



Leading education
and social research
Institute of Education
University of London

Nordic Exceptionalism: The Evidence in Economic and Social Spheres

Andy Green

ASEM Forum on Lifelong Learning, Copenhagen, May 29th 2012



www.llakes.org

www.twitter.com/llakescentre



Comparative Political Economy and the Nordics

Comparative Political Economy long ago identified the exceptionalism of Nordic welfare systems. Esping-Andersen's *Three Worlds of Welfare Capitalism* (1990) famously contrasted the social democratic welfare regime in Nordic countries with 'liberal' and 'conservative' regimes found elsewhere.

However, more recently scholars have explored the uniqueness of the Nordic countries with respect to their:

- Economies (de Mooig and Tang, 2003; Pontussen, 2008; Busemeyer and Iversen, 2012)
- Lifelong Learning Systems (Green et al. 2006; Rubenson, 2002; Wiborg; 2011)
- Social values and social cohesion regimes (Green et al, 2012; Rothstein, 2001; Wilkinson and Pickett, 2009; Uslaner, 2003)

Varieties of Capitalism

Binary models of 'knowledge economies':

Varieties of Capitalism literature traditionally identifies two types of Knowledge Economy (KE) referred to as:

- Liberal Market Economies (LMEs) v. 'Coordinated Market Economies' (CMEs) (Hall and Soskice)
- Shareholder v. stakeholder capitalism (Hutton)
- Stockmarket v. welfare capitalism (Dore)

In most analyses the first types are exemplified by the USA, the UK and some other English-speaking countries. The second type are variously represented by Germany, Austria, Japan and Sweden etc.

- LMEs characterised by shareholder firms, flexible labour markets, light regulation, lower taxes and spending, and skills and income polarisation.
- CMEs characterised by stakeholder firms, more regulated labour markets, higher taxes and spending and more equal skills and income distributions.

Social Democratic Economies

More recently researchers (de Mooig and Tang, 2003; Green et al. 2006) have identified Nordic countries as a distinctive group which achieve economic competitiveness (and high GDP per Capita) through:

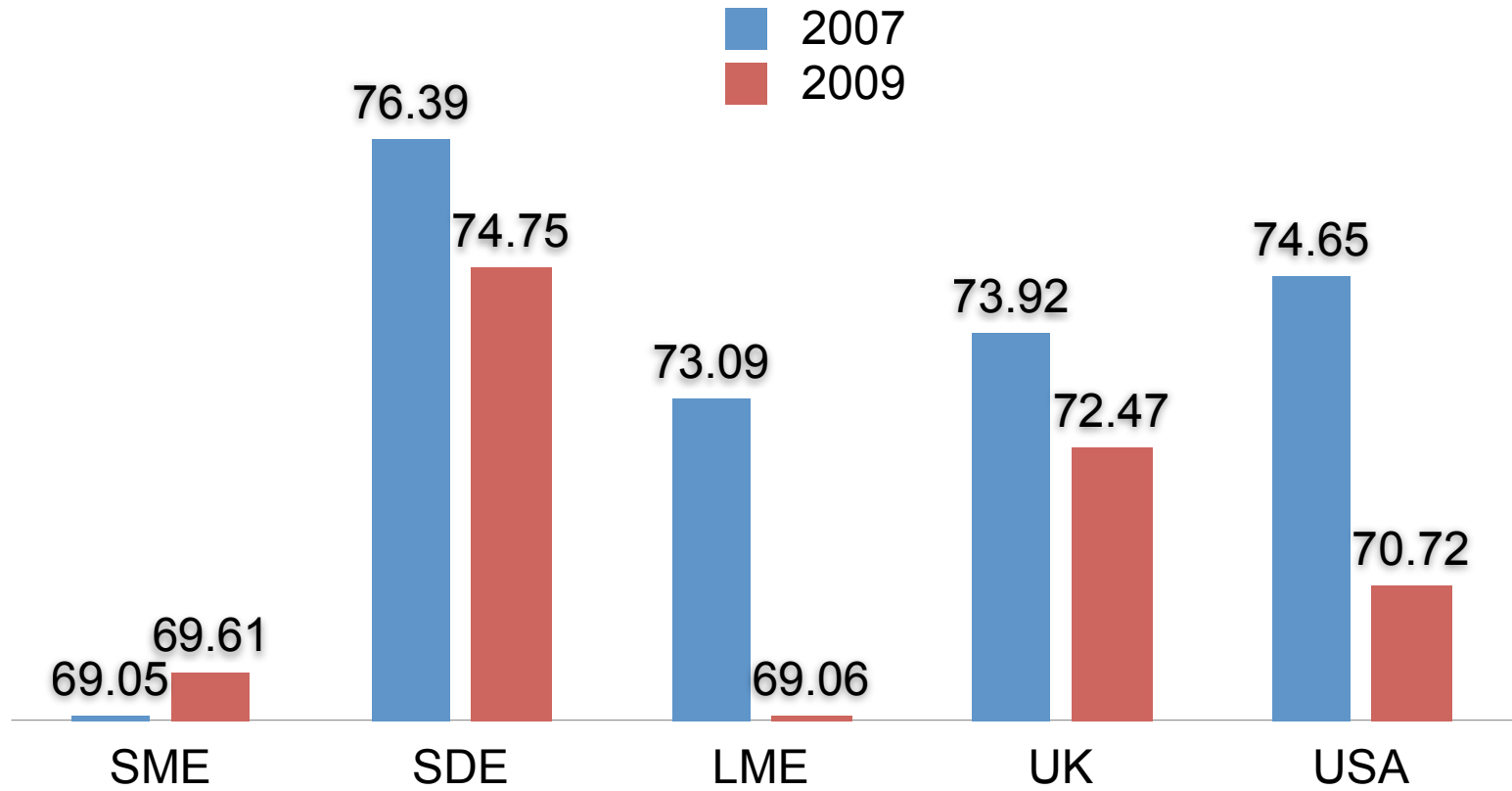
- Innovation
- High labour productivity
- high employment rates

These characteristics are all seen as supported by universalistic welfare systems and high-trust societies.

Institutional Foundations of SDEs

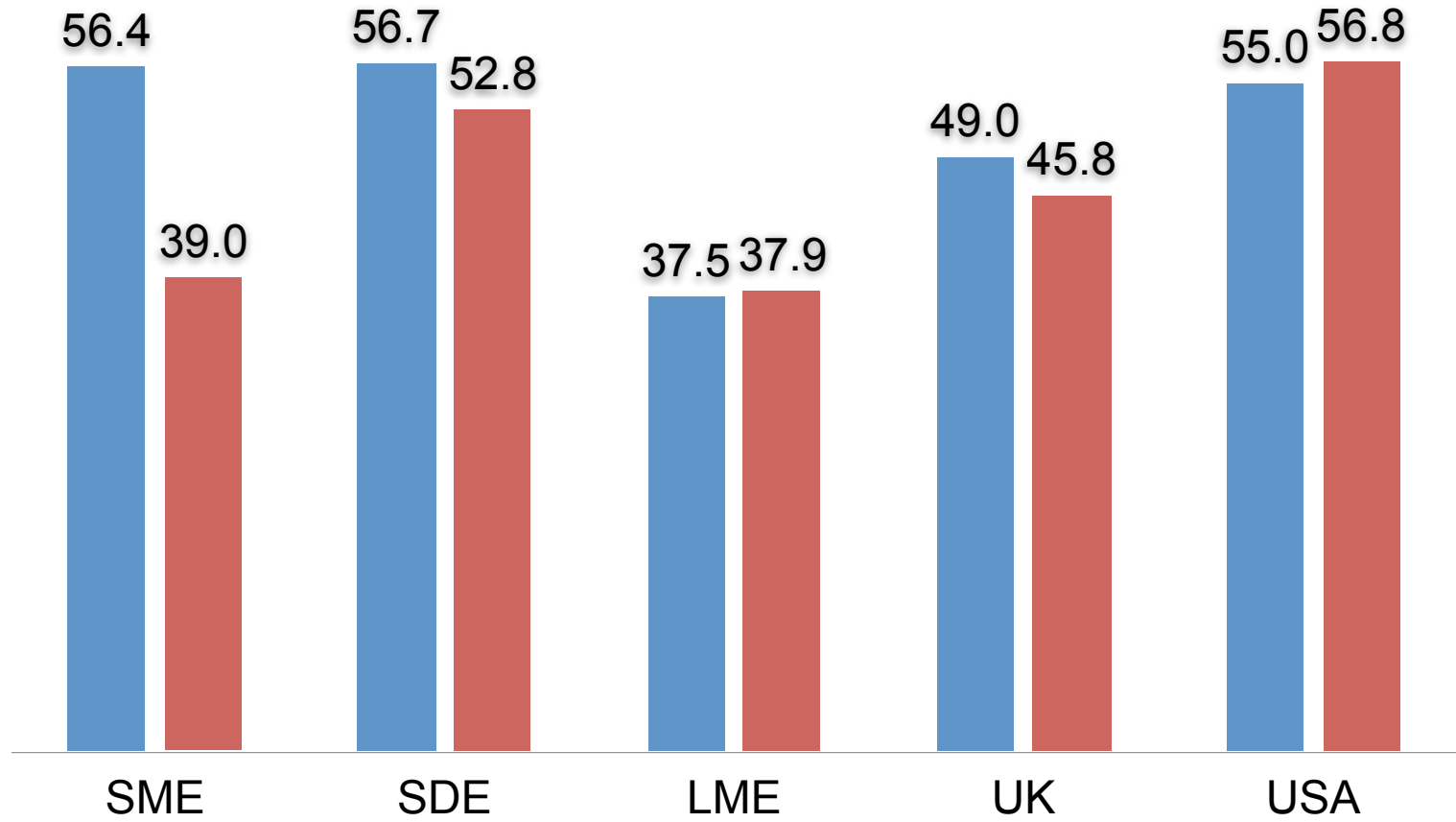
- Family-friendly employment practises and pre-school education provision supports high female employment rates;
- Lifelong Learning and Active Labour Market policies (along with flexicurity systems in Denmark) promote employment, labour market flexibility, economic re-structuring, and KE work.
- Centralised wage bargaining leads to low pay differentials and promotes labour market solidarity (Busemeyer and Trampush; 2012; Nickel and Layard, 1998);
- Universalist welfare state and social cohesion promote high-trust and innovative work-places, productivity and economic growth (Castells and Himanen, 2002; Osberg, 2003; Lundvall, 2005).

