1 Summary

1.1 Course content

The course explores the economics of the societal model of northern Europe. This model, often termed “the Nordic model”, has received increased attention during the last years. Today, many look to the Nordic countries in search of role models for how low inequality can be combined with good economic performance. The aim of the course is to provide a basic understanding of the Nordic model as an economic and political system. What are the main features of the model? In what way has the model contributed to the high level of affluence and equality that characterizes the Nordic countries today? The course will introduce students to key institutions of the nordic welfare states, with an emphasis on labor market institutions and multi-tier public sector governance. The course will also discuss how the Nordic model is affected by competitive forces.

1.2 Setup

- Lectures: 4 days (the Thursdays in February), 5 hours of lectures each day (10-12 and 13-16). For locations see below
- Evaluation: Two essays. Details will be discussed at the course
- Readings: See below

2 Modules

2.1 Part 1: The Nordic model — features and background

Date: Thursday, February 4th
Lecturer: Jørgen
Location: Room BP101

  - How tax rates, growth and inequality differ across the world. Typology of economic systems.
  - Details on the Nordic model


Lectures 2-3: The political economy of the Nordic model. Theory.
- The median voter theorem
- Welfare states as redistribution vs. welfare states as social insurance
- Universalistic systems and voter support

Lectures 4-5: Inequality and growth
- Is inequality good or bad for growth?
- Economics I: elementary public economics (deadweight loss of taxation, general belief in markets)
- Economics II: Inequality, growth and capital accumulation
- Main reading: Parts of Benabou (1996), other to be announced

Part 2: Decentralization

Date: Thursday, February 11th
Lecturer: Jon
Location: Room B0019 (10-12), Room B233 (13-16)

Lectures 1-2: Theory

Lectures 3-5: Empirics
- Scandinavian local public institutions: Rattsø (1998), Part 1
- Public Spending: Fiva & Natvik (2009)

Part 3: More on labor markets and economic performance

Date: Thursday, February 18th
Lecturer: Jørgen
Location: Room A006 (10-12), Room B223 (13-16)

Lectures 1-2: Scandinavian labor markets and bargaining systems
- Characteristics of Scandinavian labor markets
- Centralized bargaining
Public sector employment


Lectures 3-4: The emergence of the Nordic model

Brief historical overview of the Nordic countries (reading: to be announced)
Wage coordination
Human capital and other historical determinants
Main readings: Moene & Wallerstein (1995). More historical sources may be added here.
Supplementary readings: Sandberg (1979)

Lecture 5: Can the Nordic model be a viable development strategy?
Open discussion
Main reading: Moene & Wallerstein (2006)

2.4 Part 4: The Nordic Model and Globalization

Date: Thursday, February 25th
Lecturer: Jon
Location: Room A006

Lectures 1-3: Theory
Has globalization gone too far? Rodrik (1997)
The selection principle Sinn (2003)

Lectures 4-5: Empirics
Why do more open economies have bigger governments? Rodrik (1997)

References


