BUSINESS, VALUE CREATION, AND SOCIETY

Nordic Capitalism

Lessons for Realizing Sustainable Capitalism

ROBERT GAVIN STRAND



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Nordic Capitalism

Nordic Capitalism shows how democratic capitalism supports freedom, shared prosperity, and sustainability through a comparative analysis of Nordic and American capitalisms. Drawing on real-world examples and personal experience, Robert Gavin Strand distills ten core lessons from the Nordic context to advance a more just, dignified, and sustainable form of capitalism. He examines how Nordic nations consistently lead in the Sustainable Development Goals (SDGs) rankings and societal well-being indicators, and how Nordic companies frequently top sustainability and stakeholder performance rankings. Challenging the assertion that there is "no alternative" to American-style capitalism rooted in neoliberalism, he dispels the mischaracterization of Nordic societies as "socialist." Blending rigorous scholarship with compelling storytelling, this book speaks to scholars, business leaders, policymakers, students, and concerned citizens. The Nordic variety of capitalism serves as a North Star – offering practical guidance and hope for realizing sustainable capitalism. This title is also available as Open Access on Cambridge Core.

ROBERT GAVIN STRAND is the founding Executive Director of the Nordic Center at the University of California, Berkeley; Executive Director of the Center for Responsible Business at the Berkeley Haas School of Business; and Associate Professor at Copenhagen Business School. A leading global expert on sustainable business, he is a preeminent voice advancing democratic capitalism as the foundation for realizing sustainable capitalism.

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"Where democracy is in charge of capitalism, the people win. When capitalism is in charge of democracy, the oligarchs win. In this important book, Robert Gavin Strand shows how democracies can stay in charge. *Nordic Capitalism* explains that the Nordic nations can be a model for the US, and how democratic capitalism serves the many, not the few."

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"*Nordic Capitalism* reminds us how free societies stay free: rebuilding social capital, strengthening institutions, and reviving the story of the common good. The Nordic nations, more than any others, have found a way to have a capitalism that excels in both dynamism and decency. In this important book, Strand shows us how they do it, and how other nations can learn from them."

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"From Greta Thunberg to carbon taxes, this timely and compelling book explores how the Nordic countries have become global exemplars of sustainability – without compromising innovation, economic freedom, or prosperity. Blending case studies with personal insights, it reimagines what responsible leadership looks like in the twenty-first century."

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"A book for anyone who wants to learn a model of sustainable capitalism that works for both people and the planet."

Rose Marcario
Partner at ReGen Ventures and former President and CEO of Patagonia, Inc.

"*Nordic Capitalism* shows how Nordic prosperity is built on putting people before profits. Strand holds up a clear mirror to Nordic societies, revealing what works and what must improve. A timely call

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for Nordic leadership grounded in mutual respect, cooperation, and democracy in today's turbulent world."

Mads Øvlisen
Former CEO and Chairman of Novo Nordisk,
former Chairman of LEGO and author of *Heartcore*

"Chances are that the person picking up this book knows of only one variant of capitalism – shareholder capitalism which is practiced in the United States and most western countries. But in this book, Robert Gavin Strand shows us that there are other ways to structure our economy and presents Nordic capitalism as a model for what is possible to serve all of society and not just favor the small percentage of wealthy."

Andrew J. Hoffman
Professor, Ross School of Business, University of Michigan and
Author of *Business School and the Noble Purpose of the Market* (2025)

"How can an economy lead in dynamism, happiness and sustainability? In *Nordic Capitalism*, Strand explores this question through companies like Novo Nordisk, Nokia, Equinor, and IKEA – firms that pair global success with innovation, worker protections, and cultures of cooperation. The Nordic economic model challenges assumptions about market economies. Strand's compelling book is essential reading for anyone interested in a better form of capitalism."

Andrew Nestingen
Professor of Scandinavian Studies,
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University of California, Berkeley
Copenhagen Business School

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For Oliver Lamb and Jesse Brone –
may purpose be our guide

And to Jonas, Mikkel, and Sarah –
my purpose

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Foreword

Robert Gavin Strand has given us an argument that the traditional form of shareholder capitalism is not what it has been cracked up to be. And, that the Nordic countries have invented a much more effective system for both business and capitalism. He shows how the Nordic approach to business creates value for the entire society, including stakeholders and investors in the companies that make up the business sector. In addition, Strand shows how this approach can help us make progress on the challenges of sustainable environments, fairness in employment, and other societal issues. Business in the Nordic countries is seen as an important institution in society, and it is critical in building both individual wealth and the good society. Executives in these countries see their job as not only creating value for investors, but also as contributing to the well-being of all in society through their innovative business models.

Nordic Capitalism is a very important book. Since the near destruction of the world economy during the Global Financial Crisis in 2008, many have argued that the dominant system of business, conceptualized as "the physics of money," has run its course. There have been many proposals for reform, yet curiously there has been little discussion of how the Nordics have done things in a very different manner. *Nordic Capitalism* corrects the omission. Strand takes us through the principles that are involved in the Nordic approach, and shows us the effects on individual citizens, companies, and society as a whole. He focuses on the key idea of "cooperative advantage," which does not deny the reality of competition in business, but realizes that a business can only be successful if it catalyzes the support of its stakeholders, its customers, employees, suppliers, communities, investors, and society. The book is full of examples of how many firms have interpreted this idea and made it the center of their business models.

As we construct a deeper conversation around the world about the variety of systems of business that we need to address the challenges

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that face us, Strand suggests that the Nordics can be a source of innovation, value creation, and inspiration. We will be repaid many times over for studying the ideas in this original and highly readable book.

R. Edward Freeman
Bachand University Professor
The Darden School
University of Virginia

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Jordbær *(Opening Reflection)*

Come the summer solstice, *jordbær* are ubiquitous across much of the Nordic region. *Jordbær* is the Danish and Norwegian word for "strawberries" – literally, "berries of the Earth." Graduating students are greeted with a bowl of *jordbær* in celebration. Construction workers snack on fresh-picked *jordbær* on the train after work. Fancy cakes in bakery windows feature sliced *jordbær* as adornment. Children nibble on *jordbær* while riding in the family cargo-bicycle as their parents pedal. A simple pleasure, broadly shared.

Several summers ago, when my children were very small, my family was enjoying one of Copenhagen's many lovely public parks when a nearby group got up to leave. Before departing, they offered us their extra *jordbær*. I would hesitate to accept such an offer from strangers in the US, but it felt right to trust them. We shared *jordbær* on the lush green grass that late afternoon.

Jordbær in the Nordic region are much smaller than their American counterparts – those supermarket giants available year-round – but they offer a deeper, richer flavor. There's a quiet humility in the Nordic *jordbær*'s simplicity and naturalness. Modest in size, yet reliably good – perhaps not unlike the Nordic nations.

The *jordbær* is a fitting symbol of Nordic capitalism.

Nordic capitalism is built around making everyday life good for the We of society through systems that expand individual freedom and increase the likelihood that everyone has the opportunity to flourish. The elements of Nordic capitalism are not necessarily exceptional on their own (though many increasingly are) – they are just consistently good. This book explores those elements – a robust business sector organized for long-term value creation grounded in stewardship, stakeholder cooperation, and good governance; workplaces where employees are treated with dignity; effective labor unions; universal education rooted in critical thinking; efficient healthcare systems; subsidized childcare; efficient public transportation systems;

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welcoming public spaces; excellent public libraries; a commitment to democratic participation, with efforts to ensure high voter turnout and a genuine representative democracy; and policies that internalize negative externalities, such as carbon taxes, aligning markets with sustainability goals – to show how Nordic societies have used the tools of democracy and capitalism to build systems where prosperity is broadly shared.

The result is not luxury for the few, but reliable well-being for the many – a quiet form of abundance made possible through deliberate democratic design and the efficient functioning of capitalism.

The Nordic *jordbær* is not remarkable because it is rare or exclusive – it is exceptional because it is reliably good and widely shared. Nordic capitalism follows the same logic – consistently good elements, broadly accessible, create something exceptional at the societal level: an economy that works for more people and lays a promising foundation for realizing sustainable capitalism.

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Acknowledgments

Life can only be understood backwards, but it must be lived forwards.

—Søren Kierkegaard, Danish philosopher, Søren Kierkegaards Skrifter, vol. 18, ed. Søren Kierkegaard Research Center, translation adapted from Julia Watkin, in Jørgen Jørgensen, "Source of Søren Kierkegaard's Quote"

I did not set out to write this book to understand my life, but that has nevertheless been one of its outcomes. Through the nearly decade-long process, I have come to recognize how deeply everything – and everyone – is connected and how profoundly the people in my life have shaped me.

My heartfelt thanks to Barbro Osher, whose steadfast support and generous spirit have encouraged me over many years. Her deep commitment to the possibilities the Nordics offer in shaping a more just world has inspired much of the work in these pages and the launch of our Nordic Center at the University of California (UC), Berkeley. I am also grateful to Barney Osher, whose support has helped make this work possible.

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I am profoundly grateful to the many students I have had the privilege of engaging with over the years – especially those from the University of Minnesota's Corporate Social Responsibility in Scandinavia courses, where this journey began, and the UC Berkeley and Copenhagen Business School cohorts from our Sustainable Capitalism in the Nordics? course series, who workshopped this book with me across many classes. I am deeply thankful to the Berkeley Haas Center for Responsible Business Student Advisory Board members, whose insights and enthusiasm inspire me and provide a continued source of hope. I would also like to express my gratitude to the Carlsberg Foundation for its early support through the project grant "Establishing the Global Research Paradigm: Sustainability in a Scandinavian Context," which first brought me to UC Berkeley and set this work in motion.

My deep thanks and love to Michael and Gretchen Lamb; Gary, Judee, and Mark Brone; Lucas Lettner, Katrina Scoville, Travis Krumholz, Matt Krumholz, Chad Mahutga, Ben Chambers, Jim Krzoska, Joe Wolfe, Jeremy and Nicole Prestholdt, Mie and Henrik Nielsen, Jeff Denby and Adam Seymour, Jane and Bill Amundson, Jim Granum, Rich Abts, Susan and Steve Prussing, Bea and Paul Koehn, Katie and Tarek Bly-Haddad, Jonas and Anki Eder-Hansen, Kay Nelson, Susan and Leof Strand, Elizabeth and Dean Cimini, Jennifer Strand and Doug Mattson, and Joey and Bill Bly.

To my wife and partner in everything, Sarah Bly; our children, Jonas and Mikkel Bly-Strand; and my parents, Gavin and Constance Strand – thank you. I love you all deeply.

I believe the purpose of life is to love and be loved. I find meaning in the pursuit of that purpose. My experiences in the Nordics revealed how the systems and structures of Nordic capitalism expand freedom and opportunity, enabling more people to pursue their purpose – however they define it.

Throughout this book, I offer personal reflections to ground its ideas in lived experience and to invite deeper understanding through self-reflection, in the spirit of engaged scholarship. As AI-generated content becomes more widespread, I believe we will increasingly value

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scholarship in which authors reflect on their position in relation to their research and connect their lived, human experiences to it with humanism and humility. This is something artificial intelligence, for all its incredible capacity, cannot genuinely offer.

Realizing sustainable capitalism will require humanism and humility – a recognition that we are beneficiaries of systems larger than ourselves, that we share a responsibility to act with empathy as stewards of our planet and societies, and that – even in the face of daunting challenges – the work ahead can be a joyful and hopeful pursuit.

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Prologue

The revolution will not be televised.

—Gil Scott-Heron, American artist, "The Revolution Will Not Be Televised"

American musician and spoken-word performer Gil Scott-Heron toured across the Nordics one year, almost to the day before his death in 2011. I have few regrets in life. Not attending his performance in Copenhagen with my friends is one of them.

Scott-Heron famously said, "The revolution will not be televised." It can't be captured on film, he explained, because the most meaningful revolution happens in the mind – when "all of a sudden, you realize I'm on the wrong page."[1] The revolution represents a falling of scales from eyes, a new way of seeing.

