Scandinavia’s (Nordic’s) Northern Light

What’s their secret to being best in world in freedom, equality, prosperity, and happiness?

Scandinavia – A Northern Light

• The countries of the Nordic Sea have a distinctive “Nordic model” and highly successful culture and society.
• We will explore what enables them to achieve top global rankings of freedom, equality, prosperity, and happiness
Why Cruise Scandinavia?

- Scenic, unique, historic, tourist area
- Important yet in “Unknown North”
- See a “middle way” of society
- Potential model for the future
- Role in future of Arctic opening
- Seek their secret to success

Why Visit Scandinavia?

- Scenic, unique, historic, tourist area
- Important yet unknown and underappreciated
- See a “middle way” of society
- Potential model for the future
- Role in future of Arctic opening
- Seek secret to their successes
Eras of Scandinavia History

I. **900s-1100s**: Viking Age – Conquest & Christianization
II. **1300s-1500s**: Denmark dominated Kalmar Union
III. **1600s**: Thirty Years War and rise of Swedish Empire
IV. **1700s-1840s**: Russia supplants Sweden in Baltic
V. **1850s-1913**: Industrialization, emigration, unification, democratization, and WWI neutralization
VI. **1913-40s**: Great Depression, Nazi occupation & accommodation
VII. **1950s-1990s**: Post WW II Golden Age rise of Scandinavian way, tempered by Cold War
VIII. **1990s-to date**: End Cold War and Nordic’s noticed
Scandinavia History - 14 centuries of jockeying with Denmark and/or Sweden dominating; Finland and Norway late to independence

- Notice the shifting unions and rule designated by multicolor in the chart as you read from the oldest periods at the top to the present at the bottom
- Until the 15\textsuperscript{th} century, Denmark, Norway and Sweden were separate and independent
- They unified in 15th century under Denmark in the Kalmar Union
- In 16\textsuperscript{th} to 18\textsuperscript{th} century, Sweden broke off and held sway over Finland
- In 19\textsuperscript{th} century, Norway shifted from Denmark to Sweden and Sweden yielded to Russia what is now Finland
- Russia ruled but did not occupy Finland which was able to wiggle loose in the turmoil of the 1917 Russian Revolution and subsequent Civil War
- Although “independent,” Finland was very careful not to displease the Big Russian Bear – in a policy pejoratively called “Findlandization” by outsiders.
- Findlandization was a pragmatic recognition that Russia’s population was 30 times Finland’s and others would not likely come to their defense
- Now, Greenland and Faroe Islands allied with Denmark, other 4 are independent

https://en.wikipedia.org/wiki/Nordic_countries
Early Scandinavians were not home bodies, but **Vikings**!

In the late 8th century, plundered and invaded Ireland, France, and Russia, and moved into half of England. They raided Spain, Italy and North Africa; ... fought in Sicily and even got to Baghdad. Colonized England, Normandy, Iceland, Greenland and, briefly, Newfoundland [and] ... may have sailed as far south as Manhattan. 10th and 11th centuries the Danes invaded England again ... [and] ruled the country as part of his Scandinavian empire.


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**Early Scandinavians were not home bodies – They were Vikings and explored and plundered for 300 years**

The Vikings broke out of Scandinavia in the late 8th century, plundered and invaded Ireland, France, and Russia, and moved into half of England. They raided Spain, Italy and North Africa; some of them fought in Sicily and even got to Baghdad. In the West they colonized England, Normandy, Iceland, Greenland and, briefly, Newfoundland from where they may have sailed as far south as Manhattan. During the 10th and 11th centuries the Danes invaded England again, under Sven and his son Canute, who ruled the country as part of his Scandinavian empire. The Normans themselves were descended from Vikings.*
8-11th Century Viking Settlements

- This map as the previous quote mentioned, the Vikings ranged far and wide. The map shows the astonishing scope of their roaming.
- Medieval trading paved the way for raiding.
- The Scandinavians became Vikings – their agile and fast ships could escape.
- Viking raids began on June 8, A.D. 793 with an attack on the monastery off the English coast.
- The raids continued each summer until the Vikings stopped returning home and instead made settlements.

How rose from poverty to wealth

 Denned harshly poor in the eighteenth century yet intellectually and politically rich, was late in modern industry.

