Big Lessons from Small Nations: How to Do Comparative Policy Analysis

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Harvard Institute for Government, S8Nations
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ISPS policy-related skills training series
Institution for Social and Policy Studies, Yale University
Big Lessons from Small Nations (Even for Switzerland)
Today's Presentation

- Overarching Thesis
- Secret Sauces
- Big Lessons from Small Nations
- New Order
- S8 Nations
A Difficult Time to be a Large Nation

- Donald Trump impeached; nation divided
- Boris Johnson Britain’s 3rd prime minister in as many years
- Angela Merkel is on her way out; successor resigns
- Italian government has been dissolved
- Shinzo Abe + Emmanuel Macron have lost the confidence of their voters
- Russia, India, Turkey, Brazil
Discover what’s right – and replicate

“There are so many more ways for things to go wrong than to go right. Success is far more valuable to explain than failure.”

Steven Pinker, Harvard University
Diagnosing a Nation’s Health – e.g.

- Disposable Income
- PISA scores
- Gini Coefficients
- Co2 emissions
- Patent filings per capita
- Debt as % of GDP
- Trust in Government
- Social cohesion
- Happiness
Big Things in Small Packages

- **9 of top 10** IMD’s *Global Competitiveness Report* (2019)
- **11 of top 15** per capita income
- **8 of top 10** Sustainable Dev. Goals (SDG)
- **10 of top 10** in ‘Happiness’ rankings
<table>
<thead>
<tr>
<th>City</th>
<th>Country</th>
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<tbody>
<tr>
<td>Vienna</td>
<td>Austria</td>
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<td>Zürich</td>
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<td>Wellington</td>
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16: Toronto, Canada
17: Melbourne, Australia
18: Luxembourg, Luxembourg
19: Ottawa, Canada
19: Hamburg, Germany
21: Perth, Australia
21: Montréal, Canada
23: Nuremberg, Germany
23: Stockholm, Sweden
25: Oslo, Norway
25: Singapore, Singapore
27: Stuttgart, Germany
28: Brussels, Belgium
29: Adelaide, Australia
30: Canberra, Australia
31: Helsinki, Finland
32: Calgary, Canada
33: Dublin, Ireland
34: San Francisco, United States

Best Places to Live

Bigger doesn’t mean Better
S8 Nations “Arriving at the Future First”

1. Denmark  RENEWABLE ENERGY
2. Finland  PRIMARY EDUCATION
3. Holland  AGRICULTURE TECHNOLOGY/PENSIONS
4. Ireland  ATTRACTING FOREIGN COMPANIES
5. Israel  STARTUP ECOSYSTEM
6. Singapore  COST-EFFICIENT HEALTHCARE
7. Sweden  UNICORNS, GENDER
8. Switzerland  DENSITY OF LEADING MNC
More competitive, less voice

High Performance. Yet, Low Voice

Trajectory

Competitiveness

Voice

Competitiveness

1980  Time  2018

S8  G20

S8  G20
Economies of Scale
— what Gravity is to Physics
Bigger Doesn’t Mean Better

Correlation $r = 0.9$

Correlation $r = -0.020$
Economic Power has Decoupled From Size
What’s their Secret Sauce?
Wealth Creation via Exports

The value of global exports

Time series of value of world exports at constant prices, relative to 1913 (i.e., values correspond to world export volumes indexed at 1913=100)

Source: Federico and Ten-Vrugt (2016)
Capitalism = Innovation

The World's Most Innovative Countries
2019 rankings of the Global Innovation Index (100=most innovative)

- Switzerland: 67.24
- Sweden: 63.65
- United States: 61.73
- Netherlands: 61.44
- United Kingdom: 61.30
- Finland: 59.83
- Denmark: 58.44
- Singapore: 58.37
- Germany: 58.19
- Israel: 57.43
- South Korea: 56.55
- Ireland: 56.10

* Scores determined through various factors such as business sophistication, level of human & capital research and creative outputs.
Source: World Intellectual Property Organization
More ‘We’; less ‘Me’
Shorter Degrees of Separation
(=> trust; less fake news)
Hierarchy vs. Network

Adaptability vs Sheer Strength

Co-dependency vs directive
TRUST MATTERS
Institutional trust and GDP per capita

Source: Authors’ calculation from European Social Survey 2010 and World Bank data.
Yes, PISA scores matter but even more important is **Educating Better Citizens**

**Good Citizenry:**

- Equal opportunity – not outcome
- Public school is superior option
- Common pathway – common values
- Teachers well paid; high social esteem
- Conscription = social glue
‘Marshmallow’
Test

Ability to solve slow-unfolding but critical problems

debt
climate
pensions
inequality
Modesty Helps
Small nations adapt to endogenous forces because they must.
Big Lessons from Small Nations (Examples)
Copenhagen – Relearning Life at 3km per hour (1970 vs Today)
Streets in Zwolle, Netherlands, made from recycled plastic
‘Naked Produce’— NZ ditches plastic packaging
Singapore Health Care – “Skin in the Game”
Singapore Health Care - BETTER BANG FOR BUCK (75% < US)

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<thead>
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<th>Rank</th>
<th>Rank 1Y Ago</th>
<th>Chg</th>
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<th>Efficiency Score</th>
<th>Life Expectancy</th>
<th>Relative Cost %</th>
<th>Absolute Cost $</th>
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Israel – Unit 8200 Special Military Forces
Best at Dealing with Covid 19 = Small Nations + Female (mainly young) Heads of State
Arriving at the Future First - examples
What will nation states look like in the future?

Changing dynamics of state formation

Source: Alesina and Spolaore, 2005 R.J. Breiding 2019
Future of Citizens
Societies will be Severely Stress-Tested

- Pandemics
- Climate – no Plan ‘B’
- 100-year lives (Health Care / Pensions)
- Reproduction rates = Immigration
- Information Discovery (FB, “fake news”)
- Money doesn’t cost (yield) anything
- AI - job insecurity
Old Order

- **Right** – ‘Government mucks everything up’
- **Left** – ‘Markets left on their own end up in tears; Can’t deal with shared problems (climate, pandemics, health care, pensions, data)
- **Result** - *Throwing bricks at each other*
New Order

- *Example set by Small, Smart Nations*
- *More* markets
- *Better* Government
- Result
- *More Cooperation and less polarization*
S8nations
Smart Nations. Big Impact.
The new world disorder

If America pulls back from global institutions, other powers must step forward
Objectives: From Pragmatic to Ambitious

• “Look over the Garden Hedge”
• “Good Housekeeping Seal” – accelerate progress
• Fill void of multilateral institutions driven historically by US/UK
• Experiment!
A small selection from the growing S8 network:

Chan Heng Chee
Singapore
Ambassador

Miika Huttunen
CEO, Shaz

Jim Snabe
Chairman, Siemens/Maersk

Feike Sijbesma
Honorary Chairman, DSM

Rianne Letschert
Rector, Maastricht Univ.

Urs Wietlisbach
Co-Founder, Partners Group

Steven Pinker
Prof. Psychology, Harvard Univ.

Wiebe Draijer
CEO, Rabobank

André Hoffman
Vice Chairman, Roche

Risto Siilasmaa
Former chairman, Nokia

Paul Polman
Former CEO, Unilever

Bengt Holmström
Nobel Laureate
Prof. Econ MIT
We must dare to see our lives in a wholly different light.

How do they do it elsewhere?

What can we learn from other societies?

Are we engaged and doing our best?

Reimagining the World
Thank you!

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