Living, working, and researching in Denmark, Norway, Sweden, Finland, and Iceland during my twenties and thirties revolutionized my American mind.

In the Nordics, I encountered policies and practices often dismissed in the United States as "socialism" and viewed as threats to individual freedoms and incompatible with capitalism. Yet, my Nordic experiences revealed a very different reality.

The first aspect that challenged my American assumptions was encountering Nordic tax systems. I had grown up with the narrative that higher taxes inevitably meant restricted freedom and "socialism." Nordic nations maintain tax revenues of approximately 42 percent of their GDP (compared with 28 percent in the US),[2] while

[1] Gil Scott-Heron, *The 90's Raw: Gil Scott-Heron*, interview by Skip Blumberg, *The 90s*, 1989, audio, 9:46, accessed September 20, 2025, https://mediaburn.org/video/the-90s-raw-gil-scott-heron/.

[2] Organization for Economic Co-operation and Development (OECD), "Tax Revenue: Total % of GDP, 2022," *OECD Statistics*, accessed January 21, 2025, www.oecd.org/en/data/indicators/tax-revenue.html.

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achieving something remarkable: citizen satisfaction with their tax contributions.[3] This satisfaction stems from a comprehensive return on investment, including universal healthcare, education, paid parental leave, subsidized childcare, unemployment benefits, and substantial pensions. But the true revelation was not the higher taxes – it was how purposefully and efficiently those resources were deployed. Nordic tax revenues are invested in systems that deliver measurable improvements in quality of life and expand individual freedoms.

The prioritization of children and families is evident in public budgets and daily life. In parks and along city streets, it is common to see fathers pushing baby prams on weekday afternoons, a quiet testament to robust parental leave policies that support caregiving by both parents. Public parks, libraries, playgrounds, and transit systems are designed with children and families in mind, reflecting a societal commitment to shared responsibility for the next generation.

I was also struck by the fact that the wealthiest Nordic citizens pay significantly higher effective tax rates than their wealthy American counterparts, who commonly use legal tax shelters to reduce their tax burdens, often to levels below those of middle-income Americans. I had assumed that higher taxes on the wealthiest – often labeled the "job creators" in the US – would hinder economic growth and innovation. Yet, Nordic nations maintain robust economies with low unemployment and consistently rank among the global leaders in innovation.

My experiences in the Nordic countries reshaped my understanding of how regulation and capitalism need each other. I came to see that markets are not natural phenomena like gravity; they are built through deliberate public policies, including taxation, that define their scope and functionality. In the Nordics, I observed how taxes help create markets for sustainability by internalizing negative externalities such as carbon emissions. Finland led the way by introducing the world's first carbon tax in 1990, quickly followed by Sweden, Norway, and Denmark in 1991 and 1992.[4] The Nordic region has

[3] Eric S. Einhorn, "Scandinavian Taxes and the Good Society," *Scandinavian Review* 106, no. 2 (Summer 2019): 38–47.

[4] Boqiang Lin and Xuehui Li, "The Effect of Carbon Tax on per Capita CO_2 Emissions," *Energy Policy* 39, no. 9 (2011): 5137–5146.

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become a hub for globally recognized sustainability leaders, enabled by markets that reward environmentally and socially responsible business models.

My experience in Corporate America, with its focus on maximizing shareholder profits, made my encounter with Nordic businesses especially striking. There, business leaders commonly saw themselves as stewards of society, the environment, and future generations. It felt more holistic, more humane. Nordic companies routinely collaborate with policymakers to shape sustainability policies through transparent, democratic processes – a sharp contrast to US business lobbies, which often prioritize tax cuts and resist policies perceived as limiting profits, no matter how sensible. The successes of the Nordic approach are drawing international attention, prompting *The Economist* in 2024 to ask, "Why are Nordic companies so successful?"[5]

One of the most pronounced differences I observed was the high level of union membership, with approximately 70 percent of the working-age population across the Nordics belonging to labor unions.[6] Having witnessed the often adversarial relationship between business leaders and labor unions in the US, I was struck by the prevailing spirit of cooperation between Nordic unions and businesses. For the first time in my life, I joined a union. It offered firsthand insight into how these organizations empower workers – developing lifelong skills and securing fair wages through collective bargaining. Even the lowest-paid workers earn over $20 per hour, without minimum wage laws.

I also observed the critical role of labor unions in facilitating the green transition, helping workers transition from outdated and unsustainable industries to emerging green sectors, which represent good jobs for the future. Additionally, since healthcare is not tied to employment as it is in the US, Nordic workers face less anxiety when transitioning between jobs. These firsthand experiences challenged my American preconceptions about unions, which I had previously dismissed as necessarily inefficient and inherently linked to socialism. They also deepened my understanding of how universal social

[5] *The Economist*, "North Stars: Why Are Nordic Companies So Successful?" December 30, 2024.

[6] Walter Galenson, *The World's Strongest Trade Unions: The Scandinavian Labor Movement* (Westport: Praeger, 1998).

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services, such as healthcare, are crucial in overcoming societal barriers and enabling the green transition.

The Nordic nations consistently rank high in holistic assessments of societal well-being, such as the Sustainable Development Goals (SDG) Index and the World Happiness Report, as well as in measures of economic prosperity. These outcomes reflect a model built deliberately for the many, not the few, demonstrating that societies grounded in a commitment to equality can also foster globally competitive economies.

These personal observations revealed a systematic difference in how Nordic societies organize their market economies. My Nordic experiences profoundly challenged my beliefs and underlying assumptions about American capitalism – and capitalism more broadly.

The Nordics have sparked similar revelations for other Americans. Supreme Court Justice Ruth Bader Ginsburg's 1960s Nordic experience transformed her understanding of inequality. "My thought processes were stimulated in Sweden. I saw what was wrong and what needed to change in the U.S.A. … My eyes were opened up," she remarked, noting how efficient Nordic universal systems fostered equality and efficiency, enabling more women to work outside the home prosperously.[7]

Nordic capitalism has flaws and faces significant challenges – utopias do not exist in the real world, after all. This book addresses such critiques, including concerns about overconsumption, demographic pressures from aging populations, and questions about their relevance due to the region's smaller size or relative homogeneity. Still, Nordic capitalism offers a compelling alternative to American capitalism and serves as a valuable benchmark. The analyses in this book aim to uncover lessons for improving American capitalism and advancing the ambitious goal of realizing sustainable capitalism.

What, then, are the key features that distinguish Nordic capitalism?

Nordic capitalism combines dynamic, market-driven economies with efficient, universal systems that support societal well-being, encompassing healthcare, education, and paid leave, all financed through higher personal income taxes. Innovation thrives through

[7] Petula Dvorak, "Ruth Bader Ginsburg Had to Leave America to See How Unfairly It Treated Women," *Washington Post*, September 24, 2020.

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public and private investments, while cultural norms and institutions foster stakeholder cooperation and consensus-building.

A defining feature of Nordic capitalism is "flexicurity" – a blend of labor market flexibility and strong social security in the pursuit of full employment. This system protects workers through safety nets and retraining while enabling business adaptability, all anchored in tripartite cooperation between unions, employers, and the state.

Efforts to advance sustainability is also a feature of Nordic capitalism. Through democratically accountable processes, Nordic governments shape markets where sustainability and profitability are more likely to align, evident in their global leadership on carbon taxation and the transition to renewable energy. Overall, Nordic business leaders embrace a role as lobbyists for society first, and their companies second, to act as stewards rather than extractors, aiming to shape the rules of capitalism so that smart policies and sound governance can advance sustainable development. As a result, the Nordic region is home to a notable concentration of companies recognized globally for their sustainability performance. Nordic firms typically adopt a stewardship approach, grounded in the ideals of industrial democracy and meaningful stakeholder engagement.

At its core, Nordic capitalism represents democratic capitalism in practice, also commonly discussed as stakeholder capitalism. At the heart of Nordic capitalism lies a commitment to democracy, rooted in cooperation, consensus-building, and a dispersion of power. Compared to American capitalism, Nordic societies exhibit more equitable power distribution, robust democratic institutions, and effective governance, leading to greater shared prosperity and reduced inequality. These societies are also distinguished by their well-functioning democracies, characterized by high levels of civic participation and robust institutional trust.

The US, by contrast, has descended into oligarchic capitalism, increasingly rule by and for economic elites, where concentrated wealth fundamentally distorts democratic processes and market functioning. As power concentrates further, it continues undermining democratic governance and market efficiency.

The oligarchic trend in American capitalism was on stark display in early 2025. Elon Musk, the world's wealthiest individual, gained unprecedented influence over US government functions

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after contributing more than a quarter of a billion dollars to the 2024 presidential campaign. This modern oligarchic trajectory can be traced back to the Reagan era's embrace of neoliberalism and shareholder primacy, which set in motion decades of upward wealth concentration and widening inequalities. In the decades that followed, the advance of shareholder primacy and neoliberal ideology steadily accelerated the fusion of private wealth with public authority, thereby weakening democratic governance in the US.[8]

This book contends that Nordic capitalism, with its democratic and stakeholder-focused approach, offers crucial insights for addressing contemporary sustainability challenges. While Nordic societies face significant shortcomings that demand critical examination, their successful integration of democratic principles with market mechanisms illuminates potential pathways for evolving American capitalism toward greater sustainability. The Nordic experience demonstrates that dispersing power through democratic institutions does not constrain capitalism – it enables markets to function more effectively while advancing social and environmental goals.

Milton Friedman's influential 1970 article "The Social Responsibility of Business Is to Increase Its Profits" crystallized neoliberal ideology and shareholder primacy in American capitalism. Friedman contended that business leaders prioritizing concerns beyond profit maximization were "preaching pure and unadulterated socialism" – rhetoric reflecting the Cold War era – and eroding the free society's foundations. Invoking Adam Smith's "invisible hand," he argued that society benefits most when corporations focus solely on profits and the state's role is minimized.[9]

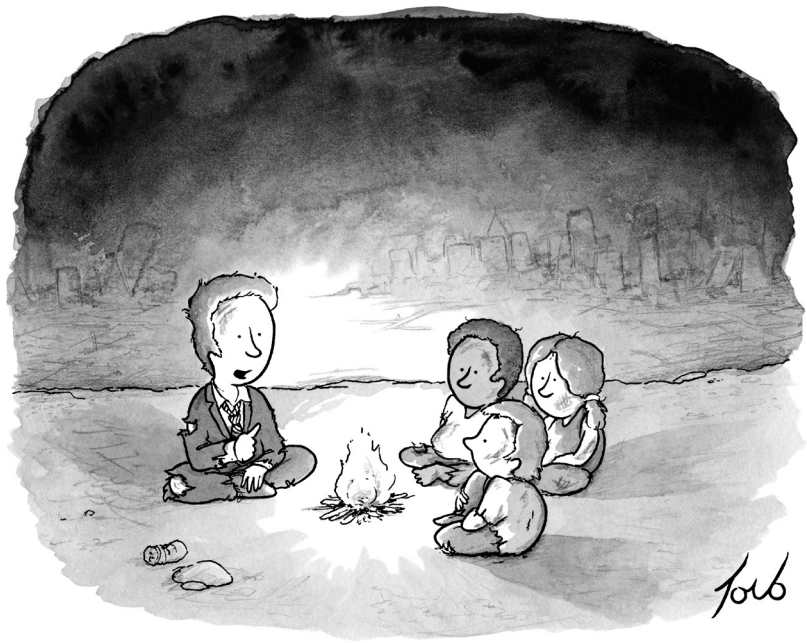
Neoliberal ideology became a global force in the 1980s through policies championed by US President Ronald Reagan and UK Prime Minister Margaret Thatcher. Its influence extended beyond economics as American consumer culture became a global force.

However, today's escalating sustainability crises pose a direct challenge to the neoliberal paradigm underpinning American capitalism.