 Enjoyed high levels of literacy and offered a first-class education at higher levels. They also operated in an atmosphere of political stability and public order. Once among the most warlike ... now they were the most peaceable... Property rights were secure; the peasantry was largely free ....

 Built on free enterprise and quick response, on the export of staples to the more advanced industrial countries, on the investment of these gains in more diversified production. – David Landes

19th century story of Scandinavia’s rise

The distinguished Harvard professor of Economics and History, the late David Landes (1924-2013), explained the development of Scandinavia as follows:

 Scandinavia, desperately poor in the eighteenth century yet intellectually and politically rich, was late in learning the ways of modern industry, but... quick to pick them up. ... [They] enjoyed high levels of literacy and offered a first-class education at higher levels. They also operated in an atmosphere of political stability and public order. Once among the most warlike ... now they were the most peaceable... Property rights were secure; the peasantry was largely free; and life was a long stretch of somber hard work.... Scandinavia built on free enterprise and quick response, on the export of staples to the more advanced industrial countries, on the investment of these gains in more diversified production.

Legatum Prosperity Index

- The Legatum Prosperity Index is an annual ranking developed by the Legatum Institute, a division of the private investment firm Legatum.
- The ranking is based on a variety of factors including wealth, economic growth, education, health, personal well-being, and quality of life.
- In the 2018 rankings, 149 countries were ranked, and Norway topped the list, followed by New Zealand and Finland. Afghanistan was on the last place.
- All top ranking are democracies.
### Nordics Happiest

1) Government affects happiness
2) Happiness affects government: happy support & unhappy don’t
3) Happy more generous
4) Internet addiction reduces happiness

#### 2019 World Happiness Ranking

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Happiness score</th>
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<td>68</td>
<td>Russia</td>
<td>5.6</td>
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</tbody>
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Source: 2019 World Happiness Report, UN

### Nordics top Happiness Ranking

- Still difficult to determining what influences happiness, but beginning to learn more as this is the 7th World Happiness Report. Here are some factors affecting happiness in the 2019 Happiness Report of UN data for 156 nations:

1) What governments do affects happiness and in turn the happiness of citizens determines what kind of governments they support
2) Unhappiness translates into voting against the incumbent government
3) Happier people are both more likely to vote and to vote for incumbents
4) There’s a positive linkage between generosity and happiness. People derive happiness from helping others they feel connected to and when their help is making a difference
5) Rising use of digital media is linked with falling happiness. Internet addiction displaces time once spent on more beneficial activities, contributing to increased anxiety and declines in happiness
Not only prosperous, but happy, non-corrupt, equalitarian, educated, long-lived...

Nordics not only prosperous and happy, but also:

- Have low corruption
- High equality
- Excellent education
- High per capita GDP
- Long life expectancy
- Spend little on Military
- But have high taxes
Why has Scandinavia done so much better than most?

- Climate?
- Natural resources?
- Location?
- Culture?
- Religion?
- Luck?

A bit of these but fundamentally due to their basic economic & political institutions

Why has Scandinavia done so much better than most?

- Climate?
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Yes, parts of these have had an effect, but clearly their climate and natural resources are far from ideal

- Except for Denmark, agriculture is limited
- Except for Norway’s oil, their resources are quite modest
- They do have much access to the sea, but so does Italy
- They have the Protestant work ethic, but there are successful Catholic countries such as Chile
- They are small and homogeneous, but there are US states also small and homogenous and Protestant that have not excelled

So yes some of the above but fundamentally it’s due to:

- Their basic economic and political institutions
So what’s Scandinavia’s secret of success? **Inclusive Institutions**

- **Inclusive political** institutions: Freedom, openness & widespread participation plus government social, health and educational support
- **Inclusive economic** institutions: Markets, fair taxation, banking, secure property rights, incentives to work, invest and innovate
- Opposite of Soviet’s **extractive** ways: centralization, prohibition of private property & travel, brutal collectivization, iron-curtain secrecy
- **Estonia!** Example of success of switch from **extractive** to **inclusive**

So what’s Scandinavia’s secret of success? **Inclusive Institutions**

- **Inclusive political** institutions – freedom, openness and widespread participation and government social, health and educational support
- **Inclusive economic** institutions - market economy, fair taxation, banking, secure property rights, and level playing field providing incentives to work, invest and innovate
- Opposite of Russia’s **extractive** ways: centralization, serfdom, prohibition of private property, arbitrary confiscation, brutal collectivization, iron-curtain
- Unshackled Estonia – demonstrates progress when a nation switches from **extractive** to **inclusive**
Aren’t Socialist Utopias: Generous but **smart** market economies!

