pillar, made viable by this growth and high employment, equalizes living conditions. But, it also increases workers' efficiency – through free education, subsidized training and access to health services.
4. Back to the Organized Work Pillar, the raised low wages force the firms to innovate and streamline production, or else go bust. The increased workers' efficiency, also due to much on-the-job learning, is the clue to pull this off.

So it's all interconnected. And it is the availability of alternative jobs, and the income security net, and the boss-worker cooperation, that make trade unions accept job restructuring.

The result: A persistent drive for dynamic and efficient firms, good jobs and higher competencies for all.

1950's



2010's





## 6. Ok, But May I Have a Word?

### **Everybody who asks, gets welfare? Gee!**

No. You never need to starve in the Nordics. But the level of public welfare entitlements, like sick pay or unemployment benefits, depends on what you've earned earlier. So you're wise to work if you can.

### **They tax away most of your wages!**

No. Tax loopholes have been closed, so tax rates need not be that high anymore (since all contribute). Of course, we do pay our tax, and none of us with that smile on our face, but then we don't have to pay for education or hospital care insurance, and receive a reasonable pension. A fair deal.

### **But these are Communist policies!**

No way. These are Social Democratic policies, built on democracy and an informed public debate. And they're rooted in property rights and open, free markets. No Lenin or Stalin, no Thatcher or Reagan, but Gro Harlem Brundtland, Olof Palme (you google) and many more.

### **You would be nowhere without us!**

That's right, we need your products, tech and ideas! From airplanes to Google to Nelson Mandela. But then we do provide our share, too, with green energy, Bang & Olufsen, Lego, fish, Björk, Linux, Skype and Spotify!



PHOTO: COLOURBOX.COM

# 7. So Nice Everything's Perfect

## **Eh. There's some small print...**

- To govern a quite large public sector is demanding. The results, though generally good, vary too much. Social problems remain.
- There are disturbing signs of more precarious Nordic labor markets, and we struggle to cope with and take advantage of immigration and a more diverse society.
- New challenges and opportunities abound. Globalization, technology, people living longer, climate change, you name it.
- We must learn more from you.

We share many worries with other countries and models, but that doesn't help much! And we must tirelessly safeguard and modernize our Three Basic Pillars, so that the virtuous circles don't turn to vicious ones.

That said, the Nordic Model, with its cooperative mode, has tackled challenges since World War II.



PHOTO: HENGLEIN & STEETS/SCIENCE PHOTO LIBRARY



## 8. So, How Can We Clone You?!

Well, you don't really want to, do you? We all love our countries and ways.

Cloning aside, virtuous circles towards efficiency, fairness and trust should be possible to fight for – everywhere. First, you should look for mechanisms and institutions that support just these three. We're not kinder than you.

Then:

- Financial power must be contained, especially not to undermine politics. In the Nordics, trade unions balance money might and defend democracy.
- Markets are great, but don't use them if they don't fit, as in hospital care.
- Increase incentives for trust and cooperation. Start by choosing honest politicians and follow media who report facts fairly. Then tell your friends.

**It's politics, stupid.**



*Sharing outlook: Nelson Mandela showing Gro Harlem Brundtland Robben Island in 1996.*



**WE BUILD THE NORDICS**

[WWW.SAMAK.INFO](http://WWW.SAMAK.INFO)