[8] David Harvey, *A Brief History of Neoliberalism* (Oxford: Oxford University Press, 2007); Robert B. Reich, *The System: Who Rigged It, How We Fix It* (New York: Knopf, 2020).

[9] Milton Friedman, "The Social Responsibility of Business Is to Increase Its Profits," *New York Times Magazine*, September 13, 1970.

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"Yes, the planet got destroyed, but for a beautiful moment in time we created a lot of value for shareholders."

Figure P.1 Shareholder primacy meets planetary boundaries.
Source: Tom Toro, "Yes, the Planet Got Destroyed, but for a Beautiful Moment in Time We Created a Lot of Value for Shareholders," cartoon, *The New Yorker*, November 26, 2012, www.newyorker.com/cartoon/a16995.
Credit: Tom Toro / The New Yorker Collection / The Cartoon Bank.

With seven of nine planetary boundaries now transgressed,[10] and 2024 marking the first year exceeding 1.5°C above preindustrial levels – decades ahead of most projections – Earth's safe operating space for humanity is under serious threat.[11] Figure P.1, a cartoon originally published in the *New Yorker*, offers a satirical depiction of the widening gap between shareholder-driven capitalism and the planetary conditions

[10] Stockholm Resilience Centre, "Seven of Nine Planetary Boundaries Now Breached," Stockholm Resilience, September 24, 2025, accessed September 28, 2025, https://shorturl.at/a1fJD.

[11] World Meteorological Organization (WMO), *State of the Global Climate 2024*, WMO-No. 1345 (Geneva: WMO, 2025), March 19, 2025, accessed April 1, 2025, https://wmo.int/publication-series/state-of-global-climate-2024.

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that sustain human well-being. As one leading Earth scientist remarked, "What we're witnessing now is unprecedented, akin to a massive asteroid striking the Earth."[12] Concerned for their futures, younger generations have mobilized in protest. "I am doing this because you adults are shitting on my future," declared Swedish activist Greta Thunberg.[13]

The growing disconnect between shareholder-focused capitalism and planetary realities suggests we may be witnessing a paradigm shift in American capitalism – one that mirrors the scientific revolutions Thomas Kuhn describes in *The Structure of Scientific Revolutions*. Kuhn's theory of scientific revolutions outlines a period in which the foundational assumptions and narratives that have long explained the world no longer suffice or solve its pressing problems.[14] We appear to be in such a moment. This is increasingly apparent with American capitalism, which is now being vigorously challenged.

Without the Soviet Union to serve as a unifying threat, advocates of American capitalism must confront new challenges. Addressing contemporary challenges such as climate change, rising inequalities, healthcare access, biodiversity loss, job security, and the myriad challenges encapsulated by the SDGs offers a more compelling purpose than fighting the imagined ghosts of Soviet socialism.

This book draws on a suite of scholarly and theoretical perspectives, including varieties of capitalism, sustainable development, stakeholder theory, systems thinking, evolutionary theory, and conceptions of freedom and democracy. Its ten chapters are organized in three parts: First, an exploration of the foundational concepts of sustainability and capitalism, along with a comparative overview of Nordic capitalism vis-à-vis American capitalism (Chapters 1–4); second, a detailed examination of Nordic capitalism's components and critiques (Chapters 5–8); and third, a focused analysis of the systemic failures of American capitalism and the changes needed

[12] Sarah Kaplan and Simon Ducroquet, "Scientists Have Captured Earth's Climate over the Last 485 Million Years. Here's the Surprising Place We Stand Now," *Washington Post*, September 19, 2024, accessed November 1, 2024, https://shorturl.at/YGWqq; Emily J. Judd, Jessica E. Tierney, Daniel J. Lunt et al., "A 485-Million-Year History of Earth's Surface Temperature," *Science* 385, no. 6715 (September 20, 2024), doi.org/10.1126/science.adk3705.

[13] "Swedish 15-Year-Old Cutting Class to Fight the Climate Crisis," *The Guardian*, September 1, 2018, accessed February 1, 2019, https://shorturl.at/Muqnw.

[14] Thomas S. Kuhn, *The Structure of Scientific Revolutions*, 50th anniversary ed. (Chicago: University of Chicago Press, 2012).

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to make sustainable capitalism possible, drawing on lessons from Nordic experiences (Chapters 9–10). In this final section, I advance the premise that democratic capitalism offers the most promising foundation for realizing sustainable capitalism.

I engage in what Andrew Van de Ven termed *engaged scholarship* – a tradition that invites researchers to recognize their own positionality and learn alongside those they study, not as detached observers but as participants in the process.[15] My experiences in both American and Nordic societies have shaped – and been shaped by – the ideas explored in these pages. Blending academic analysis with personal reflection drawn from everyday life, I aim to ground complex ideas in lived experience. As artificial intelligence rapidly transforms how knowledge is produced and consumed, I expect growing interest in this kind of lived experience scholarship – work connected to a human researcher's own life – as it fosters a human connection with the reader that AI cannot easily replicate.

Today, the Nordics merit greater global attention as inspiration for improving the state of the world, just as they have attracted in the past. In the aftermath of the Great Depression, US journalist Marquis Childs published *Sweden: The Middle Way*. Struck by Nordic capitalism's success in promoting shared prosperity, Childs observed, "Capitalism in the north has been modified and, in a sense, controlled; the profit motive in many fields drastically curbed … to serve the greatest good of the greatest number."[16] These observations sparked widespread debate across American society, with President Franklin D. Roosevelt dispatching a presidential commission to investigate Nordic successes. As historian Mary Hilson noted, "The Nordic region's relatively swift recovery from the crisis, and the apparent resilience of its democracies, convinced observers on both sides of the Atlantic that the Nordic countries offered a glimmer of hope in an otherwise gloomy world."[17]

[15] Andrew H. Van de Ven, *Engaged Scholarship: A Guide for Organizational and Social Research* (Oxford: Oxford University Press, 2007).

[16] Marquis Childs, *Sweden: The Middle Way* (New Haven: Yale University Press, 1936), xii.

[17] Mary Hilson, "Consumer Co-operation and Economic Crisis: The 1936 Roosevelt Inquiry on Co-operative Enterprise and the Emergence of the Nordic 'Middle Way,'" *Contemporary European History* 22, no. 2 (2013): 181–198.

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Nordic capitalism offers crucial insights for contemporary challenges. While Thatcher's 1980s declaration that, "There is no alternative," positioned American-style neoliberal capitalism as the only viable economic system, today's mounting sustainability crises demand a fresh examination of alternative approaches.[18] As stakeholder theorist R. Edward Freeman argues, "Our old models and ideas simply are not appropriate today. We need new scholarship that builds on past understandings yet offers the alternative of a world of hope, freedom, and human flourishing."[19]

This book examines how Nordic capitalism's distinct features might inform the evolution of American capitalism toward sustainable development, offering both practical lessons and grounds for hope for realizing sustainable capitalism.

[18] Nick Romeo, *The Alternative: How to Build a Just Economy* (London: Hachette UK, 2024).

[19] R. Edward Freeman, "Foreword," in Stefan Sachs and R. Edward Rühli, *Stakeholders Matter: A New Paradigm for Strategy in Society* (Cambridge: Cambridge University Press, 2011), xvi.

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PART I

Establishing the Context

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1 *Introduction to the Nordics*
From Poverty to Shared Prosperity

The Nordic countries are a model of cooperation and they consistently punch above their weight in meeting the challenges of our time … There have been times where I've said, why don't we just put all these small countries in charge for a while? And they could clean things up.

—US President Barack Obama, "Nordic Leaders' Summit Arrival Ceremony," The White House

The Nordic nations – Denmark, Finland, Iceland, Norway, and Sweden – are poised to spark a global transformation of capitalism.[1] Amid escalating sustainability challenges, widening social inequalities, and mounting threats to democracy, the need to reimagine American capitalism is urgent. Nordic capitalism offers compelling examples of how to harness the strengths of capitalism while addressing its shortcomings, inspiring and informing others in the ambition to realize sustainable capitalism.

This book defines sustainable capitalism as development realized through capitalistic principles that meets the needs of the present without compromising the ability of future generations to meet their own needs.

[1] The Nordic nations are sometimes informally grouped under the term "Scandinavia." Strictly speaking, however, Scandinavia refers specifically to Denmark, Norway, and Sweden. Throughout this book, "Nordic" refers to all five sovereign states: Denmark, Finland, Iceland, Norway, and Sweden. The Nordic region also includes three autonomous territories: Greenland and the Faroe Islands (both part of the Kingdom of Denmark) and Åland (an autonomous region of Finland). All eight entities participate in regional governance through the Nordic Council of Ministers, the primary intergovernmental body for Nordic cooperation. For further discussion of the distinctiveness of the Nordic region as a cultural and institutional grouping, see Ulla Bondeson, *Nordic Moral Climates: Values Continuity and Change in the Nordic Countries* (New Brunswick: Transaction Publishers, 2003).

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Figure 1.1 Map of the Nordics.
Source: Map by William Wheaton. Commissioned for *Nordic Capitalism*.

Realizing sustainable capitalism will require markets that align profit with sustainability, where sustainable companies and practices are profitable and unsustainable companies and practices are unprofitable. Markets must be crafted to ensure sustainability is rewarded.[2]

Most investors allocate their capital based on the world as it is and as they expect it to be – not as it ought to be. Smart policies and good governance are therefore essential to construct markets that bring us closer to a world where all people can live with dignity, while operating within the Earth's planetary boundaries so future generations have the same opportunity. The Nordic nations have made significant strides in designing policies that align markets with sustainability and exemplify good governance, offering valuable lessons for realizing sustainable capitalism. Figure 1.1 illustrates the nations that comprise the Nordic region.

[2] Steven K. Vogel, *Marketcraft: How Governments Make Markets Work* (New York: Oxford University Press, 2018).

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As the world's largest and most consumptive economy, with the largest pools of investable capital, the US must play a central role in advancing global sustainability. While the Nordic nations' relatively small scale limits their direct global impact, they offer powerful examples of how to transform capitalism. By demonstrating how market economies can successfully balance profit with social and environmental concerns, Nordic capitalism could inspire necessary changes in American capitalism and, by extension, catalyze much needed global transformations.

Their comparatively strong performances on global benchmarks demonstrate the Nordics' potential for global leadership in transforming capitalism. Established by the United Nations in 2015, the Sustainable Development Goals (SDGs) provide a globally recognized framework of seventeen interlinked objectives to tackle pressing issues, including poverty, inequality, and climate change. The SDGs are described as a "shared blueprint for peace and prosperity for people and the planet, now and into the future."[3] Nordic nations consistently excel in SDG performances. Denmark, Finland, and Sweden have occupied the top three global spots yearly since the index's inception in 2015, with the no. 1 position rotating among them, as shown in Table 1.1. The *Sustainable Development Report 2024* summarizes, "Nordic countries continue to lead on SDG achievement."[4]

Nordic leadership extends across virtually every measure of societal well-being, highlighting Nordic nations' strengths in fostering societal well-being and sustainability. Finland has held the top spot in the annual *World Happiness Report* for eight consecutive years, followed by Denmark no. 2, Iceland no. 3, and Sweden no. 4 in the 2025 global rating.[5] The *Democracy Index 2023 Report* by the Economist Intelligence Unit (EIU) declares, "The Nordic countries continue

[3] UN, "The 17 Goals," *Sustainable Development Goals*, accessed May 24, 2025, https://sdgs.un.org/goals.

[4] Jeffrey D. Sachs, Guillaume Lafortune, and Gabriel Fuller, *The SDGs and the UN Summit of the Future: Sustainable Development Report 2024* (Paris: SDSN (Sustainable Development Solutions Network); Dublin: Dublin University Press, 2024), https://doi.org/10.25546/108572.