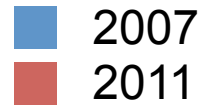
Total employment rate



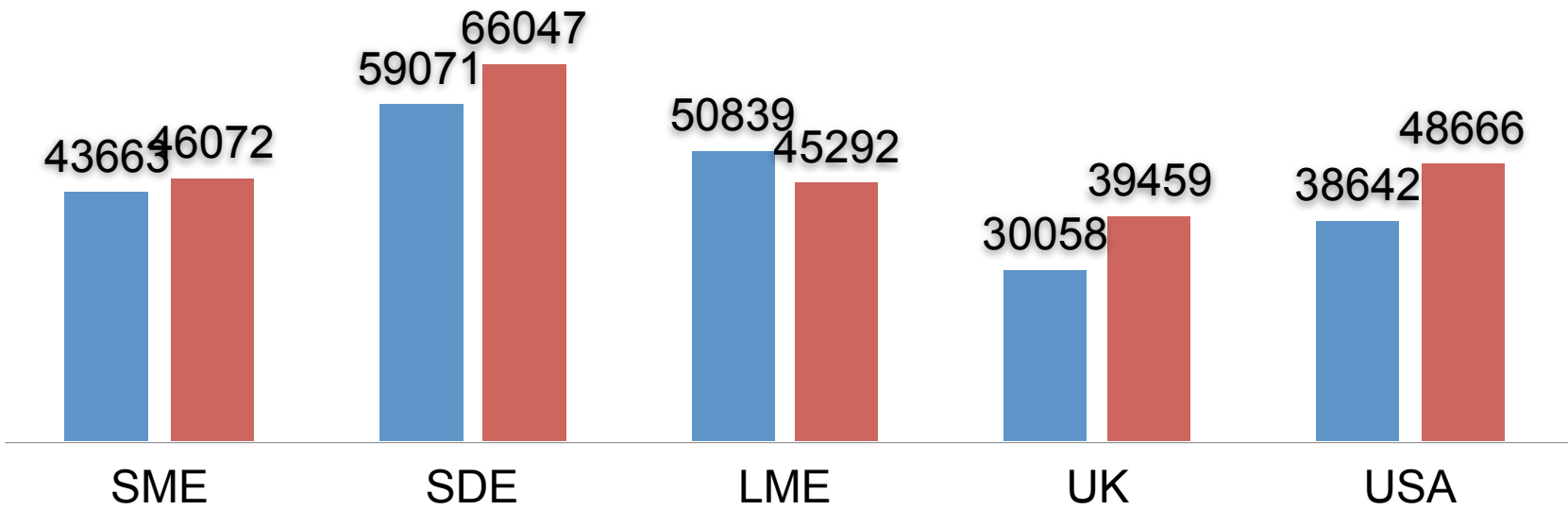
GDP per hour worked

2007 2009

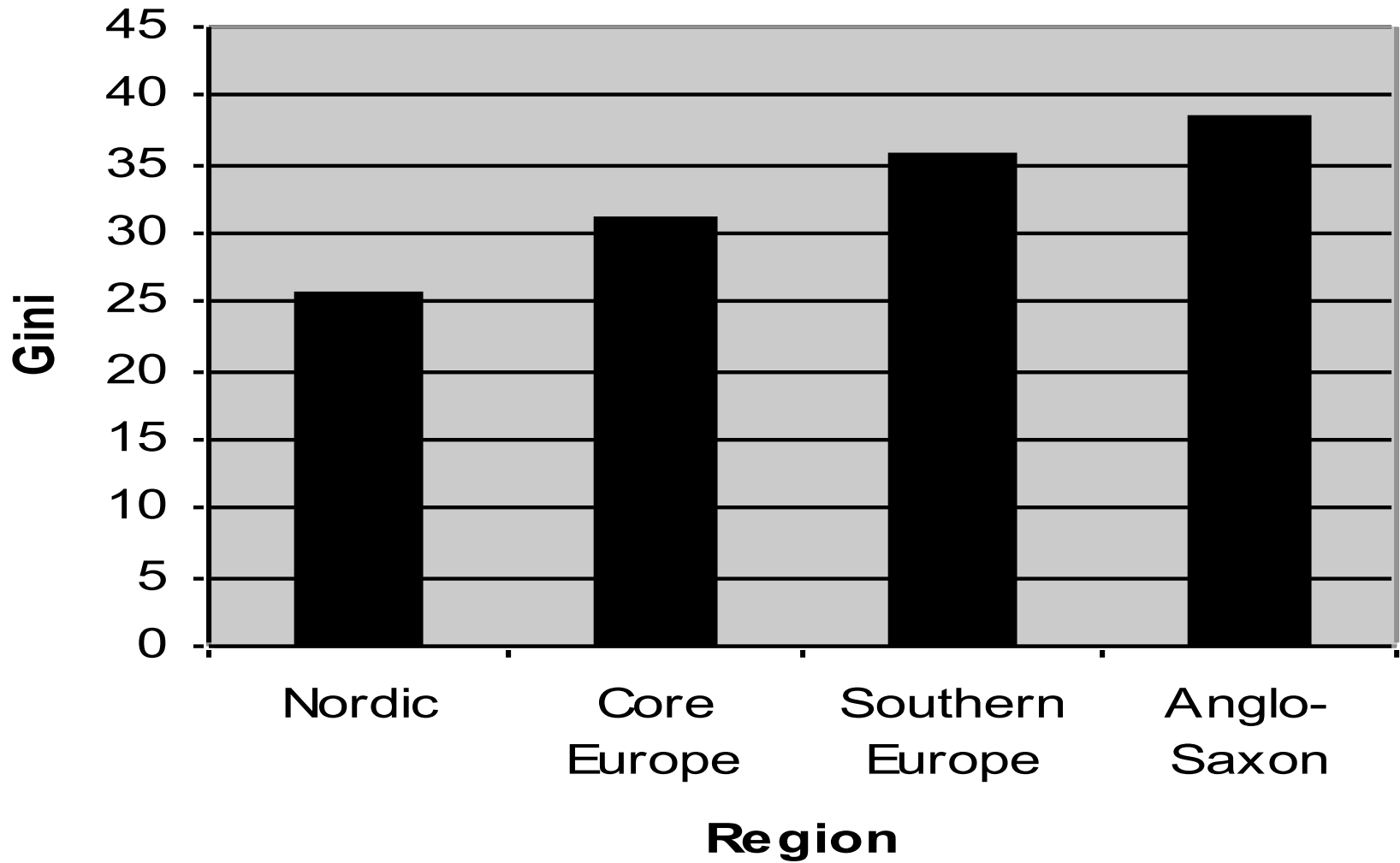




GDP per capita

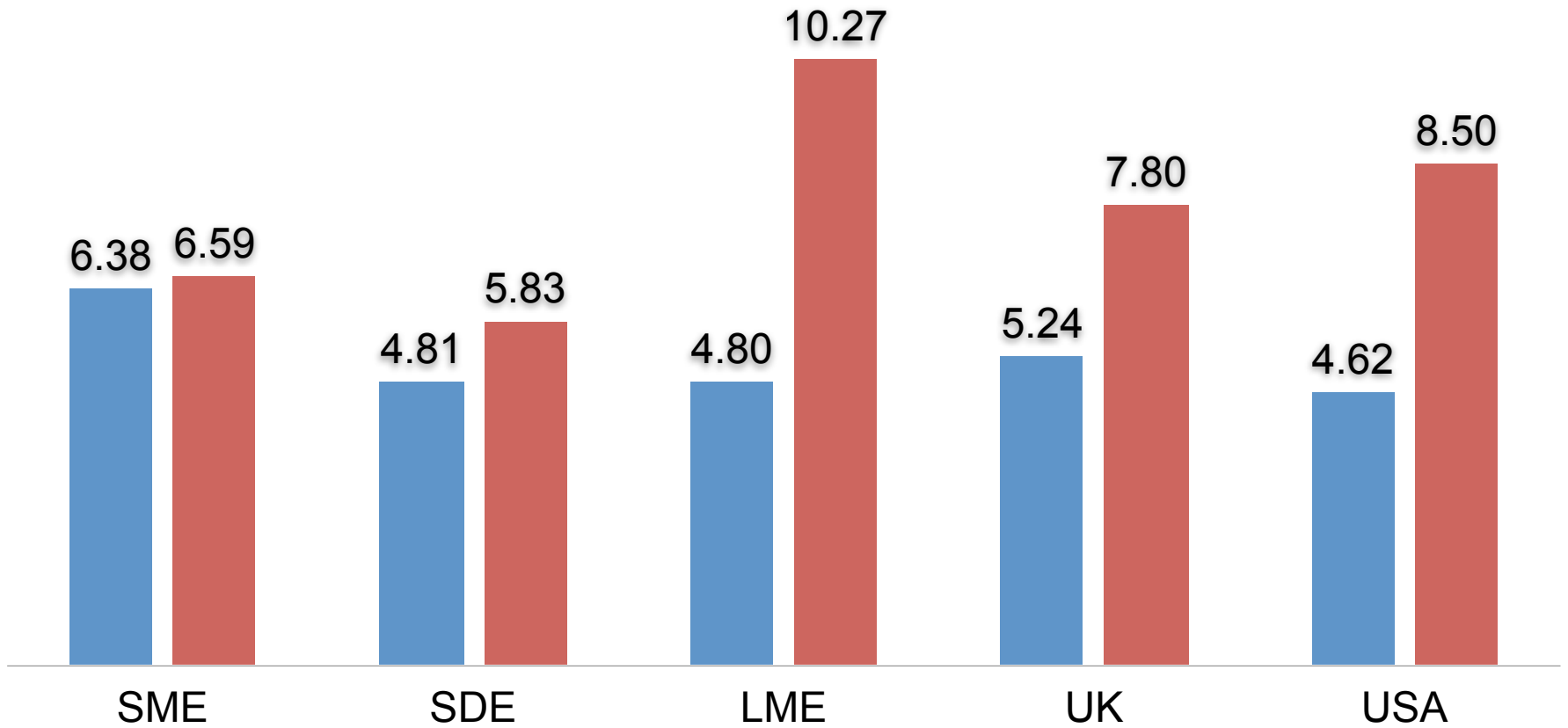


Income Inequality



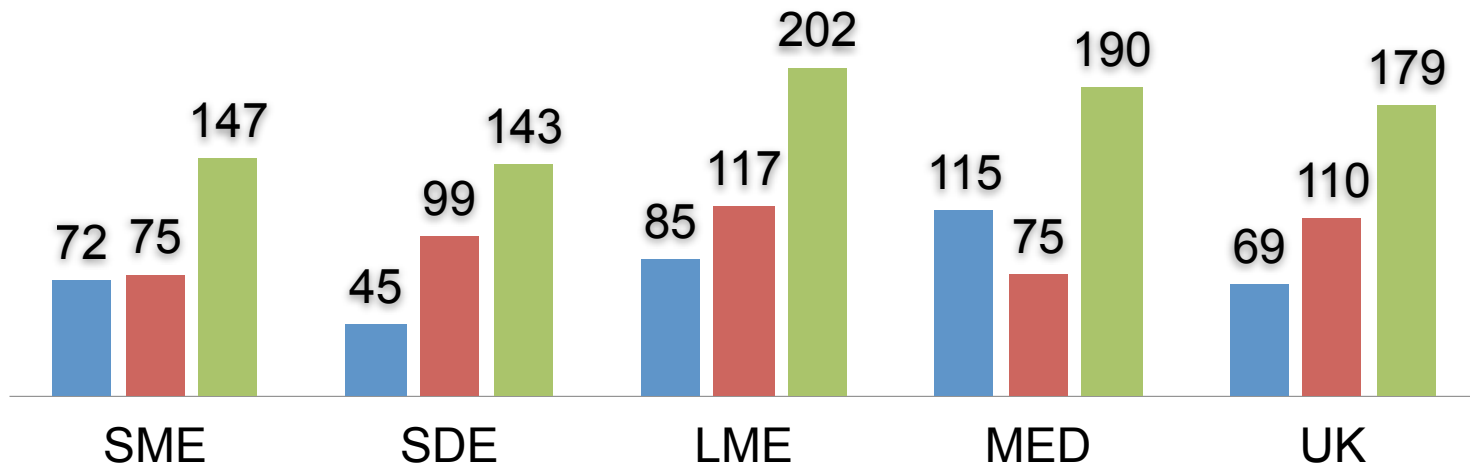
Unemployment Rates by Regime

■ 2007 ■ 2011





Public and private debt



Lifelong Learning System

The Nordic Countries – Education Institutions

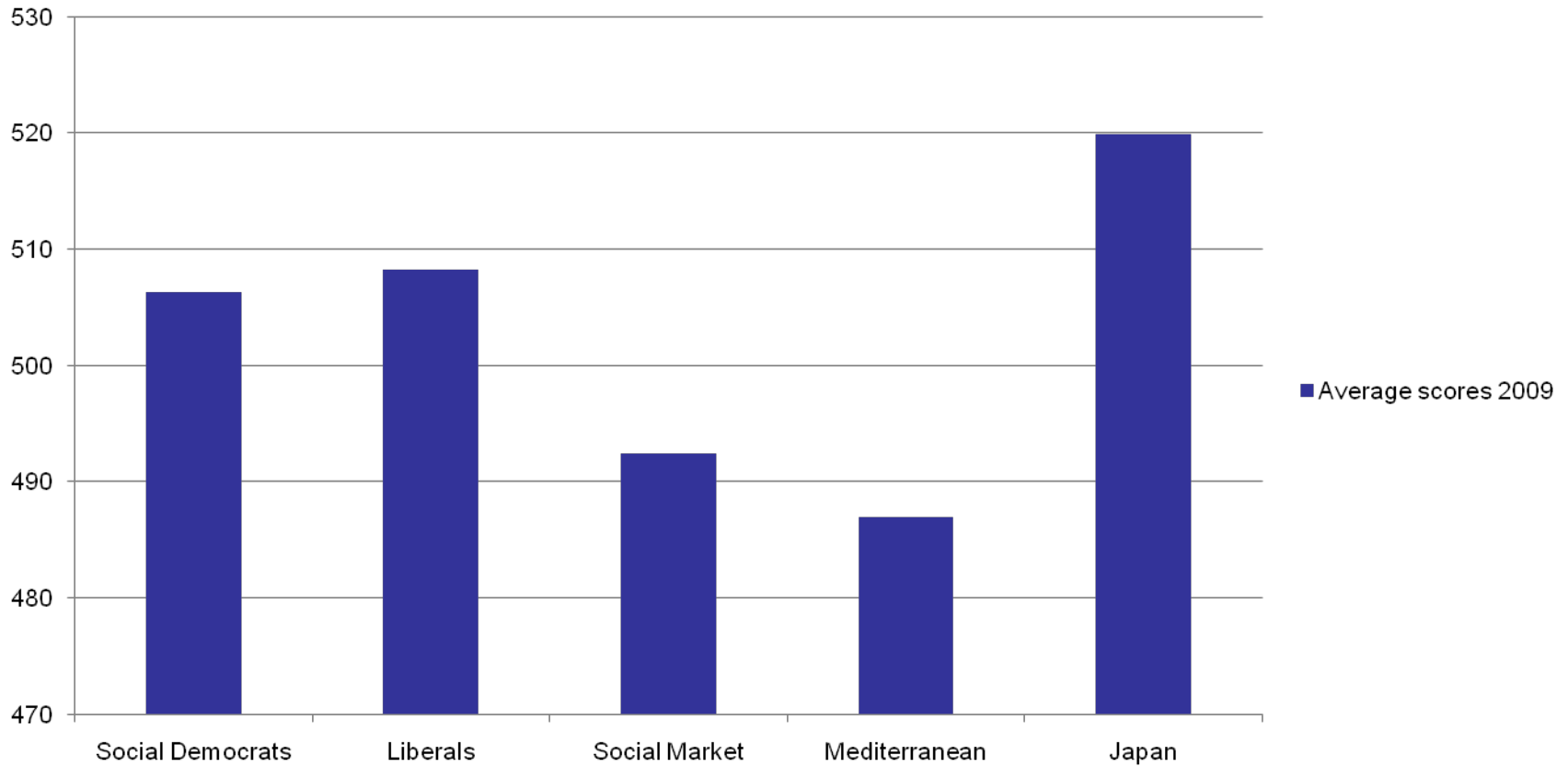
- Near universal low cost pre-school education;
- Comprehensive all-through neighbourhood primary and lower secondary schools;
- Little streaming and setting;
