

The Nordic Model. Embracing globalization and sharing risks

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Abstract

Is there a Nordic model? What are the main characteristics of the Nordics? What challenges are they facing? Is the Nordic welfare state viable in conditions of globalization and ageing populations? What reforms are needed? The Nordic countries have attracted much international attention in recent years. The school system in Finland has repeatedly been ranked the best in the world. The Swedish pension reform is a benchmark in the international debate. Danish flexicurity figures prominently on the policy agenda in the EU and the OECD. The economic performance of the Nordic countries has been impressive in comparative terms: rapid growth, high employment, price stability, healthy surpluses in government finances. The Nordics have embraced globalization and new technologies. Cross-country comparisons support the view that the Nordics have been successful in reconciling economic efficiency with social equality. While successful in the

past, the Nordic model is facing increasingly serious challenges in the future. Globalization and the demographic transformation have major consequences for labour markets and the public sector. The viability of the Nordic welfare state as it exists today is put into question. This report offers an in-depth analysis of the Nordic model, explaining its key features and evaluating its performance as well as setting out its challenges. It examines many of the quick fixes put forward in public debate and explains why they are unrealistic or based on erroneous reasoning. The report also outlines the main elements of policy that reform of the Nordic model should focus on.

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