[5] John F. Helliwell, Richard Layard, Jeffrey D. Sachs, Lara B. Aknin, Shun Wang, and Jan-Emmanuel De Neve, *World Happiness Report 2025* (New York: SDSN, 2025), https://happiness-report.s3.us-east-1.amazonaws.com/2025/WHR+25.pdf.

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Table 1.1 *SDGs Index*

Rank	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
1	**Sweden**	**Sweden**	**Sweden**	**Sweden**	**Denmark**	**Sweden**	**Finland**	**Finland**	**Finland**	**Finland**	**Finland**
2	**Norway**	**Denmark**	**Denmark**	**Denmark**	**Sweden**	**Denmark**	**Sweden**	**Denmark**	**Sweden**	**Sweden**	**Sweden**
3	**Denmark**	**Norway**	**Finland**	**Finland**	**Finland**	**Finland**	**Denmark**	**Sweden**	**Denmark**	**Denmark**	**Denmark**
4	**Finland**	**Finland**	**Norway**	Germany	France	France	Germany	**Norway**	Germany	Germany	Germany
5	Switzerland	Switzerland	Czechia	France	Austria	Germany	Belgium	Austria	Austria	France	France
6	Germany	Germany	Germany	**Norway**	Germany	Norway	Austria	Germany	France	Austria	Austria
7	Netherlands	Austria	Austria	Switzerland	Czechia	Austria	**Norway**	France	**Norway**	**Norway**	**Norway**
8	Belgium	Netherlands	Switzerland	Slovenia	**Norway**	Czechia	France	Switzerland	Czechia	Croatia	Croatia
9	Iceland	**Iceland**	Slovenia	Austria	Netherlands	Netherlands	Slovenia	Ireland	Poland	U.K.	Poland
10	France	UK	France	**Iceland**	Estonia	Estonia	Estonia	Estonia	Estonia	Poland	Czechia
	(29) US	(25) US	**(14) Iceland** (42) US	(35) US	**(14) Iceland** (35) US	**(26) Iceland** (31) US	**(29) Iceland** (32) U.S.	**(22) Iceland** (41) U.S.	**(29) Iceland** (39) U.S.	**(19) Iceland** (46) U.S.	**(15) Iceland** (44) U.S.

to dominate the Democracy Index rankings, taking five of the top six spots," with Norway rated the most democratic country in the world for fourteen consecutive years.[6] Iceland has topped the World Economic Forum's (WEF) Global Gender Gap Index for fifteen years straight, with Iceland at no. 1, Finland no. 2, and Norway no. 3 in the 2024 edition.[7] Denmark has topped Transparency International's Corruption Perception Index for seven straight years, with Finland at no. 2 in the 2024 ranking.[8] Nordic nations routinely top the Environmental Performance Index,[9] Robeco Country Sustainability Ranking,[10] WEF Energy Transition Index,[11] Global Peace Index,[12] Prosperity Index,[13] and the Women, Peace and Security Index.[14]

Influential voices consistently praise the Nordics. *The Economist* heralded the Nordics as "the next supermodel" in its 2013 special issue focused on Nordic countries.[15] The WEF's *Global Competitiveness Report 2020* highlighted, "The Nordic model stands out as the most promising in transitioning towards a productive, sustainable, and

[6] EIU, *Democracy Index 2023: Age of Conflict* (London: EIU, February 15, 2024), accessed February 15, 2024, www.eiu.com/n/campaigns/democracy-index-2023/.

[7] WEF, *Global Gender Gap Report 2024*, accessed May 24, 2025, www3.weforum.org/docs/WEF_GGGR_2024.pdf.

[8] Transparency International, "Corruption Perceptions Index 2024: Highlights and Insights," accessed May 24, 2025, https://shorturl.at/4YKgO.

[9] S. Block, J. W. Emerson, D. C. Esty, et al., *2024 Environmental Performance Index* (New Haven: Yale Center for Environmental Law & Policy, 2024), accessed May 24, 2025. https://epi.yale.edu/.

[10] Robeco Institutional Asset Management B.V., *Country ESG Report 2024: Denmark Takes the Lead* (Rotterdam: Robeco, November 2024), accessed May 24, 2025, https://shorturl.at/Rg6hE.

[11] WEF, *Energy Transition Index*, accessed May 24, 2025, https://shorturl.at/DMXrB.

[12] Institute for Economics & Peace (IEP), *Global Peace Index 2024: Measuring Peace in a Complex World* (Sydney: IEP, 2024), accessed May 24, 2025, www.economicsandpeace.org/wp-content/uploads/2024/06/GPI-2024-web.pdf.

[13] Legatum Institute, *2023 Legatum Prosperity Index*, accessed May 24, 2025, https://index.prosperity.com/rankings.

[14] Georgetown Institute for Women, Peace and Security, and Peace Research Institute Oslo, *Women, Peace, and Security Index 2023/24: Tracking Sustainable Peace through Inclusion, Justice, and Security for Women* (Washington, DC: Georgetown University, October 2023), accessed May 24, 2025, https://giwps.georgetown.edu/wp-content/uploads/2023/10/WPS-Index-full-report.pdf.

[15] "The Nordic Countries: The Next Supermodel." *The Economist*, February 2, 2013.

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inclusive economic system."[16] Francis Fukuyama argued that "Getting to Denmark" – establishing stable, prosperous, and inclusive societies founded on deliberative democracy and the rule of law – should be a global aim. He later acknowledged he "might as well have said 'Getting to Norway,'" recognizing the equally remarkable story of Norwegian modernization.[17]

The New York Times columnist David Brooks observed, "Almost everybody admires the Nordic model. Countries like Sweden, Denmark, Norway, and Finland have high economic productivity, high social equality, high social trust, and high levels of personal happiness."[18] Political analyst Fareed Zakaria captured the pragmatic essence of Nordic success in his 2020 book, *Ten Lessons for a Post-Pandemic World*. Speaking of the Nordic nations, Zakaria offered they "understood that markets are incredibly powerful, yet insufficient alone; they require supports, buffers, and supplements. We should all adapt their best practices to our national contexts. There really is no alternative."[19]

US economist Jeffrey Sachs stated, "It is possible to combine a high level of income, growth, and innovation with a high degree of social protection. The Nordic societies of Northern Europe have done it. And their experience sheds considerable light on the choices for others."[20] Former UN Secretary-General Kofi Annan highlighted the broader impact of the Nordic nations, noting their positive influence on global standards and practices. He underscored that the Nordics "have consistently supported the institutions and common values needed to make the world a fairer, more secure place."[21]

[16] WEF, *Global Competitiveness Report Special Edition 2020: How Countries Are Performing on the Road to Recovery* (Geneva: WEF, December 16, 2020).

[17] Francis Fukuyama, *The Origins of Political Order: From Prehuman Times to the French Revolution* (New York: Farrar, Straus and Giroux, 2011); Mathilde Fasting and Oystein Sorensen, *The Norwegian Exception?: Norway's Liberal Democracy since 1814* (London: Hurst Publishers, 2021), with an endorsement by Francis Fukuyama on the book jacket.

[18] David Brooks, "This Is How Scandinavia Got Great," *New York Times*, February 13, 2020, accessed May 25, 2025, www.nytimes.com/2020/02/13/opinion/scandinavia-education.html.

[19] Fareed Zakaria, *Ten Lessons for a Post-Pandemic World* (London: Penguin, 2020), 74.

[20] Jeffrey Sachs, *Common Wealth: Economics for a Crowded Planet* (London: Penguin, 2008), 258.

[21] Kofi Annan, "Peace and Poverty," speech presented at the 100th Anniversary of the American–Scandinavian Foundation, Kofi Annan Foundation, May

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American progressives have long looked to Nordic nations as beacons of possibility. In 1966, Dr. Martin Luther King Jr. praised Sweden's commitment to racial justice, declaring, "Never before has a nation come forth with such total commitment to our cause. Truly, Sweden is a nation with a conscience."[22] Like many American reformers before and since, King saw in Nordic society a mirror that reflected both inspiration and implicit critique of American shortcomings.

The Nordic commitment to sustainability extends beyond government policy into the private sector, where Nordic companies consistently lead global sustainability rankings. From 2005 to 2024, Denmark was home to more of the "world's most sustainable companies" according to the Corporate Knights Global 100 ranking than any other nation, despite being only about the size of the US state of Wisconsin.[23]

While Nordic societies often receive accolades for their achievements and are sometimes discussed in nearly utopian terms, they face significant challenges and demonstrate many shortcomings. Nordic nations consume resources in excess of planetary boundaries, contributing to climate change and biodiversity loss. Nordic societies face the challenge of aging populations, which are increasingly straining the universal services that comprise the Nordic Model. Racism persists as a significant challenge, evident both in the rise of nationalist political parties and more covertly in colorblind policies that obscure understanding of racial inequalities. Acknowledging these shortcomings does not diminish the value of Nordic capitalism; instead, it underscores the importance of critical reflection and a commitment to continuous improvement.

The term "utopia" – derived from the Greek words for "no place" – reminds us that no society is without flaws. While some Americans idealize the Nordic model, others view it as dystopian. These stark contrasts in perception reveal more about American

16, 2011, accessed November 1, 2024, www.kofiannanfoundation.org/publication/peace-and-poverty/.

[22] Martin Luther King, Jr., *A Call to Conscience: The Landmark Speeches of Dr. Martin Luther King, Jr.*, ed. Clayborne Carson and Kris Shepard (New York: IPM/Warner Books, 2001), accessed January 6, 2025, https://archive.org/details/calltoconscience0000king.

[23] Robert Strand, "Global Sustainability Frontrunners: Lessons from the Nordics," *California Management Review* 66, no. 3 (2024): 5–26.

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political orientations than Nordic realities: The Nordic system often serves as a Rorschach test, appearing utopian to those on the political left and dystopian to those on the right.[24] This book adopts a pragmatic approach, utilizing careful benchmarking to identify actionable lessons for improvement while acknowledging that the Nordics are neither perfect nor completely imperfect. That said, just as the US has imparted many valuable lessons to the world despite its many flaws, Nordic capitalism offers valuable lessons for benchmarkers that adopt a curious and open mind.

The term "Nordic capitalism" used throughout this book might suggest a singular model, but each Nordic nation presents a distinct version of capitalism. However, the similarities among these Nordic capitalisms are far more pronounced than their differences, especially when contrasted with American capitalism. Therefore, we use Nordic capitalism as a convenient collective label.[25]

Nordic Socialism? No

In the US, discussions surrounding Nordic policies frequently turn to the term "socialism." Critics from the American political right routinely describe central features of the Nordic model – universal healthcare, paid parental leave, subsidized childcare – as a slippery slope to oppressive Soviet-style socialism. Conversely, critics of capitalism from the American political left sometimes hail the Nordics as paragons of successful socialism.

These polarized perspectives from the American political right and left fundamentally mischaracterize the Nordic political economy. As

[24] Michael A. Livingston, *Dreamworld or Dystopia?: The Nordic Model and Its Influence in the 21st Century* (Cambridge: Cambridge University Press, 2021); Pia Maria Ahlbäck, Jouni Teittinen, and Maria Lassén-Seger, eds., *Nordic Utopias and Dystopias from Aniara to Allatta* (Amsterdam: John Benjamins Publishing Company, 2022); Ahlbäck, Pia Maria, Jouni Teittinen, and Maria Lassén-Seger, eds. *Nordic Utopias and Dystopias from Aniara to Allatta* (Amsterdam: John Benjamins Publishing Company, 2022); and Elizabeth Löwe Hunter and Jasmine Kelekay, "The Myth of the Nordic Utopia: Social Democracy through Afro-Nordic Perspectives," moderated by Teju Adisa-Farrar, video, December 6, 2023, Nordic Talks at Berkeley, Nordic Center at the University of California, Berkeley, coordinated by Persis Sberlo, May 1, 2024, https://youtu.be/6lUwzCbiqhM.

[25] Ulla Bondeson, *Nordic Moral Climates: Values Continuity and Change in the Nordic Countries* (Chicago: University of Chicago Press, 2003).