- Little school choosing with schools very similar;
- High levels of participation in Upper Secondary
- Extensive state-funded adult learning (including the adult folk schools and ALM policy);
- High average levels of skills;
- Narrow distribution of skills.

Social and Economic Effects of Nordic LLL

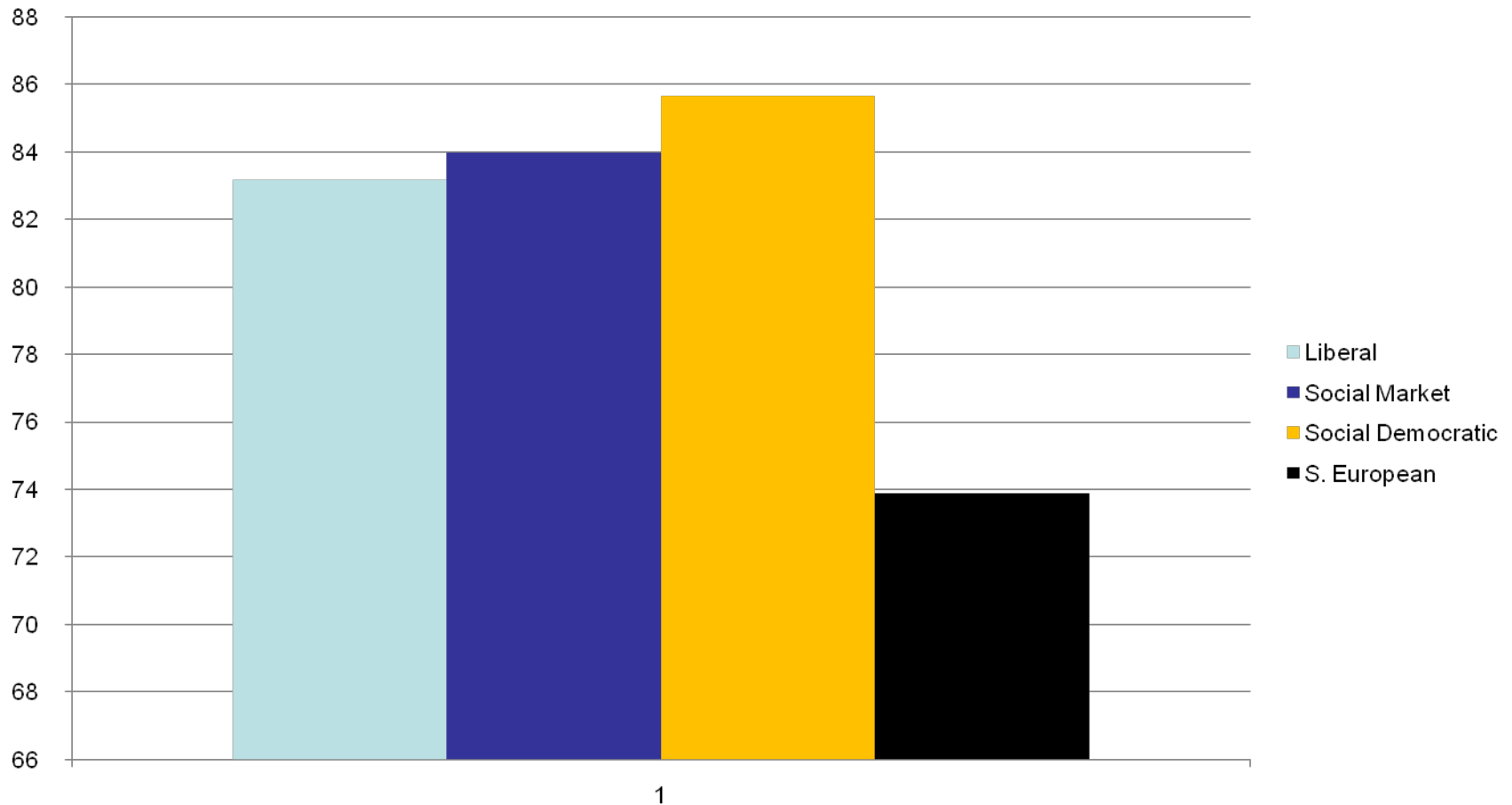
- Egalitarian school systems generate highly egalitarian educational outcomes and skills distributions which contribute directly to income equality and indirectly to social cohesion.
- Adult learning contributes to high employment rates and also to social inclusion through employment.