- Lot of capitalism and pro-business policies
- Lot of taxation on middle class
- No estate tax or wealth tax, except Norway
- Minimal reliance on corporate tax
- Plenty of healthcare co-pays & deductibles
- More business-friendly than U.S.
- State control over economy like U.S.

Nordics aren’t Socialist Utopias: Generous but smart market economies!

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Innovation & Industry: World class products of Scandinavian companies

- Generally argued that private sector in high tax and generous welfare states would be too burdened with taxes and lack incentives to innovate
- But this has not been the case in Scandinavia in recent years
- A number of world class products have been successfully developed and marketed
- There are several reasons why:
  - Good working relationships between government, business and unions;
  - Excellent well-trained and educated workforce,
  - Recognition they are small countries with limited physical resources and therefore must develop their human resources.
  - Even where they have an abundant resource, such as Norway's oil, they manage it exceptionally well and set aside some of the funds for a rainy day
Nordic theory of love

- Important values: **self-sufficiency and independence**
- Committed to capitalism
- But provide excellent education & social safety to insure individual independence

Source: Anu Partanen, *The Nordic Theory of Everything*, Chapter 2
Not utopian, but sound policies

- **Excellent government services**
  save money, time & trouble

- **Higher taxes but beneficial**: paid parental leave, child day care, free K-12, free college, free graduate school, nearly free health care, paid disability leave ...

- **Aren’t “socialist nanny states”** – believe capitalism works better when people have support needed to take risks, start businesses, and build a better future

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**Nordic Way: Not utopian, it’s smart**

- Vision of homogenous, altruistic Nordic is fantasy – make decisions out of self-interest - for high-quality services save them money, time, and trouble.

- Pay higher taxes but get in return: paid parental leave, child day care, world best public K-12, free college, free graduate school, nearly free health care, and paid disability leave.

- Aren’t “socialist nanny states” - have produced successful businesses and brands: Ikea, H&M, Spotify, and Volvo, Lego, Carlsberg, Skype, Linux, Nokia, Angry Birds, Minecraft....

- Nordics believe capitalism works better when people have the education, health care, and other support needed to take risks, start businesses, and build a better future

- Nordics success has little to do with culture, size, or homogeneity, but everything to do with figuring out how to flourish and compete in the 21st century.

Source: Anu Partanen, "What Americans Don’t Get About Nordic Countries," Atlantic, Mar 16, 2016
Almost perfect - Challenges Remain

- Aging: Rising dependency and medical costs may force tightening of welfare
- Long-term unemployment: Abuse of generous sickness and disability may force trimming benefits
- Globalization: Increased mobility and reduced flexibility for individual state may make welfare systems a luxury
- Size of Government: High taxes may reduce innovation and competitiveness and dampen growth
- Immigrants: Struggle to integrate non-Western immigrants
- Size: Small and lack economies of size
- Russia: Risks of an ambitious Russia may require more defense expenditures

Recent elections signal shifts to adjust
Scandinavia’s Northern Light! Conclusions

- Once at the cold and unknown pagan periphery
- Now modernized - “Unknown North” is being noticed
- Engaged and generous internationally
- Inclusive Nordic model has delivered top ranking results
- Thanks, Scandinavia, for your Northern lights enlightening the rest of us

Thanks – Farewell! Hope to see you again on Azamara
Appendix
Supplemental slides with background information and data
Top Things to Know about Scandinavia

- Small avant garde nations on northern periphery of Europe
- Often misrepresented: ruthless Vikings, spineless neutrals, cushy welfare states, permissive and promiscuous....
- Have high global ratings
- Democratic equality – few class distinctions and gender limitations
- High taxation reduces income inequalities and finances generous social services
- Have one of the highest standards of living in the world
- Moving closer to Europe - all but Norway joined EU
- Advocates of liberal and humane causes and generous providers of foreign assistance
Ace in hole? Arctic thawing may open vast treasures (and troubles)