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Chapter 3 details, Nordic nations adhere to capitalist principles: private ownership of property and capital, and market-driven economies. In short, Nordic capitalism is, indeed, capitalism.

In 2015, Denmark's then Prime Minister Lars Løkke Rasmussen addressed the socialist misconception at Harvard's Kennedy School of Government. Responding to US Senator Bernie Sanders's praise of Denmark as a socialist success, Rasmussen, who was leader of the conservative Venstre Party, stated firmly, "I know that some people in the US associate the Nordic model with some sort of socialism. Therefore, I would like to make one thing clear. Denmark is far from a socialist planned economy. Denmark is a market economy." He added, "The Nordic model is an expanded welfare state which provides a high level of security for its citizens but is also a successful market economy with much freedom to pursue your dreams and live your life as you wish."[26]

Similarly, the conservative Washington-based think tank Heritage Foundation highlights the success of capitalism in the Nordic countries in its 2020 report, *Economic Freedom Underpins Nordic Prosperity*. The authors assert, "The Nordic experience demonstrates that free-market capitalism, not big-government socialism, is the best path to enduring prosperity and resilience."[27]

There is agreement on this point even from the opposite end of the political spectrum. Nathan Robinson, author of *Why You Should Be a Socialist*, emphasizes that the Nordic countries are not socialist states but social democracies. In these systems, he notes, the private sector maintains control of property and capital – hallmarks of capitalism – while the state ensures universal access to essential services. Though Robinson finds Nordic-style capitalism more appealing than its American counterpart, he ultimately rejects it precisely because it remains fundamentally capitalist. He argues, "We might borrow Scandinavian social policies, such as paid parental leave and universal healthcare. But the [socialist] dream is transformative – the total

[26] The Local Denmark, "Danish PM in US: Denmark Is Not Socialist," *The Local*, November 1, 2015, accessed February 1, 2018, www.thelocal.dk/20151101/danish-pm-in-us-denmark-is-not-socialist.

[27] Terry Miller and Anthony B. Kim, *Economic Freedom Underpins Nordic Prosperity*, Heritage Foundation, August 21, 2020, accessed September 1, 2020, https://shorturl.at/gAhm6.

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elimination of exploitation and hierarchy, and a change in the structure of *who owns capital*."[28]

The capitalist nature of Nordic economies is further evidenced by their stock markets – institutions fundamental to private ownership and market exchange. Each Nordic nation maintains its own primary stock exchange, with most now operating as part of Nasdaq Nordic: Nasdaq Stockholm, Nasdaq Copenhagen, Nasdaq Helsinki, and Nasdaq Iceland. Norway's Oslo Børs operates under Euronext. These exchanges, along with their auxiliary markets for smaller growth companies, facilitate the buying and selling of private ownership stakes in Nordic companies.

While Nordic populations typically dismiss American mischaracterizations of their societies as socialist without much comment, a 2018 Fox News segment proved harder to ignore. Fox News commentator Trish Regan equated Denmark with Venezuela and claimed that socialism in "Denmark, like Venezuela, has stripped people of their opportunities." She alleged that everyone in Denmark works for the government and that its universal education system (tuition-free through university) yields fewer graduates who often pursue frivolous careers, like opening cupcake cafés.[29] The Danish response was swift. Parliamentary member Dan Jørgensen issued a rebuttal on YouTube that quickly went viral.

Drawing on data from the Organization for Economic Co-operation and Development (OECD), Jørgensen demonstrated that overall employment rates were, in fact, higher in Denmark than in the US. He speculated that the distinction lay in that, in Denmark, "people are paid a decent wage." Jørgensen further refuted the education claims within the Fox News segment by citing WEF statistics, showing that Denmark ranked significantly higher than the US in measures of best educated populations. He pointed to Denmark's universal education system, which provides both tuition and living stipends for all citizens, explaining: "It's not the size of your parent's bank account that decides whether or not you get an education. It's your hard work; it's your talent; it's your motivation."[30]

[28] Nathan J. Robinson, *Why You Should Be a Socialist* (New York: All Points Books, 2019), 134–135.

[29] Fox Business, "Everyone in Denmark Is Working for the Government: Trish Regan," YouTube, August 10, 2018, accessed August 15, 2018, www.youtube.com/watch?v=pSFfTG42Jl8.

[30] Now This News, "Fox News Tried Going after Denmark. Big Mistake," YouTube, August 16, 2018, accessed August 20, 2018, www.youtube.com/watch?v=JXecLXlzEXE.

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In the US the term "socialism" evokes Cold War-era apprehensions. President Donald J. Trump echoed this sentiment in his 2019 State of the Union address, where he said, "Here, in the United States, we are alarmed by new calls to adopt socialism in our country," in a thinly veiled reference to Nordic-style policies. Discussions about policies in Denmark, like tuition-free universities for all citizens, were on the rise at that time, as promoted by Congresswoman Alexandria Ocasio-Cortez.[31] Trump asserted, "America was founded on liberty and independence – not government coercion, domination, and control. We are born free, and we will stay free. Tonight, we renew our resolve that America will never be a socialist country."[32]

Despite persistent warnings about the purported dangers of Nordic-style policies to freedom and democracy, empirical evidence demonstrates contrary outcomes.

Nordic nations continue to rank significantly higher than the US in the associated measures of freedom and democracy. The 2024 Democracy Index by the EIU exhibits the Nordic nations occupying five of the top seven global positions, with Norway at no. 1, Sweden at no. 3, Iceland at no. 4, Finland at no. 6, and Denmark at no. 7. The US ranks no. 28.[33] Similarly, the 2022 World Press Freedom Index ranks Norway no. 1, Denmark no. 2, Sweden no. 3, Finland no. 5, Iceland no. 15, while the US ranks no. 42.[34] The WEF's Global Social Mobility Index also positions the Nordics on top, with Denmark leading the 2020 report and Norway at no. 2, Finland at no. 3, Sweden at no. 4, and Iceland at no. 5. By contrast, the US is placed no. 27.[35] The Nordic nations consistently outperform the US in comparative measurements of freedom for women, as illustrated by the WEF's 2024

[31] Executive Office of the President, *The Opportunity Costs of Socialism* (Washington, DC: 2018), accessed March 20, 2024, https://shorturl.at/RpwwQ; David A. Graham, "Trump's New Red Scare," *The Atlantic*, February 20, 2019.

[32] Anthony R. Michalski, ed., *My Fellow Americans: The Essential Speeches, Remarks, and Addresses of the Fifty-Fourth President of the United States of America* (Wilkes-Barre: Kallisti Publishing, 2020).

[33] EIU, *Democracy Index 2024: What's Wrong with Representative Democracy?* (London: EIU, February 27, 2025), accessed March 1, 2025, www.eiu.com/n/campaigns/democracy-index-2024/.

[34] Reporters Without Borders, "World Press Freedom Index," accessed May 24, 2025, https://rsf.org/en/index.

[35] WEF, *Global Social Mobility Index 2020: Why Economies Benefit from Fixing Inequality* (Geneva: WEF, January 19, 2020).

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Global Gender Gap Report. Iceland, Finland, and Norway topped the global ranking while the US ranked no. 43.[36]

Nordic business leaders and politicians across the political spectrum endorse policies often decried as socialism in the US, such as universal healthcare and subsidized childcare. These policies, central to the Nordic Model, relieve businesses from managing employee healthcare and losing productive workers who cannot afford childcare. Far from being socialist, these measures are widely embraced as vital to the success of Nordic capitalism.

Nordic business leaders also actively support and collaborate with labor unions, contrasting sharply with many US business leaders who frequently oppose them and sometimes even associate union activities with socialism. Thanks to strong labor unions, Denmark's lowest-paid McDonald's employee earn approximately $22 per hour. Labor unions are integral to the Nordic tripartite model. Under the tripartite model, labor and employers hold periodic collective bargaining agreements to set wages, with the state ready to act as a backstop if agreements falter.[37]

McDonald's remains profitable in Denmark despite the higher wages, and the cost of hamburgers remains accessible, thereby challenging a common American myth that higher wages inevitably lead to prohibitive consumer prices. As of 2021, a Big Mac in Denmark was priced at approximately $5.15, only a 7 percent increase compared to $4.80 in the US.[38] The lowest-paid workers in Denmark can easily afford the marginal price increase, given that they earn about three times more than their minimum wage-earning US counterparts.

"McDonald's Workers in Denmark Pity Us: Danes Haven't Built a 'Socialist' Country. Just One That Works," reads the title of the 2020

[36] WEF, *Global Gender Gap Report 2024* (Geneva: WEF, 2024), accessed May 24, 2025, www3.weforum.org/docs/WEF_GGGR_2024.pdf.

[37] Danish Ministry of Employment, *The Labour Market in Denmark* (Copenhagen: Ministry of Employment, 2022), accessed November 1, 2021, https://bm.dk/media/19251/the-labour-market-in-denmark.pdf; International Labour Organization (ILO), *Collective Bargaining in the Public Service: A Way Forward* (Geneva: ILO, 2019), accessed April 1, 2024, https://shorturl.at/hz8Au.

[38] Ewan Palmer, "As AOC Heralds Denmark McDonald's Minimum Wage, Here's How Much a Big Mac Costs There," Newsweek.com, March 3, 2021, accessed May 25, 2025, www.newsweek.com/minimum-wage-15-denmark-big-mac-mcdonalds-1573414.

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New York Times article by Nicholas Kristof, describing the starkly different realities between the US and Nordic contexts for McDonald's workers and the lowest-paid workers in society more generally. Denmark has constructed a version of capitalism that better ensures rank-and-file employees a share in the nation's overall economic prosperity.[39]

Yeah, but … (A Primer)

I often encounter skepticism when suggesting that the US could learn from Nordic experiences, typically met with the retort prefixed with "Yeah, but." Common objections include, "Yeah, but the US is the freest nation in the world," and "Yeah, but the Nordics are small and homogeneous." I briefly address these objections here, with a more comprehensive response in Chapter 8.

Yeah, but the US Is the Freest Nation in the World

The US is the "freest nation in the world" is a common assertion by Americans, frequently invoked by prominent politicians. This claim often arises in response to critiques of systemic issues within the US, sometimes paired with the notion that adopting Nordic-like policies would undermine American freedoms. Such a comparative claim of "freest," or any assertion of superiority, invites a rigorous comparative analysis. Yet, when pressed for evidence, responses often lack empirical support, relying instead on spurious claims or *ad hominem* attacks rather than substantive proof.

In 2022, following the devastating mass shooting in Uvalde, Texas – where a gunman killed nineteen children with a military-grade weapon at an elementary school – a British reporter questioned US Senator Ted Cruz about the alarming prevalence of mass shootings in the country. Rather than engaging with the substance of the question, Cruz dismissed the reporter as a "propagandist" and sarcastically retorted, "I'm sorry you think American exceptionalism is awful." He then asserted US superiority: "Why do people come from all over the world

[39] Nicholas Kristof, "McDonald's Workers in Denmark Pity Us," *New York Times*, May 8, 2020.

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to America? Because it's the freest, most prosperous, safest country on Earth."[40] Such comparative claims demand examination.

Freedom is deeply intertwined with a sense of safety – it is challenging to feel truly free when one's safety, especially that of one's children, is at risk. According to the 2023 Global Peace Index, Iceland and Denmark are ranked as the safest globally, with all Nordic countries, along with Australia, Canada, Germany, Japan, England, Costa Rica, Vietnam, Uruguay, and South Korea, outperforming the US.[41] The tragically high incidence of mass shootings in US schools is one of the many indicators where the US significantly trails Nordic nations in measures of safety.[42] Furthermore, in holistic measurements of freedom, Nordic nations outperform the US. For example, the 2023 Human Freedom Index, compiled by the conservative think tank Cato Institute in Washington, DC, places all five Nordic nations in the top ten, while the US ranks no. 17.[43] The empirical evidence starkly contradicts Senator Cruz's comparative claims.