Average Scores at 15 on PISA by Country Group

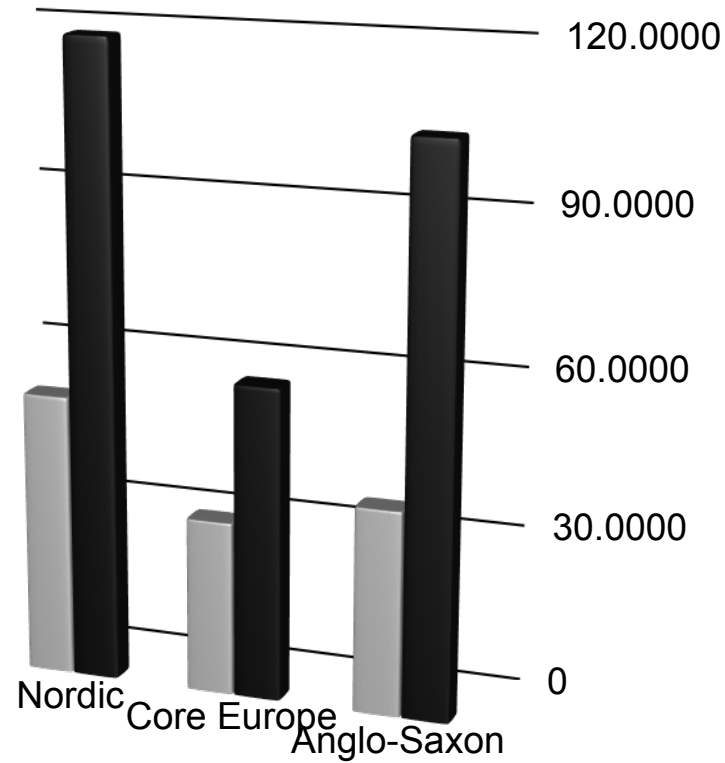
Average scores 2009



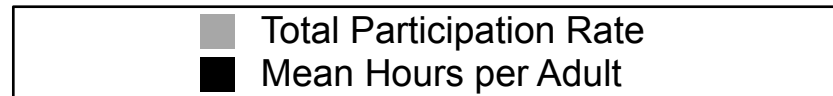
Graduation Rates from Upper Secondary by Country Group. 2009



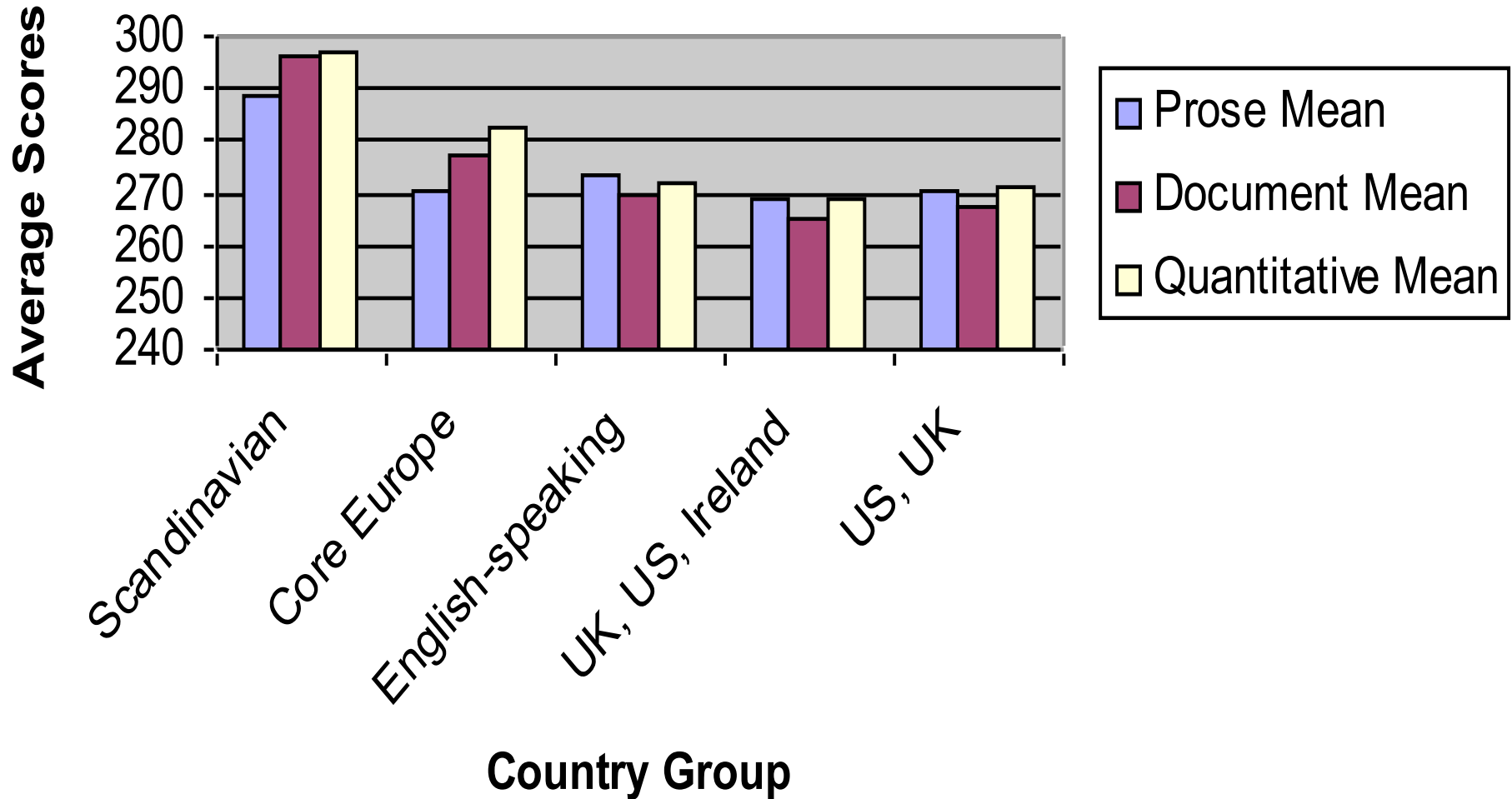
Participation of 16-65 Year Olds in Adult Education During the Previous Year. 1994-1998.



