Sustainable Modernity – the Nordic Model and Beyond.
A Challenge to the business school agenda.

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Presentation at the UNICORN Conference
Oslo 27 April at BI Nydalen -
Prosocial Ground Rent Policy

• The ‘oil fund’ illustrates a combination of public mindedness, fair distribution and commercial agility that characterizes the Nordic model at its best.

• The organization of the petroleum sector builds on experiences from previous public appropriation of hydropower resources a century earlier where the public interest was safeguarded through concession laws.
EFFICIENCY AND EQUITY
THE NORDIC DUAL PREFERENCE FUNCTION

- Efficiency and Equity are both strongly rooted in Nordic cultural mindset
- Nordic societies have fairly consistently rigged themselves institutionally and commercially to live up to both expectations.
- They score reasonably well on indicators reflecting both dimensions

<table>
<thead>
<tr>
<th>EFFICIENCY</th>
<th>GDP Capita</th>
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<tbody>
<tr>
<td>Low</td>
<td>High</td>
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<tr>
<td>Mediterraneans</td>
<td>Nordics</td>
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<tr>
<th>EQUITY</th>
<th>Gini Index</th>
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<tr>
<td>Low</td>
<td>High</td>
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<td>Anglo-Saxons</td>
<td>Continuents</td>
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26.04.2018
Distributive justice

Relative size of CEO wages compared to average employee wages – for listed companies at various stock exchanges

Source: Aftenposten
THE COLLABORATIVE HERITAGE (THE HISTORICAL EXPLANATION)

• The concern with balancing commercial agility and fair distribution builds on a strong normative heritage combined with structural preconditions
• Cultural Heritage
• Structural Preconditions
• Class Compromises
• Strong Retention of Social Democratic ambitions
THE COMPETITIVE ADVANTAGE OF COLLABORATION (THE FUNCTIONAL EXPLANATION)

- A key to the Nordic Models are their capacity to orchestrate a *competitive advantage of collaboration*
- This chimes with recent research in evolutionary biology, based on multilevel selection.
- Selection at a higher level picks the winners.
- Collaboration, at lower levels may increase chances to win
- But collaboration is challenged by defection – individual preferences that may undermine the team.
Two Models of Economy and Society

Neoliberal:
- Consistent competition all the way through

Collaborative
- Complex interplay between collaboration and competition
Nordic competitive advantage of collaboration has to be approached as an integrated and tightly orchestrated ecosystem – a complex interplay of cooperative and competitive strategies within and across several domains: normative-cultural, economic, socio-political, economic and redistributive
The Nordic Models, a third way?

- Countries with small wage differentials have managed best under global competition
- Collective bargaining and competition enhancing competitive and fairwages
- Collective welfare-arrangements allow dynamic transformation
The Traditional Nordic Model

**Intn. Arena**
- Competitive Intn. Markets

**Free Trade Exchange Of Products**

**Domestic Arena**
- Competitive Domestic Markets
- Semi – Collaborative Negotiated work Life Agreements
Coverage Rates for Collective Bargaining Agreements
Female participation and welfare expences
NEW CHALLENGES AND SOLUTIONS?
Top Income Shares 1875-2011

(Source: Aaberge., Atkinson and Modalsli 2013)
Share of Workforce on Disability Support in Norge

Source: NAV - Statistics
Disabled as a Share of the Population by Age Groups

(Source Statistics Norway)
Challenges to the Nordic Model

Intn. Arena

Competitive Intn. Markets

Free Trade Exchange Of Products

Domestic Arena

Competitive Domestic Markets

Semi – Collaborative Negotiated work Life Agreements

Services with Posted workers

Inflow of cheap labour

X
The Laval Case: EU law puts a dent in Scandinavian labor organizing
Kravet om tariffavtale i Drammen havn
Holship Norge AS vs. Norsk Transportarbeiderforbund
Staffing and Asset Companies

Decoupling the classical Nordic Work-life model
Flexicurity

- **Flexible labour market**
  - Low employment protection: Easy to hire and fire (external flexibility). High job mobility, rapid structural change.

- **Active LMP**
  - Employment security: active labour market policy, activation, right and duty, individual job plan.

- **Educational policy**

- **Income security**
  - Income security (Unemployment benefits and cash benefits)

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NORWEGIAN BUSINESS SCHOOL
Finnish Citizen Wage Experiment

Government hopes two-year social experiment will cut red tape, reduce poverty and boost employment
Advanced’ functional flexibility and teamwork, by country

Source: Eurofund 2007
Ecological footprints in 2013 of selected industrial countries. The unit is Global Hectares.

Source: Global Footprint Network, 2017 National Footprint Accounts
Territorial emissions of CO2 (tonnes/capita) of four Nordic countries and the EU from 1990 to 2014.

Source: Global Carbon Budget (http://www.globalcarbonproject.org/carbonbudget) and World Bank Development indicators
## Norway’s Financial Greening

### Tabell 1. Inngåtte avtaler om kjøp av klimakvoter, forventet levering

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<tr>
<th>Avtale</th>
<th>Volum 2008-2012</th>
<th>Volum 2013 - 2020</th>
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*Note: The table continues with additional entries.*
CLIMATE GOALS
50 % CO2-reduction by 2020
95 % CO2-reduction by 2030

TRAFFIC REDUCTION GOALS
20 % traffic reduction by 2020
33 % traffic reduction by 2030

(from Gjølberg 2012 and 2013)
Government strategies to increase compatibility between CSR and advanced welfare states’ policies
IMPLEMENTING THE EX extrative INDUSTRIES TRANSPARENCY INITIATIVE

APPLYING EARLY LESSONS FROM THE FIELD

CORRUPTION PERCEPTIONS INDEX 2012: G20

The perceived levels of public sector corruption in the Group of Twenty countries.

Australia
Canada
Germany
Japan
United Kingdom

United States
France
Korea (South)
Turkey
Saudi Arabia

Brazil
South Africa
Italy
China
India

Argentina
Mexico
Indonesia
Russia

SCORE

0-9
10-19
20-29
30-39
40-49
50-59
60-69
70-79
80-89
90-100

Very Clean
The Welfare Paradox

• The Welfare state may be undermined by its success
• Lacking productivity increase in (public) services make them relatively more expensive than private industrial products.
• Will the increased public service burden be accepted by an increasingly rich population?
CHALLENGES TO BUSINESS SCHOOL AGENDAS

• Challenge to methodological individualism
• Appreciation of multilevel selection and the competitive advantage of collaboration
• The need to consider the public interest and its manifestations
• Challenging the tyranny of static efficiency. Adding dynamic efficiency and the potential for change