Comparative claims of US superiority often lack empirical backing, veering from healthy patriotism to dangerous denial. When these comparative claims are challenged, detractors are often dismissed as "anti-American," reflecting a troubling trend where genuine issues are overshadowed by nationalistic fervor. The satirical title of Stephen Colbert's book, *America Again: Re-becoming the Greatness We Never Weren't*, humorously underscores the irony of unchecked American

[40] Martin Pengelly, "Ted Cruz Angrily Quits Interview after Being Confronted about Gun Control," *The Guardian*, May 26, 2022, accessed June 1, 2023, https://shorturl.at/OVN6O; Sky News, "Texas School Shooting: Sky News Questions Senator Ted Cruz over Gun Control at Uvalde Vigil," video, accessed May 24, 2025, https://shorturl.at/ehkbU.

[41] IEP, *Global Peace Index 2023: Measuring Peace in a Complex World* (Sydney: IEP, 2023), accessed July 1, 2023, www.visionofhumanity.org/wp-content/uploads/2023/06/GPI-2023-Web.pdf.

[42] Pew Research Center, "Gun Deaths among U.S. Kids Rose 50% in Two Years," Pew Research Center: Fact Tank, April 6, 2023, accessed June 1, 2023, https://shorturl.at/xoMvD; Prison Policy Initiative, "The Counted: Police Killings in the United States," blog, June 5, 2020, accessed June 1, 2023, www.prisonpolicy.org/blog/2020/06/05/policekillings/.

[43] Ian Vásquez, Fred McMahon, Ryan Murphy, and Guillermina Sutter Schneider, *Human Freedom Index 2023* (Washington, DC: Cato Institute; Vancouver: Fraser Institute, December 2023), accessed June 1, 2024, https://shorturl.at/CwwwO.

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exceptionalism claims, which seriously hinder constructive discourse and the development of solutions for pressing issues.[44]

Yeah, but the Nordics Are Small and Homogeneous

Some US audiences commonly theorize that the smallness and perceived homogeneity of Nordic nations, often stereotyped as exclusively white, renders Nordic experiences irrelevant in the US. The frequent hypothesis expressed is that because the US is large and diverse, something that works in the Nordics is unlikely to work in the US. It is important to immediately note that the Nordic nations are not exclusively white and have experienced significantly increased demographic diversification over the past decades.

That said, the US and the Nordics are indeed different contexts.

Nevertheless, the Nordics can offer valuable lessons for the US no different than how the US has provided lessons for the Nordics. I routinely host Nordic political and business leaders who come to the US to benchmark practices in diverse fields such as artificial intelligence, entrepreneurship, technology innovation, and food safety. Nordic benchmarking exercises have been a longstanding tradition. In the late nineteenth and early twentieth centuries, letters from Nordic emigrants in the US helped spur the adoption of innovative practices in their home countries, which were then lagging behind the US in industrial development. Adopted in 1814, the Norwegian Constitution was inspired by the U.S. Constitution, incorporating its principles of democracy and separation of powers. It is crucial to remember that learning can flow both ways across the Atlantic.

These Nordic explorations are best understood as benchmarking exercises – systematic analyses of successful practices that can inform improvements elsewhere. Effective benchmarking requires approaching different contexts with curiosity, humility, and an open mind, recognizing that valuable lessons can emerge from studying systems different from our own.

Benchmarking can occur at many different units of analysis – not solely at the national level. Nordic states, cities, companies, and specific programs can offer valuable lessons through benchmarking.

[44] Stephen Colbert, *America Again: Re-becoming the Greatness We Never Weren't* (New York: Grand Central Publishing, 2012).

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Many efforts in the US are coordinated at the state level – including education, transportation, law enforcement, prisons and correctional systems, elections, public health programs, land use, and energy and environmental policies. Nordic nations are, on average, about the size of mid sized US states like Wisconsin and Minnesota, the US's no. 20 and no. 22 most populated states, respectively. Sweden is the largest Nordic nation at just over ten million people, a similar population to North Carolina and Michigan, no. 9 and no. 10 in the US, respectively. Iceland is the smallest Nordic nation, just below the population of Wyoming, which is no. 50. Therefore, the range of populations of the Nordic nations spans over 80 percent of US states.

US states could, for example, look to Finland for educational reform, digital government services, or universal subsidized childcare; Iceland for gender equality, sustainable fishing, or geothermal energy; Norway for electric vehicle adoption, integrated public transportation, or "Freedom to Roam" laws (*Allemannsretten*); Sweden for elder care, waste management and recycling, or efficient healthcare systems; Denmark for wind energy transition, voter participation, or universal paid parental leaves, and so on.

Even the largest states may prosper by turning their benchmarking gaze on the Nordic nations.

California is actively benchmarking the Norwegian correctional system. It is examining how Norway dramatically reduced its recidivism rates since the 1990s, when they mirrored those of the US, by shifting the focus from punishment to rehabilitation. Today, Norway's recidivism rate is roughly half that of California's.[45] California is the most populous US state and, if it were a country, would rank as the world's fourth-largest economy, just ahead of Japan and behind only the US, China, and Germany.[46] Nevertheless, Norway offers California valuable insights for those open to learning.

University of California, San Francisco, public health researcher Cyrus Ahalt routinely leads US groups on benchmarking tours of Norwegian prisons. He remarked, "We hear 'Norway's so socialist' or

[45] "Norwegian Prisons: A Blueprint for California's Correctional Reform," *Corrections1*, October 9, 2023, accessed November 1, 2023, https://shorturl.at/SX3yT.

[46] Office of Governor Gavin Newsom, "California Is Now the 4th Largest Economy in the World," April 23, 2025, accessed April 24, 2025, https://shorturl.at/zFvaA.

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'Norway's all white,' which is actually not true," as common dismissals from US audiences. However, Ahalt notes that when someone experiences the Norwegian prisons firsthand on a benchmarking excursion, "the skepticism and resistance evaporate."[47] Secretary Ralph Diaz of California's Department of Corrections and Rehabilitation emphasized that while California would not copy Norway's system exactly, it could adapt valuable lessons for its diverse context. "We are not trying to make it the Norway way, or the European way, but the California way. We are a unique, diverse populous with cultures within cultures, but that doesn't mean we can't make necessary changes."[48]

Researchers also point to opportunities for California to learn from Denmark's successes in establishing innovative circular systems at scale. Denmark is a global leader in aluminum, glass, and plastic beverage-container takeback systems, supported by well-designed recycling infrastructure and strong industry collaborations. Denmark also leads efforts to convert animal waste into energy, providing additional practical insights for meeting sustainability objectives. Denmark's combination of state policy support and private sector innovation holds particular relevance for California, as it seeks to meet ambitious climate goals.[49] These lessons extend beyond California to other US states.

US Supreme Court Justice Louis Brandeis famously asserted, "A single courageous State may, if its citizens choose, serve as a laboratory; and try novel social and economic experiments without risk to the rest of the country."[50] Similarly, the Nordic nations are often described as "social laboratories," where innovative policies are pragmatically tested and refined.[51] Encouraging state-level experimentation in the

[47] "Norway's Humane Approach to Prisons Can Work Here, Too," *UCSF Magazine*, June 9, 2021, accessed May 25, 2025, https://shorturl.at/SX3yT.
[48] California Department of Corrections and Rehabilitation, "California Leaders Learn from Norwegian Prison System," *Inside CDCR*, December 16, 2019, accessed April 1, 2024, https://shorturl.at/8QAgu.
[49] John Zysman, Dan Breznitz, and David Zilberman, *Pathways for a Green Transition to a Bio-economy*, BRIE Working Paper 2024-3 (Berkeley: Berkeley Roundtable on the International Economy, 2024), accessed December 1, 2024, https://brie.berkeley.edu/publications/pathways-green-transition-bio-economy.
[50] *New State Ice Co.* v. *Liebmann*, 285 U.S. 262 (1932).
[51] Carl Marklund, "The Social Laboratory, the Middle Way and the Swedish Model: Three Frames for the Image of Sweden," *Scandinavian Journal of History* 34, no. 3 (2009): 264–285.

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US by adapting proven Nordic policies could unlock powerful learning opportunities. However, as Jacob Grumbach warns in his 2022 book *Laboratories against Democracy*, the opposite is happening in many US states. Grumbach demonstrates that political, ideological, and economic interests are actively suppressing policy experimentation, undermining states' ability to address pressing challenges.[52] This policy of suppression feeds into a neoliberal self-fulfilling prophecy: As state and federal governments become less effective, it reinforces the belief in their inherent inefficiency, justifying further reductions in the government's role – a core tenet of neoliberal ideology.

Benchmarking has the potential to ignite meaningful change as growing public awareness of better alternatives challenges the status quo. When citizens recognize opportunities for improvement elsewhere, demands for change naturally intensify. The stark contrast between conditions under Soviet socialism and those in American capitalism once fueled Soviet citizens' push for reform; they began asking, "Am I better off than Americans?"[53] In much the same way, Americans today may find themselves inspired to question their own systems, comparing their quality of life with that of Nordic citizens. As more people examine the strengths of Nordic capitalism in fostering well-being, these comparisons may galvanize calls to reform American capitalism to better serve US citizens.

However, benchmarking alone does not automatically overcome barriers to change or ensure the direct applicability of all lessons learned. Overcoming entrenched, powerful interests that benefit from maintaining the status quo is persistently challenging. Denial of major problems remains difficult to counter in the US, where entrenched interests, polarization, and strategic misinformation work together to obstruct efforts to confront shared challenges. Additionally, even when the need for change is widely recognized, achieving consensus on specific policies and practices to enact can be difficult, especially in politically divided environments. Indeed, the US and the Nordics are different contexts with different historical pathways and current conditions.

[52] Jacob M. Grumbach, *Laboratories against Democracy: How National Parties Transformed State Politics* (Princeton: Princeton University Press, 2022).

[53] Robert Strayer, "Decolonization, Democratization, and Communist Reform: The Soviet Collapse in Comparative Perspective," *Journal of World History* 12, no. 2 (2001): 375–406; Mark Kramer, "The Dissolution of the Soviet Union: A Case Study of Discontinuous Change," *Journal of Cold War Studies* 24, no. 1 (2022): 188–218.

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The US is much larger, has a more diverse population, and is arguably more divided, raising questions about the applicability of Nordic practices in the US. Does the US possess the necessary social solidarity to adopt such practices? Does the US have enough sense of "We" to implement change for the common good? While there are no simple answers, two important points are evident. First, the scale of the US is daunting, and the political gridlock at the national level can be demoralizing. Benchmarking at a more local level – comparing Nordic nations with US states, Nordic cities with US cities, Nordic companies with US companies, and so on – is more effective. Second, US audiences must actively avoid the reflex to dismiss Nordic approaches as "socialism," which reinforces false equivalences with Soviet socialism and forecloses meaningful discussion.

One concern that necessitates immediate addressing is the misconception that directing attention to Nordic countries equates to celebrating "whiteness" or endorsing white supremacy. Such a concern is understandable, considering the disturbing historical connections between Nordic identity, whiteness, and systems of domination associated with white supremacy.[54] US eugenicist Madison Grant extolled "Nordicness" as the superior race in his xenophobic manifesto, *The Passing of the Great Race*, published in 1916.[55] Grant was associated with numerous notable US figures, including President Theodore Roosevelt, who praised the book as "the work of an American scholar and gentleman."[56] Grant's book also found its way into the hands of

[54] Catrin Lundström and Benjamin R. Teitelbaum, "Nordic Whiteness: An Introduction," *Scandinavian Studies* 89, no. 2 (2017): 151–158; Anne Bonds and Joshua Inwood, "Beyond White Privilege: Geographies of White Supremacy and Settler Colonialism," *Progress in Human Geography* 40, no. 6 (2016): 715–733; Jana Sverdljuk, Terje Mikael Hasle Joranger, Erika K. Jackson, and Peter Kivisto, eds., *Nordic Whiteness and Migration to the USA: A Historical Exploration of Identity* (New York: Routledge, 2021); George Lipsitz, *The Possessive Investment in Whiteness: How White People Profit from Identity Politics*, new ed. (Philadelphia: Temple University Press, 2018); Nell Irvin Painter, *The History of White People* (New York: W. W. Norton & Company, 2010).