Region

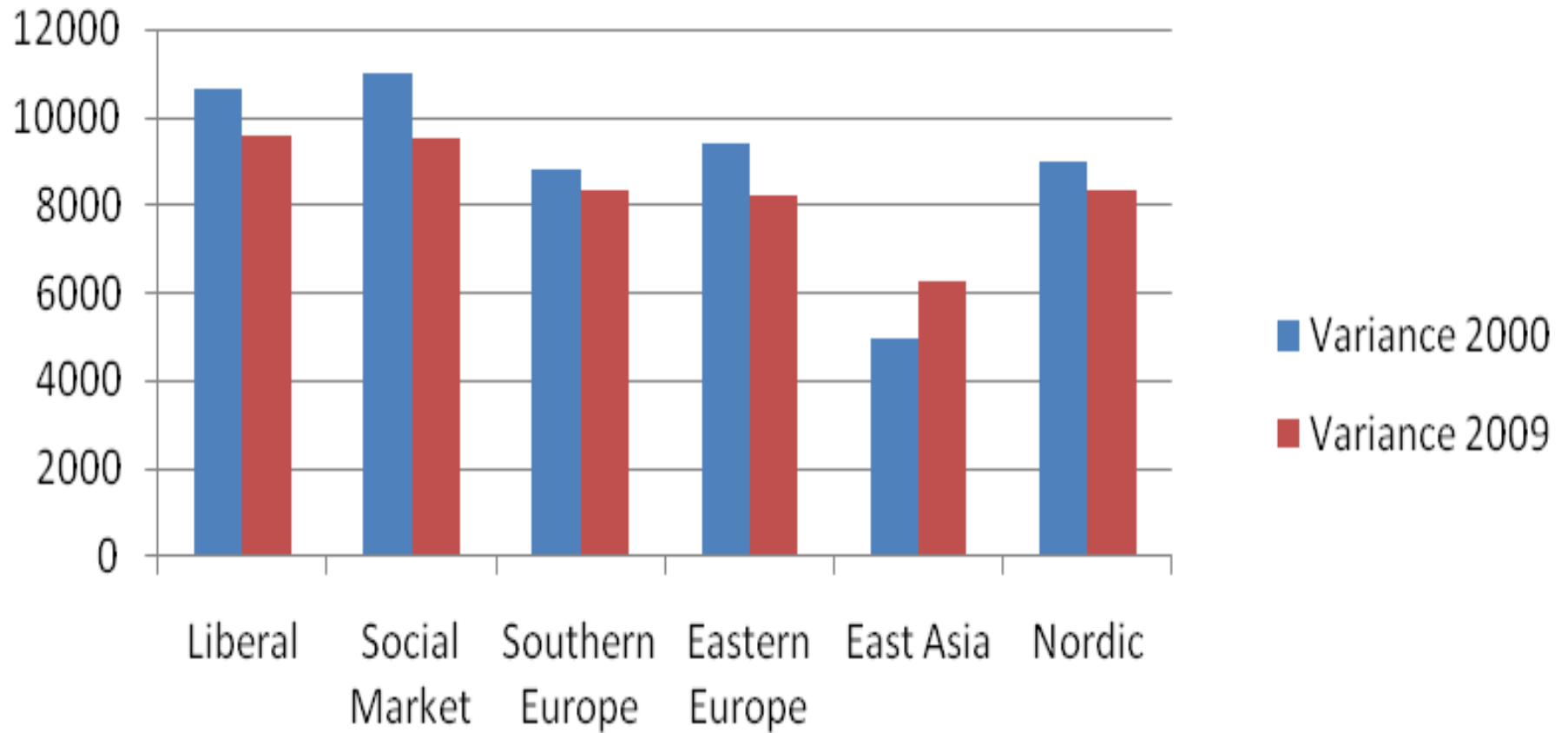


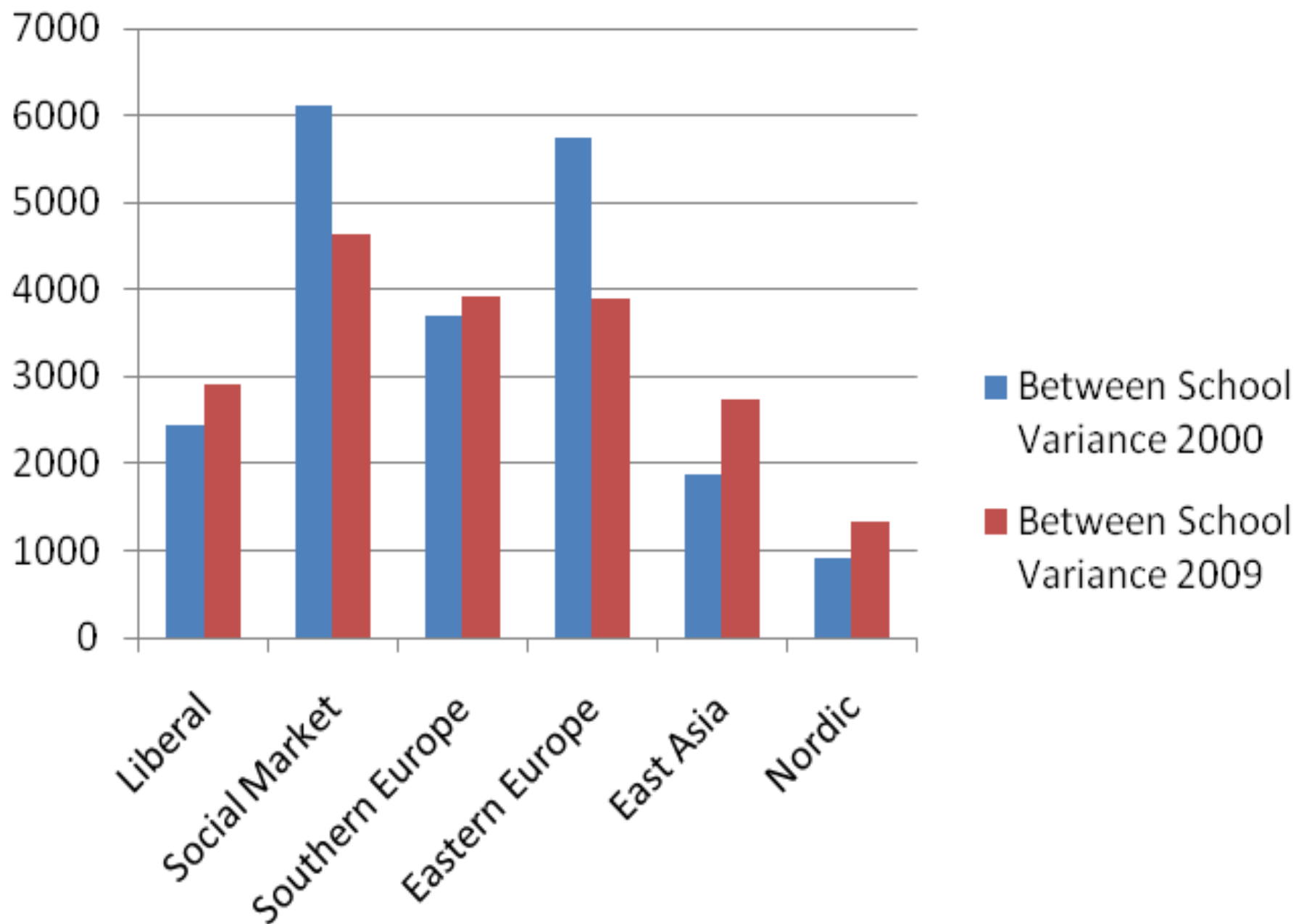
Scores on Prose, Document and Quantitative Literacy



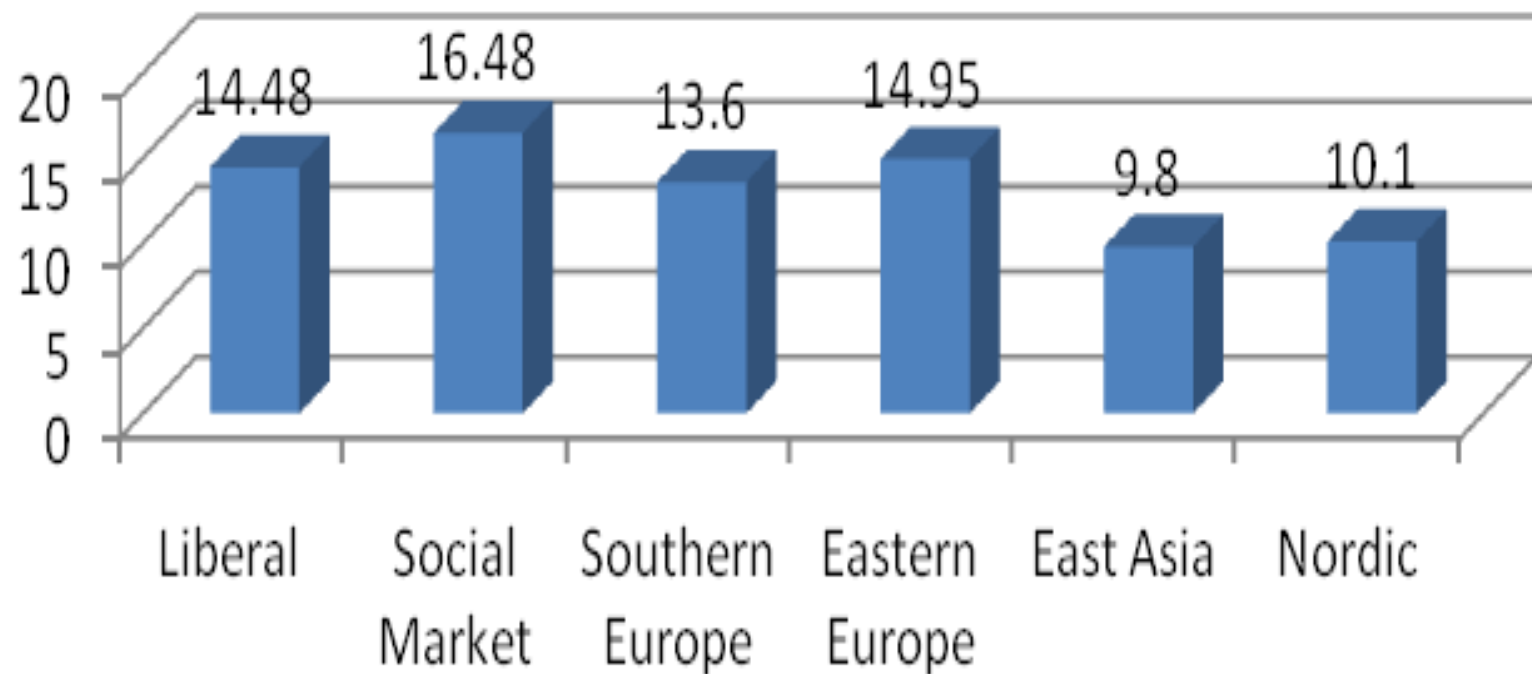
Skills Distribution

Skills Distribution at 15 (PISA)