- Climate change appears to be thawing Arctic
  - Ease accessibility
  - Shorten shipping
- Treasure trove
  - 1/5 of world’s undiscovered energy
  - Productive fisheries
  - Tungsten, diamonds, ...
- But:
  - Cause rising seas and flooding
  - Contested race - Scandinavian, Russia, US, and Canada
  - Russia planted their flag on the seabed 14,000ft below in 2007 - Melting polar ice has created competing to Arctic resources

http://en.wikipedia.org/wiki/Arctic_Circle
Once highly religious, Netherlands religiosity now as elsewhere in Europe

- From one of Europe’s most devout cities in Golden Age to now only 12% attend church weekly and 20% think religion very important
- Religious commitment has declined almost everywhere – especially in Europe
- Why? Perhaps social welfare state subsidies - unemployment payments, sick leave, built-in pensions, etc. have replaced security blanket functions that churches once provided
## Top rankings of key Social Indicators

<table>
<thead>
<tr>
<th>Country</th>
<th>Prosperity Index</th>
<th>Happiness Index</th>
<th>Education (PISA)</th>
<th>Life Expectancy</th>
<th>Corruption Index</th>
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**Source:** Indicators latest year available in Wikipedia, April 2019, mostly 2018

### Rankings of social indicators for Nordic area

- Scandinavia countries rank high in most of the major indicators of success such as prosperity, happiness, educational attainment, life expectancy, absence of corruption, and overall human development (HDI).
- As we review each country will we will go into more detail of these indicators, but it is clear that Denmark, Finland, Norway, and Sweden rank better than either the UK or US or any other major Western countries and especially far better than Russia.
- Most would agree that these indicators are majored desirable characteristics and features that most countries seek to achieve.
Economic indicators for Scandinavia

- Not only does Scandinavia rank high among the world's countries in social indicators, it also ranks high in many of the economic indicators such as per capita gross domestic product and they have low income inequality.
- They also have competitive economies in international trade, suggesting the overall productivity of their economy.
- They also devote a relatively small proportion of their economy to military – much less than 2%.
- Although not shown in the chart, they also generally rank high in terms of international foreign assistance of emerging nations.
- Finally, we note that Scandinavia has substantially higher taxes as a share of their economy-averaging over 50% compared to 27% for the US and 34% for UK.
- Yet, despite these relatively high taxes, they still maintain their overall happiness and generally strong support of their governments.
Geopolitics of Scandinavia

• By “Geopolitics”, I’m considering how location and geography of Scandinavia has affected its politics and international relations.

• Crucial points are highlighted – let’s briefly review them
Scandinavian Way (Culture) - How they view world and organize their societies

- Love of nature: Authenticity not artificiality
- Lutheranism: Good life is one of conformity
- Freedom: Freeborn peasant and his community
- Citizenship: Public participation and responsibility
- Education: Comprehensive, public libraries
- Work ethic: "Everybody at work," holds together
- State: Good state provides welfare support
- Laws: Legalistic tradition of property rights
- Equality: Non-discrimination, women’s rights

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- Work ethic: "Everybody at work," holds together
- State: Good state provides welfare support
- Laws: Legalistic tradition of property rights
- Transparency: Public access to official records
- Cooperation: Spirit of co-operation & interdependency
- Equality: Non-discrimination, women’s rights
Almost nearly perfect public policy

- Equality and social mobility
- Trusting and cohesion
- Open and engaged - access to sea
- Foreign participation & assistance
- Law abiding – low crime
- Early education and childcare
- Aid needy - less class conscious – don’t flaunt
- Adaptable – quick crisis recoveries
- Environmental - like outdoors & nature, bikers
- Good stewards of resources and oil wealth
Interesting tidbits about Scandinavia

- Norway's long dark winter Polar Nights slows pregnancies!
- Norwegians read more than any other population in the world.
- Most popular souvenir in Sweden is "moose-crossing" sign
- Lego® toys started in Denmark in 1932 manufacturing stepladders!
- At Easter, Swedish children dress up and ask for candy, similar to Halloween!
- Swedish inventions: zipper, marine propeller, fridge, heart pace maker, computer mouse
- Danish flag is flown when it's your birthday.
- If Danes are not married by 30, they get a pepper shaker