[55] Madison Grant, *The Passing of the Great Race* (New York: Charles Scribner's Sons, 1916).

[56] Theodore Roosevelt, endorsement in advertisement for Madison Grant, "The Passing of the Great Race," *Scribner's Magazine* 62, no. 6 (December 1917): 32d.

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Adolf Hitler, who professed, "This book is my Bible."[57] The Nazis infamously appropriated Nordic symbols and Viking imagery. The insurrectionists who attacked the US Capitol on January 6, 2021, prominently displayed Norse and Viking symbols, continuing a pattern of white supremacist movements appropriating Nordic cultural imagery.[58] During a meeting on immigration with lawmakers in the White House in 2018, President Trump reportedly questioned why the US accepted immigrants from Haiti and African countries, referring to them as "shithole countries," remarking that the US should instead bring more immigrants "from places like Norway." Trump's remark was criticized as racially charged. It reflects a common discourse in the US conflating white supremacy with Nordic considerations.[59] The rise of nationalistic political groups in the Nordic region with their thinly veiled agendas promoting white supremacy, like the Sweden Democrats, further cement such harmful associations.

This persistent appropriation of Nordic identity by white supremacist movements demands careful attention when examining Nordic social and economic models. However, rejecting substantive examination of Nordic policy innovations due to such appropriation would effectively cede important practical lessons to extremist narratives.

Furthermore, the "yeah, but they're homogeneous" argument can at times come across as "yeah, but they're white" – as if whiteness somehow equates with performance. By most measures, Japan is a more homogeneous society than any of the Nordic societies. Yet in all my years as an industrial engineer benchmarking Japan for its efficiency advances of the 1970s into the 1990s, I never once heard "Yeah, but they're homogeneous" as a counterargument, despite Japan having a far more homogeneous population and different cultural context than the US. Yet I receive this objection routinely when suggesting Americans could prosperously benchmark the Nordics.

[57] Jonathan Spiro, *Defending the Master Race: Conservation, Eugenics, and the Legacy of Madison Grant* (Lebanon: University Press of New England, 2009).

[58] Kristin Romey, "American Insurrection: Decoding the Hate Symbols Seen at the Capitol Insurrection," *National Geographic*, January 12, 2021, accessed February 1, 2021, https://shorturl.at/yb0UD.

[59] Julie Hirschfeld Davis, "Trump Alarms Lawmakers with Disparaging Words for Haiti and Africa," *New York Times*, January 11, 2018, accessed February 1, 2021, www.nytimes.com/2018/01/11/world/trump-countries-haiti-africa.html.

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This disparity in response suggests that the "homogeneous" argument may sometimes serve as a proxy for racial assumptions that need to be directly confronted and challenged.

Nordics: From Poverty to Shared Prosperity

During the 1800s and early 1900s, Nordic societies were marked by poverty and inequality in stark contrast to their present-day egalitarian identity with high levels of shared prosperity. According to Thomas Piketty, the propertarian structure of Swedish society around the turn of the twentieth century rendered it "one of the most inegalitarian societies in the world." Societal status was determined almost entirely by property ownership.[60]

In contrast, the US represented a beacon of freedom and opportunity to many in Northern Europe. Beginning in the 1850s and continuing into the early 1900s, the promise of a better life drove millions of Nordic citizens to immigrate to the US – including my Norwegian great-great-grandparents, Knut and Anne Strand, shown in Figure 1.2.

Knut and Anne came from Telemark, Norway, a region known for its striking landscapes, rich folk traditions, and as the birthplace of Telemark skiing. Decades after their departure, Telemark would gain international attention for its role in the Norwegian resistance to Nazi occupation, most notably through the sabotage of the heavy-water plant at Vemork. This episode was dramatized in the 1965 Hollywood film *The Heroes of Telemark*, starring Kirk Douglas, and the 2015 Norwegian miniseries *The Heavy Water War*. At the time Knut and



Figure 1.2 Knut and Anne Strand.

[60] Thomas Piketty, *Capital and Ideology* (Cambridge: Harvard University Press, 2020), 487.

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Anne left, however, the region was marked by economic hardship. Knut was a tenant farmer with no land of his own, and Anne worked as a servant in a wealthy household. Life in Norway offered little prospect for upward mobility.

Hoping for a brighter future, Knut, Anne, and their one-year-old son Leof (my great-grandfather) boarded a sailing vessel bound for North America on April 4, 1861. After a weary ten-week journey, they arrived in Quebec and made their way to La Crosse, Wisconsin, eventually settling nearby in an area still known today as Norway Valley due to its influx of Norwegian immigrants.

Through the Homestead Act of 1862, many Nordic immigrants became landowners. In 1863, Knut secured a plot of fertile land in Tamarack, Wisconsin, and joined fellow recent Norwegian immigrants in establishing the Tamarack Norwegian Lutheran Church.[61] The idea of owning land – and the freedoms that came with it – had been a distant dream in Norway, but it quickly became their reality in the US.

During my youth, my family celebrated Norwegian traditions as we understood them. The Strand family reunion was a yearly summer gathering in Norway Valley, always preceded by a service in the church our ancestors had built. At Christmas we displayed Norwegian flags, and my grandparents, Gladys and Milton Strand (Leof's son), prepared traditional dishes like *lefse*, *sandbakelse*, and *lutefisk*. Recounting the fortitude of Knut and Anne became a tradition of its own – one that instilled in me a lasting pride in my Norwegian heritage and a deep gratitude for the foundation my ancestors laid, which allowed me the opportunity to build a good life.

My fascination with the Nordics deepened in my late twenties as I began to consider their relevance in a modern context. After several years in Corporate America, I enrolled in the Evening–Weekend MBA program at the University of Minnesota. In my world economics course, I noticed that the Nordic countries consistently ranked among the world's most prosperous economies – a stark contrast to their status among Europe's poorest during my great-great-grandparents' era. Intrigued by this rapid transformation, I asked my

[61] Eben Douglas Pierce, ed., *History of Trempealeau County, Wisconsin* (Ithaca: Unigraphic, 1917); *A History of Tamarack Lutheran Church* (Tamarack: Tamarack Lutheran Church, *c.* 1950).

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professor for an explanation. His answer – "oil" – felt insufficient. There had to be more to the story.

While Norway discovered significant offshore oil reserves in the late 1960s, petroleum wealth alone cannot explain the region's broader pattern of shared prosperity. Oil discovery has produced the opposite effect in many countries – exacerbating inequality, corruption, and institutional decay. Venezuela offers a striking example. Despite its substantial oil reserves, the country experienced such damaging consequences that, in 1975, its oil minister, Pablo Pérez Alfonzo, famously called petroleum "the devil's excrement," blaming it for worsening corruption, waste, and inequality.[62]

Norway – and the other Nordic countries – pursued a very different path. Modern Nordic societies exhibit low levels of corruption, efficient public services, and broadly shared prosperity – outcomes that reflect deep institutional strengths. Norway's democratic management of its oil resources is one example. In 1990, the Norwegian government established the Sovereign Wealth Fund to ensure that oil revenues would benefit both present and future generations. As of January 2025, the fund was valued at $1.8 trillion – more than $300,000 per Norwegian citizen – and is managed with a strong emphasis on democratic oversight.[63]

At the same time, I noticed something else: Nordic realities directly contradicted what I was being taught in my American MBA program. The Nordic countries challenged the prevailing assumption that social or environmental responsibility inevitably comes at an economic cost. According to the conventional economic wisdom presented in class, promoting social welfare or protecting the environment required sacrificing financial performance. Personal income tax rates were higher in the Nordics than in the US, especially when considering what was actually collected from the wealthiest citizens, yet their economies were thriving in ways that ran counter to what I had been taught. The Nordics, stood as living counterexamples. Their attention to societal well-being and environmental stewardship appeared to strengthen – rather than hinder – their economies. The question remained: how was this possible?

[62] Raúl Gallegos, *Crude Nation: How Oil Riches Ruined Venezuela* (Lincoln: University of Nebraska Press, 2016); *The Economist*, "The Devil's Excrement: Is Oil Wealth a Blessing or a Curse?" Economist.com, accessed January 1, 2018, May 24, 2003.

[63] Gwladys Fouche, "Wanted: Norwegians to Help Form Future of Country's $1.8 Trillion Piggy Bank," Reuters, October 30, 2024, accessed December 1, 2024, https://shorturl.at/OAwF7.

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In my MBA coursework, the doctrine of "shareholder primacy" was presented as a core principle of American capitalism. Popularized by economist Milton Friedman, this view holds that business leaders are agents of shareholders and that their primary responsibility is to maximize profits. In his influential 1970 essay "The Social Responsibility of Business Is to Increase Its Profits," Friedman argued that business leaders who take actions such as reducing discrimination or curbing pollution are "preaching pure and unadulterated socialism."[64]

Friedman warned that prioritizing any stakeholder beyond shareholders would threaten the foundation of a free society. Stakeholders include employees, customers, suppliers, communities, and shareholders themselves.[65] From Friedman's perspective, attending to these broader interests risked undermining liberty.

Yet when we consider the Nordic experience and examine multiple dimensions of freedom – personal, civil, and economic liberties; freedom of the press; social mobility; democratic strength; and gender equality – Nordic countries often outrank the US (Chapter 7). By these measures, Nordic citizens are, in many ways, freer than their American counterparts, calling into question the foundational theory of American capitalism.

From the US to the Nordics

After finishing my American MBA in 2005, I was awarded a Fulbright Scholarship to Norway. My research aimed to understand the mechanisms behind the Nordic countries' impressive economic, social, and environmental performances. I was primarily interested in understanding the business community's influence on the Nordic achievements and the role of business leaders. Based at the Norwegian University of Science and Technology in Trondheim, I delved into a study of a case company from each of the four largest Nordic countries: Equinor in Norway, IKEA in Sweden, Novo Nordisk in Denmark, and Nokia in Finland.

As I engaged in my research, I was immediately struck by the fact that Nordic business leaders favored cooperation and consensus-building,

[64] Milton Friedman, "A Friedman Doctrine: The Social Responsibility of Business Is to Increase Its Profits," *New York Times*, September 13, 1970.

[65] R. Edward Freeman, *Strategic Management: A Stakeholder Approach* (Boston: Pitman, 1984).

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a style that was fundamentally different from the authoritative, commander-style leadership I had experienced in corporate America. I saw concerted efforts to utilize democratic principles to organize and make decisions where business leaders actively sought critical voices, demonstrated humility, and openly acknowledged that they did not have the answers, thereby encouraging questions and discussion. I realized that employees at these Nordic companies had significant freedom to make decisions.

Moreover, I noticed a work culture that appeared to respect the boundaries of personal life and work. Statements like "I have to leave to pick up my kids" were expressed confidently rather than as an apology. I sensed a flatness to the corporate hierarchies, with less pronounced separation between the executive levels and the rest of the workforce.

In the Nordic corporate cultures I encountered, I sensed a noticeable shift in discourse. Conversations about stakeholders – extending beyond just shareholders – and sustainability issues were treated with importance. This was starkly different from my experiences in US corporations, where senior executives repeated the mantra of shareholder primacy and where suggesting an alternative was dismissed as a violation of fiduciary duty or as naive.