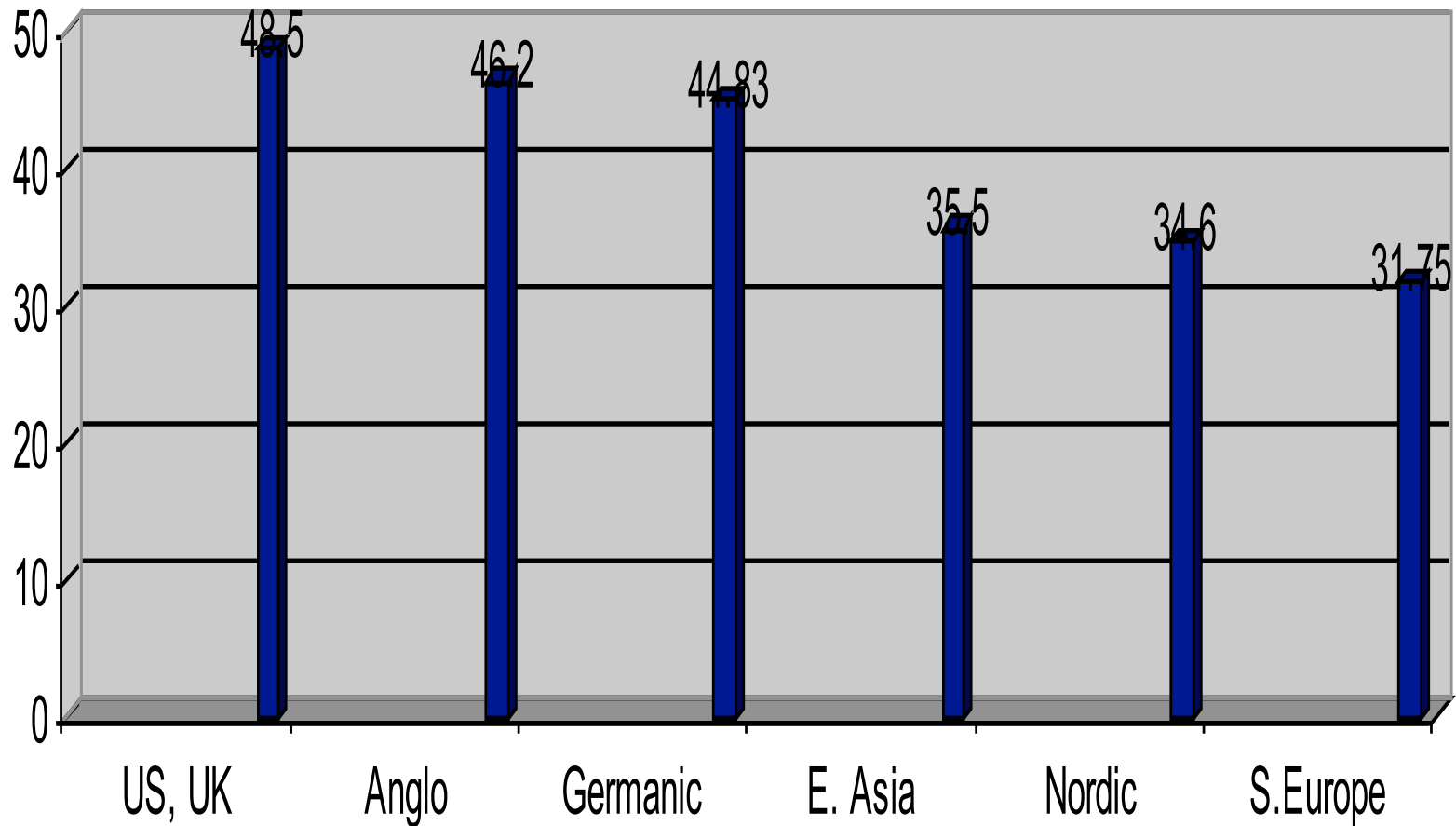




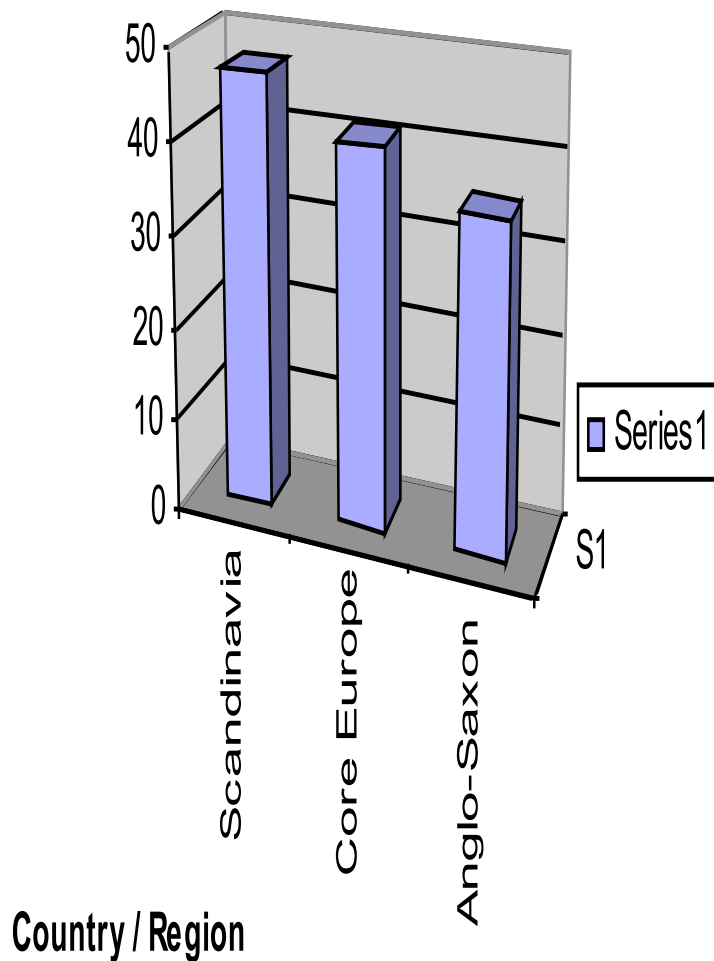
Percentage of Variation Explained by Student Background (ESCS) - 2009



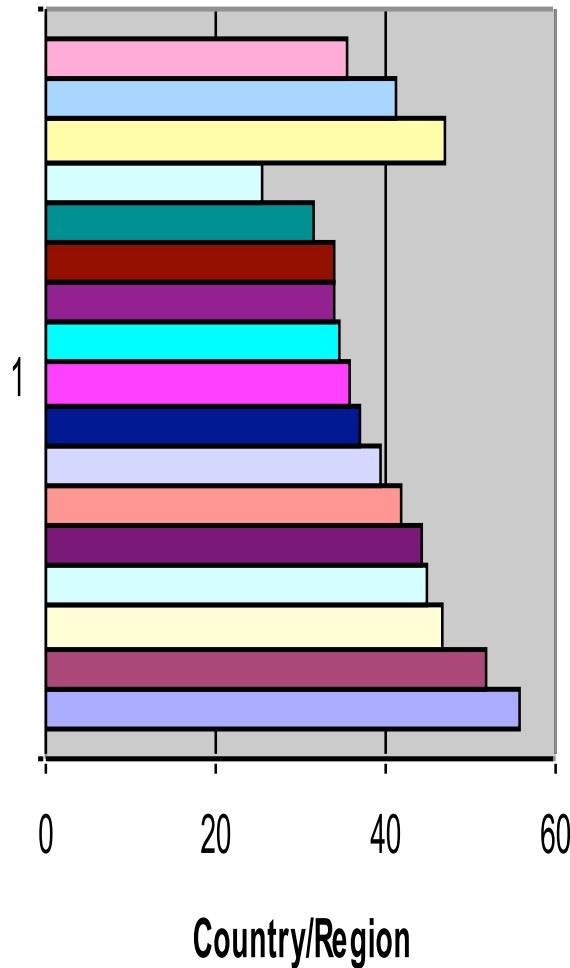
Score Point Difference Associated with One Unit on ESCS - Social Gradient



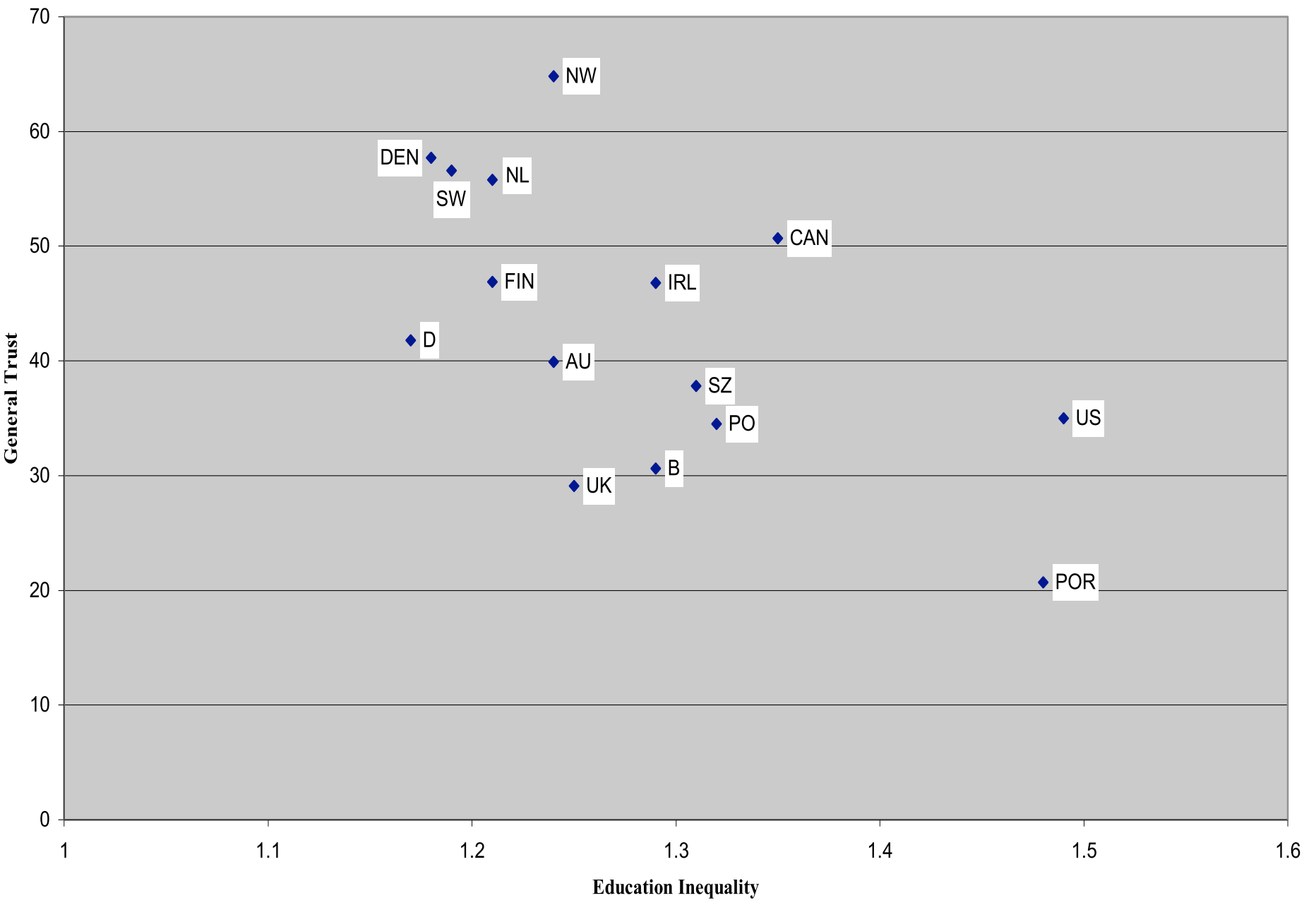
Proportion of Workers in High Skilled Jobs



Proportion of Workers in High Skilled Job



- Anglo-Saxon
- Core Europe
- Scandinavia
- Portugal
- Ireland
- Austria
- New Zealand
- Germany
- USA
- UK
- Canada
- Denmark
- Norway
- Switzerland
- Finland
- Netherlands
- Sweden



Social Outcomes

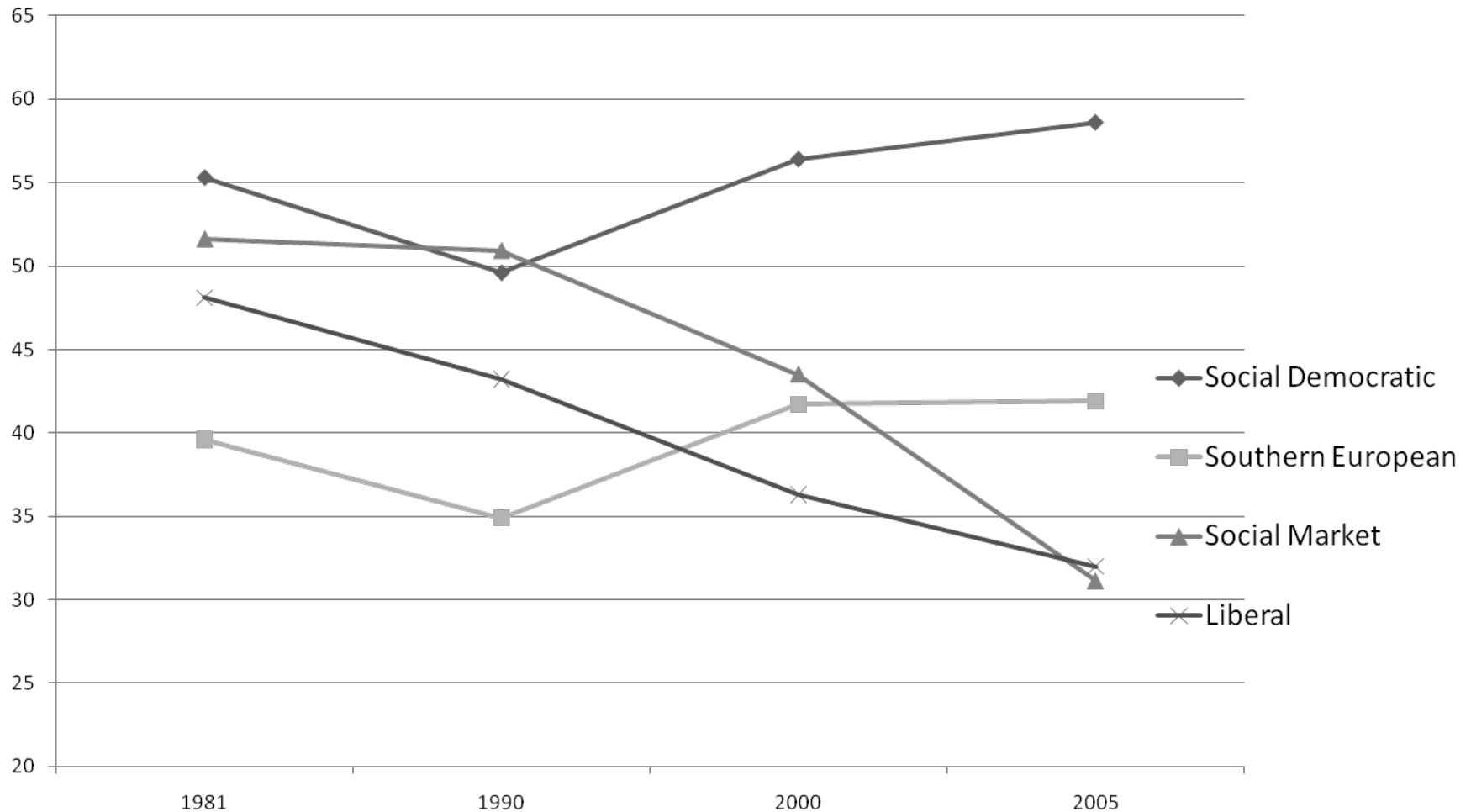
Social Outcomes in Nordic Countries

Social outcomes in Nordic countries:

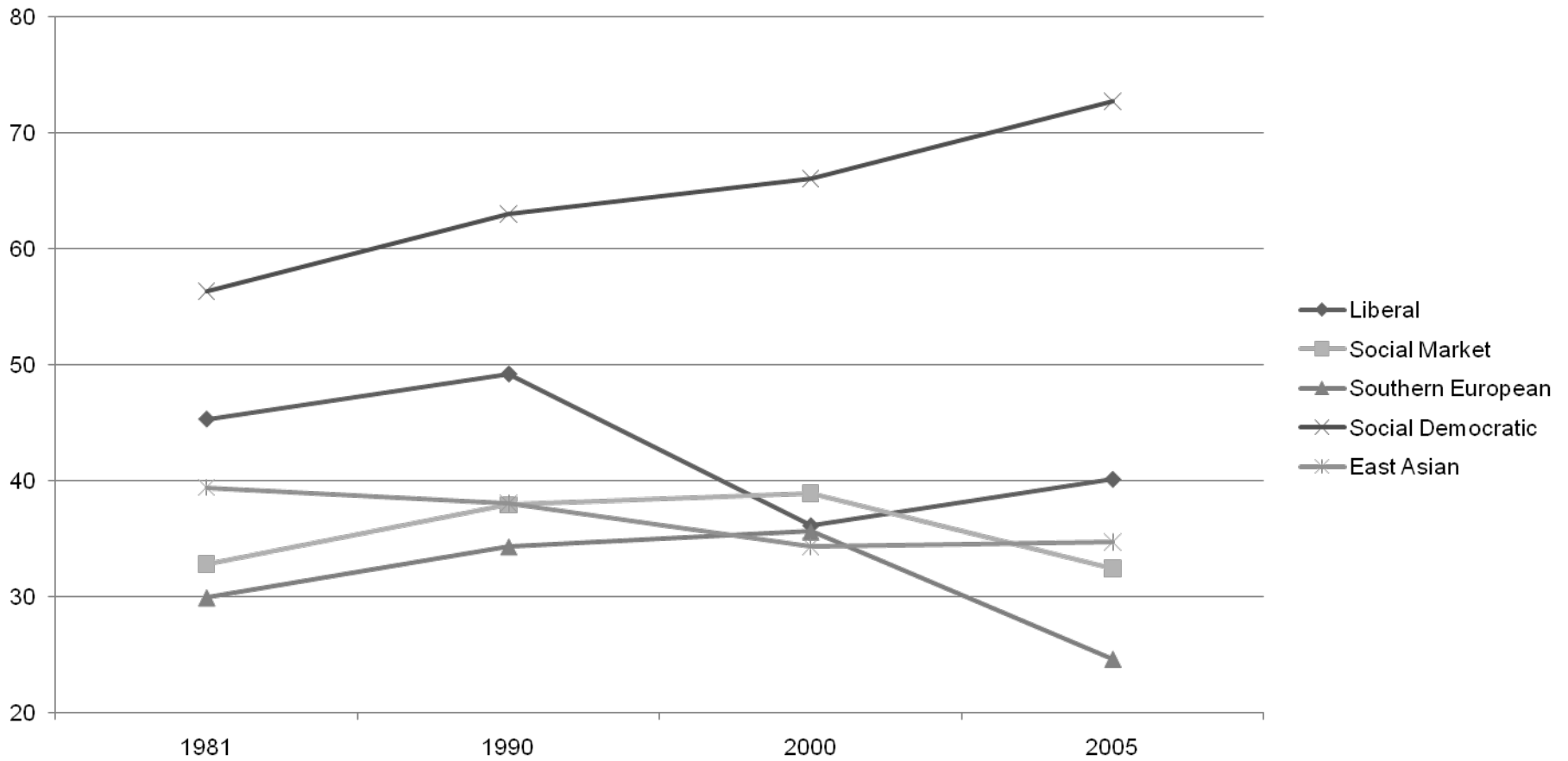
- Low rates of violent crime
- High rates of political trust
- High rates of social trust
- Stable levels of tolerance (until 2005)

Political Trust, 1981 – 2005

Source: World Values Survey

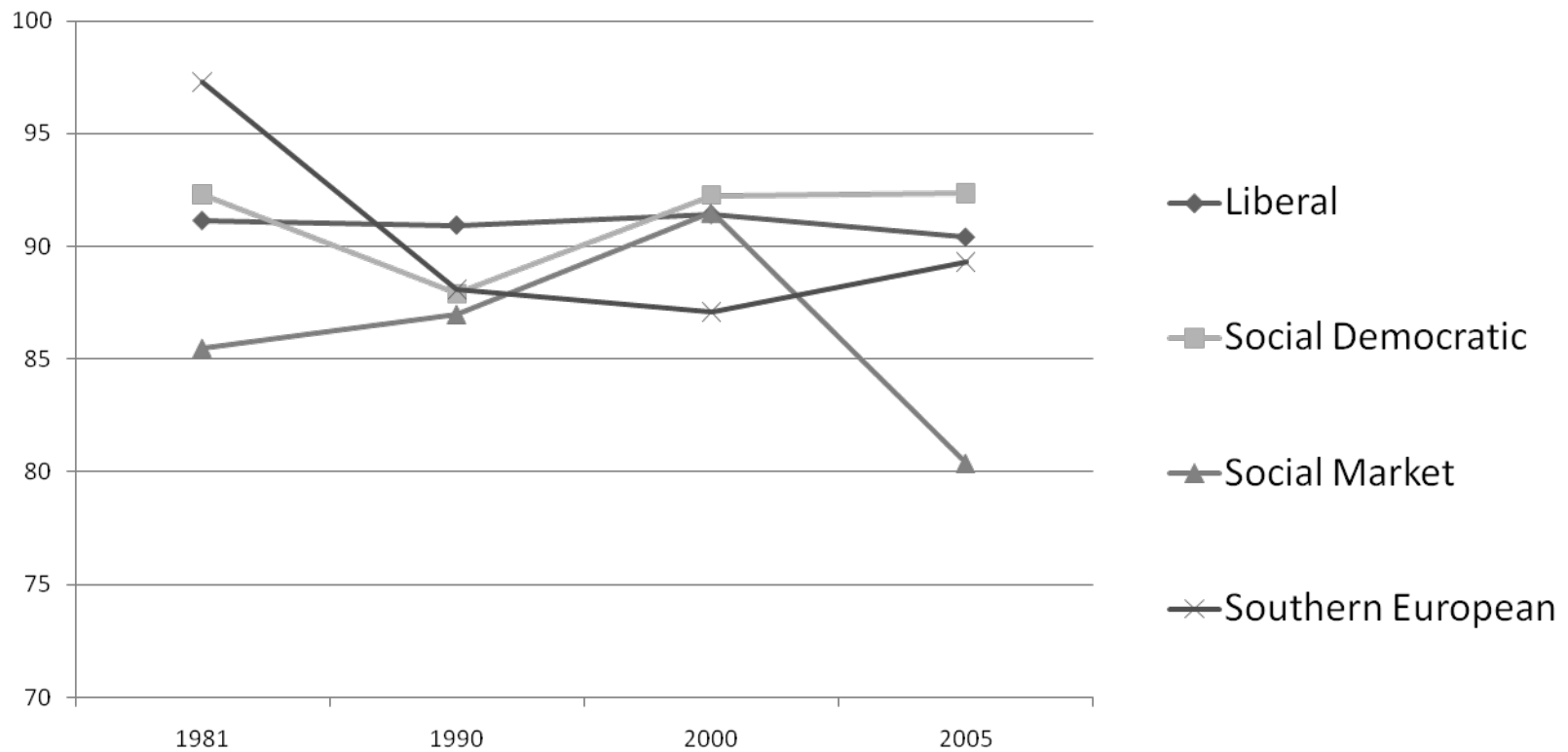


Trends in Social Trust (WVS)



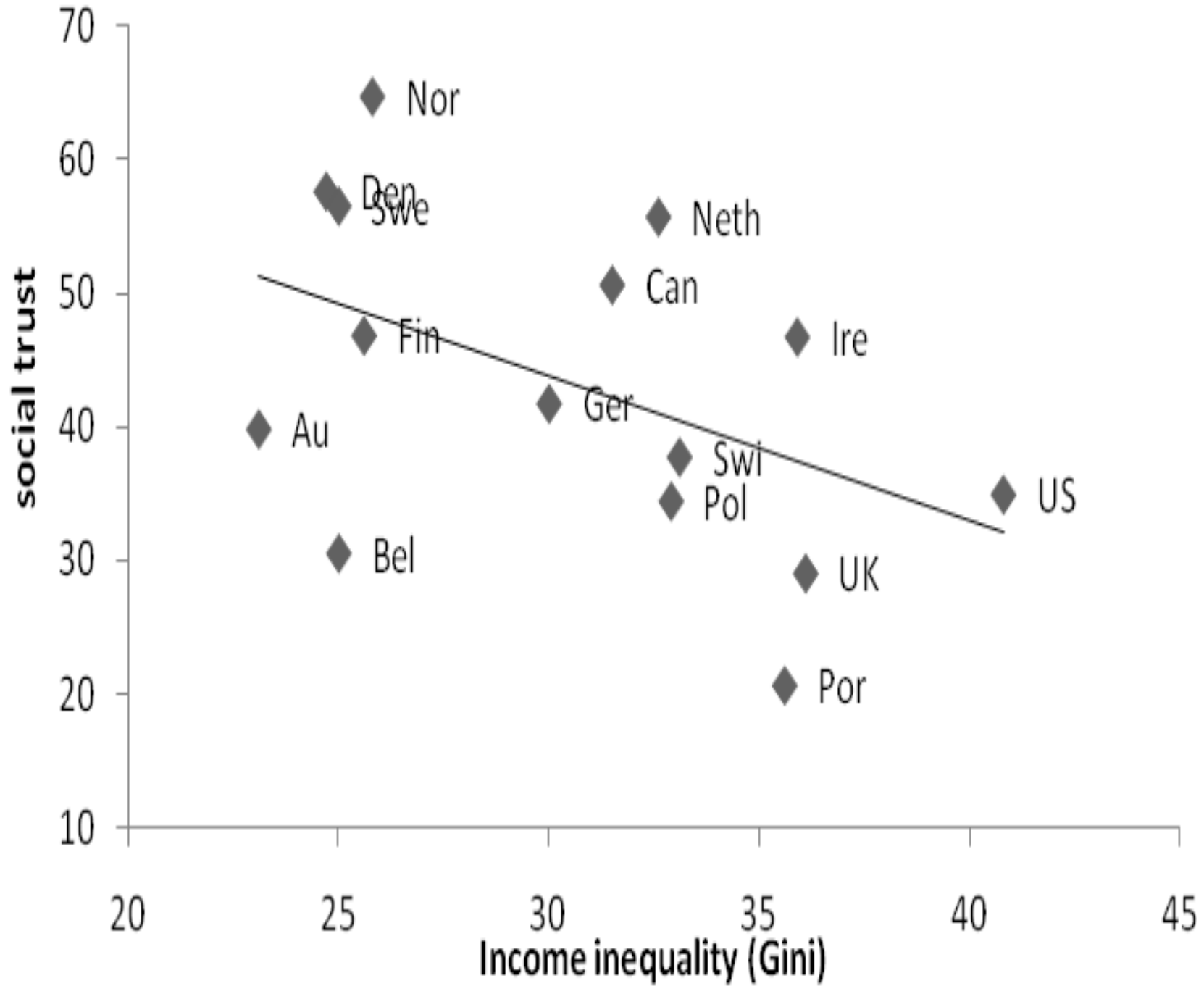
Trends in Tolerance, 1980 – 2005

Source: European Values Survey



Exceptionalism in Social Trust

- An analysis of WVS data on 55 countries Delhey and Newton (2005) suggests that Protestantism and ethnic fractionalisation together explain 46% of the variance in trust across countries. However, when you control for good governance and social spending, the significance of these factors declines markedly.
- Alesina and Ferrara (2002) Knack and Keefer, (1997) Putnam (2007) and Ulsaner (2002) all claim that ethnic diversity reduces trust but other studies disagree (Green et al, 2006; Hooge et al, 2009; Johnson and Soroka, 1999; Letki, 2009).
- Social and Political Trust were rising in the Nordic countries during a period when their societies were becoming much more diverse. Immigrants in Denmark, for instance, were 3.1 % of population in 1980 but 10.6 % in 2009.
- The most likely explanation of Nordic exceptionalism is the lower levels of income inequality combined with the more universalistic welfare systems.



Regimes of Social Cohesion

In our book on *Regimes of Social Cohesion* (Green and Janmaat, 2012) we identified three distinctive regimes of in the West:

- Liberal Regime (English-Speaking countries)
- Social Market Regime (north-west continental Europe)
- Social Democratic Regime (Nordics)

The most distinctive of these was the Social Democratic Regime where social cohesion was strongly embedded in institutions and associated with high levels of equality and social trust.

Postulated Social Cohesion Regimes in OECD Countries

Liberal

high inequality

high crime

low wage reg

low welfare

high value diversity

strong civil society

medium trust

high tolerance

low hierarchy

high gender eq

US

GB

Canada

Australia

New Zealand

Social market

medium inequality

low crime

high wage reg

high welfare

low value diversity

weak civil society

medium trust

low tolerance

high hierarchy

low gender eq

Germany

France

Belgium

Austria

Netherlands

Italy

Spain

Social-democratic

low inequality

low crime

high wage reg

high welfare

low value diversity

medium civil society

high trust

medium tolerance

low hierarchy

high gender eq

Sweden

Finland

Denmark

Norway

Confucian

low inequality

low crime

-

low welfare

low value diversity

weak civil society

medium trust

low tolerance

high hierarchy

low gender eq

Japan

South Korea

Regime indexes

| Liberal | | Social Democratic | | Social Market | | East Asian | |
|---------|-------|-------------------|-------|---------------|--------|------------|-------|
| Country | Score | Country | Score | Country | Score | Country | Score |
| | | | | | | | |
| USA | 16.81 | SWE | 15.90 | AU | 5.59 | KOR | 11.66 |
| CAN | 9.24 | DEN | 10.76 | POR | 3.12 | JAP | 9.10 |
| GB | 4.43 | NL | 8.15 | GER | 3.05 | CZE | 3.37 |
| IRE | -.14 | FIN | 7.42 | FRA | 2.27 | POL | 2.65 |
| GER | -.74 | B | 3.11 | ITA | 1.82 | ITA | 2.34 |
| NL | -1.93 | AU | .81 | B | .83 | SP | 2.02 |
| AU | -2.05 | GER | .28 | SWE | .45 | GER | -.12 |
| DEN | -2.13 | IRE | .19 | FIN | -.37 | AU | -.52 |
| SP | -2.27 | SP | -.42 | NL | -.59 | FRA | -1.35 |
| ITA | -2.49 | GB | -.80 | SP | -1.74 | GB | -2.03 |
| POR | -2.86 | FRA | -1.10 | DEN | -2.84 | NL | -2.49 |
| FRA | -3.96 | CAN | -2.62 | IRE | -3.14 | DEN | -3.69 |
| FIN | -4.48 | ITA | -2.92 | GB | -5.54 | CAN | -4.23 |
| SWE | -5.49 | USA | -3.26 | CAN | -6.76 | SWE | -7.24 |
| B | -6.08 | POR | -5.39 | USA | -11.33 | USA | -8.13 |

Why does Skills Inequality Matter for Social Cohesion?

Our research suggests that inequality in educational opportunities and outcomes has a significant effect on key aspects of social cohesion.

- Students who spend longer in mixed-ability classes are more likely to share basic values in areas such as tolerance and patriotism, regardless of their social or ethnic group.
- The more unequal the skills distribution among adults, the higher the rates of violent crime and civic unrest, and the lower the levels of social trust and civil liberties. For several of the indicators, these correlations also hold over time, suggesting that the relationships may be causal.

It seems likely that wide educational disparities generate cultural gaps and competition anxieties which undermine social bonds and trust.

Green, A., Preston, J. and Janmaat, J-G,
Education, Equality and Social Cohesion,
Palgrave, 2006.

Green, A. and Janmaat, J. G., *Regimes of Social
Cohesion: Societies and the Crisis of
Globalisation*, Palgrave, 2011.

LLAKES Research Papers can be downloaded
from: www.llakes.org