From the Nordics Back to the US

Returning to corporate America after my Fulbright year in the Nordics was jarring. The contrast in working environments was immediately palpable. I went from airy Nordic offices – where access to natural light is legally mandated – back to a cubicle in a large, windowless room. The ergonomic standing desk I had grown accustomed to was replaced by a fixed, rigid workstation. Communal lunches and *fika* breaks, which had cultivated a sense of connection, gave way to solitary meals eaten on a styrofoam plate at my desk. The boxes in the office of fresh apples, cucumbers, or carrots, depending on the season, were gone. My workdays were no longer bookended by walking, biking, or public transportation – but by car commutes and more hurried, less healthy meals. I could feel the toll on my energy and well-being.

Fortunately, an unexpected opportunity allowed me to reconnect with my growing Nordic interests. The University of Minnesota expressed interest in my proposal to launch a new course on sustainability in the Nordics. I was appointed adjunct faculty and developed the

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course for a cohort of twenty-five MBA students. In 2008, I embarked on a two-week journey across Norway, Sweden, and Denmark, visiting the people and organizations I had studied during my Fulbright year. The course was well received and became an annual fixture, allowing me to continue nurturing my Nordic fascination.[66]

From the US Back to the Nordics

In 2009, newly married, my wife Sarah and I returned to the Nordic region to pursue our graduate studies. I began my doctoral work at Copenhagen Business School in Denmark, while continuing to lead annual MBA excursions to the Nordics for the University of Minnesota. As part of my PhD program, I taught a course on Nordic sustainability. My "outsider" perspective served me well – I could highlight aspects of Nordic societies that locals may have taken for granted but stood out as exceptional compared to my experiences in the US.

During this period, I also became concerned by what I observed in Nordic university bookstores: US business textbooks, steeped in the doctrine of shareholder primacy, increasingly dominated the shelves. This struck me as deeply ironic, given that Nordic management scholarship has long championed a stakeholder approach, and Nordic-based companies such as IKEA and Novo Nordisk are internationally recognized for their stakeholder orientation. I worried that the hegemony of US business literature risked eroding the very stakeholder ethos that had helped shape Nordic success.

Sumantra Ghoshal's 2005 article "Bad Management Theories Are Destroying Good Management Practices," captured my growing concern. Ghoshal argued that theories like Friedman's prescription of shareholder primacy had come to dominate management education in the second half of the twentieth century, leading US corporations to prioritize maximizing shareholder value with limited regard for other stakeholders. He warned, "Unlike theories in the physical sciences, theories in the social sciences tend to be self-fulfilling."[67] I feared that

[66] Robert Strand, "Toward Sustainable Sustainability Learning: Lessons from a US MBA Study Abroad Program in Scandinavia," *Journal of Strategic Innovation and Sustainability* 7, no. 2 (2011): 41–63.

[67] Sumantra Ghoshal, "Bad Management Theories Are Destroying Good Management Practices," *Academy of Management Learning & Education* 4, no. 1 (2005): 75–91, p. 77.

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this dynamic could take hold in the Nordics, undermining a stakeholder model that had proven both durable and effective.[68]

On a more personal note, the Nordic way of life captivated Sarah and me, prompting us to consider staying beyond our studies. I completed my PhD and was grateful for the opportunity to join Copenhagen Business School as an assistant professor.[69] We transitioned from being transient students to more permanent residents, immersing ourselves in Danish life.

From the Nordics Back to the US (*Please*)

In 2013, the joyous news of Sarah's pregnancy prompted us to consider a temporary relocation. We wanted to return from Denmark to our longtime residence in Minneapolis, Minnesota, to be near family for the birth of our first child.

Denmark's family-friendly policies enabled us to take a year of paid parental leave. During that time, I secured visiting scholar positions at the University of Minnesota and UC, Berkeley. I also received a travel grant from the Carlsberg Foundation, which supported my efforts to explore the creation of a research network among US universities focused on Nordic approaches to sustainability. The stage was set for a fulfilling year ahead.

However, we were quickly confronted with the harsh realities of American capitalism. In Nordic countries, healthcare is universally accessible and funded through taxes, a stark contrast to the US system, where access depends on the private market and is often tied to employer-sponsored "benefits."

Without a US employer, Sarah and I had to navigate the labyrinth of private health insurance. While we were startled by the exorbitant out-of-pocket costs, the greatest shock came when Sarah was repeatedly denied coverage. We approached insurers like Minnesota's

[68] Mette Morsing, Atle Midttun, and Karl Palmås, "Corporate Social Responsibility in Scandinavia: A Turn toward the Business Case?" in *The Debate over Corporate Social Responsibility*, ed. Steve May, George Cheney, and Juliet Roper (Oxford: Oxford University Press, 2007), 87–104.

[69] Robert Strand, "In Praise of Corporate Social Responsibility Bureaucracy" (PhD diss., Copenhagen Business School, 2012), PhD Series No. 26.2012, accessed January 1, 2018, https://research-api.cbs.dk/ws/portalfiles/portal/58899908/Robert_Strand.pdf.

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UnitedHealth Group, who routinely labeled her pregnancy a "pre-existing condition" and used it as grounds for denial. Pregnancy, cancer, diabetes, high blood pressure, and mental health conditions were commonly cited by insurance companies to justify denying coverage. This rationale aligns with the doctrine of shareholder primacy, as these individuals were deemed unprofitable customers, and insurers prioritized profitability over access to care.

In 2013, the debate over the Affordable Care Act reached a fever pitch, with some politicians arguing that increased government involvement in healthcare was a slippery slope to Soviet socialism. Senator Tom Coburn, a physician turned legislator, warned that expanding state involvement in healthcare access would "Sovietize" the US system and erode Americans' freedom.[70]

For Sarah and me, however, our experience was starkly different. Our freedoms were diminished not by state intervention but by profit-driven insurance companies. We were left begging for someone to sell us health insurance, yet no company would.

Our situation underscored the need for an alternative, and the Nordic approach provided a compelling one. While my Nordic friends paid higher personal income taxes than I did in the US, their overall financial burden was lower when considering the cumulative costs of private insurance premiums and the unexpected out-of-pocket expenses that Sarah and I faced. Moreover, they were free from the stress and anxiety of navigating a complex healthcare system and never had to worry about being denied coverage due to pre-existing conditions.

In 2013, amid our healthcare struggles in the US, Denmark was named the World's Happiest Country – a title routinely claimed by a Nordic nation in the annual World Happiness Report. Analysis of the World Happiness Report's methodology reveals that this designation signifies more than mere subjective contentment; rather, it measures a complex set of structural factors including institutional trust, social support systems, and universal access to essential services.[71] When Finland later claimed the top spot, a Finnish citizen succinctly captured this sentiment: "'Happiness' is sometimes perceived as merely

[70] "Coburn: Obama Creating a Soviet-Style Health Care System," *Raw Story*, July 2012, accessed May 25, 2025, https://shorturl.at/nhlSC.

[71] Ngan Lam Thi Tran, Robert W. Wassmer, and Edward L. Lascher, "The Health Insurance and Life Satisfaction Connection," *Journal of Happiness Studies* 18 (2017): 409–426.

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a smile on a face. However, I believe Nordic happiness is something more foundational – it's about a high quality of life rooted in universal services, ensuring that people feel safe and included in society."[72] The evidence suggests that World's Happiest Country is better understood as World's Least Insecure Society – though admittedly, the latter name lacks the same marketing appeal. Systemic security, fostered through robust social institutions and universal access to healthcare, education, and other essential services, represents a fundamental distinction between Nordic and American capitalism.

The Nordic healthcare system exemplifies their pragmatic capitalism: For-profit corporations and market mechanisms operate within a framework of state policies ensuring universal access. While American discourse often presents a false choice between total government control and pure market forces, the Nordic model demonstrates how combining public and private elements can achieve both universal coverage and economic efficiency.

The stark contrast between the two systems becomes undeniable when examining healthcare expenditures. In 2021, the US spent 18 percent of its GDP on healthcare – nearly double the approximately 10 percent typical in Nordic countries.[73] Yet every Nordic citizen has guaranteed access to healthcare, while in the US, millions remain uninsured, including over 4 million children.[74] These disparities expose the inefficiencies of the American system and suggest the immense emotional and societal toll of healthcare insecurity on millions of Americans.

Thankfully for Sarah and me, our return to the US in 2013 was enabled by a Nordic-inspired policy implemented in Minnesota in the mid 1970s.

Throughout the twentieth century, Minnesota lawmakers were notably influenced by Nordic policy developments, particularly those related to universal access to healthcare and education. In

[72] Penelope Colston, "The Bright Side: The Finnish Secret to Happiness? Knowing When You Have Enough," *New York Times*, April 1, 2023, updated April 9, 2023, accessed May 1, 2023, www.nytimes.com/2023/04/01/world/europe/finland-happiness-optimism.html.

[73] Munira Z. Gunja, Evan D. Gumas, and Reginald D. Williams II, *U.S. Health Care from a Global Perspective, 2022: Accelerating Spending, Worsening Outcomes* (Commonwealth Fund, January 2023), https://doi.org/10.26099/8ejy-yc74.

[74] Edward R. Berchick and Laryssa Mykyta, "Children's Public Health Insurance Coverage Lower than in 2017," U.S. Census Bureau, September 10, 2019.

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Scandinavians in the State House: How Nordic Immigrants Shaped Minnesota Politics, Swedish-born author Klas Bergman outlines the impact of modern Nordic policies on Minnesota. Swedish historian Sten Carlsson remarked, "Outside of the Nordic countries, no other part of the world has been so influenced by Scandinavian activities and ambitions as Minnesota."[75] A prime example is the Minnesota Comprehensive Health Association (MCHA), established in 1976 to provide health insurance to those denied coverage due to pre-existing conditions. As the first and largest high-risk health insurance pool in the US, MCHA aspired to ensure universal access to healthcare, serving hundreds of thousands, including my wife Sarah and me.[76]

Efforts to implement Nordic-like universal policies at the state level in the US often provoke accusations of socialism and warnings of the erosion of basic freedoms. The socialist allegations intensified in Minnesota in 2024 when Governor Tim Walz became a candidate for vice president, drawing national attention to the state's policies. This attention coincided with Minnesota's recent introduction of universal free school meals in 2023, a policy opponents labeled "pure socialism."[77] Kevin Hassett, former Chairman of the White House Council of Economic Advisers under President Trump, went so far as to compare Minnesota's policies to those of Venezuela, dramatically stating, "If you think of Venezuela … it's exactly what you see in Minnesota." This rhetoric suggests that establishing universal social programs inevitably lead to authoritarian socialist regimes like the Soviet Union or modern-day Venezuela.[78]

However, equating Nordic-style universal policies with the failures of socialist authoritarianism overlooks historical and contemporary realities. Finland, which shared a 1,300-kilometer border with the

[75] Klas Bergman, *Scandinavians in the State House: How Nordic Immigrants Shaped Minnesota Politics* (St. Paul: Minnesota Historical Society Press, 2017), 3.

[76] Lynn A. Blewett, Donna Spencer, and Courtney E. Burke, "State High-Risk Pools: An Update on the Minnesota Comprehensive Health Association," *American Journal of Public Health* 101, no. 2 (2011): 231–237, doi.org/10.2105/AJPH.2009.185975.

[77] Joshua Nelken-Zitser, "Minnesota Republican Votes against Free School Meals Bill Because 'I Have Yet to Meet a Person in Minnesota That Is Hungry,'" *Business Insider*, March 15, 2023, https://shorturl.at/yMHYg.

[78] Kayla Bailey, "Former White House Economist Warns of Walz's 'Disturbing' Policies: 'Avowed Socialist,'" *Fox Business*, August 8, 2024, accessed September 1, 2024, https://shorturl.at/J91h2.

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former Soviet Union, has a profound firsthand understanding of the perils of Soviet socialism. Throughout the twentieth century, Finnish casualties in conflicts with Soviet forces were comparable to those the US suffered in the Korean and Vietnam Wars combined.

Despite Finland's intense and prolonged conflicts with the Soviet Union, including the 1939 Soviet invasion, it enacted legislation in 1943 to ensure universal access to free school lunches funded by taxes – a clear indication that Finland did not regard such universal policies as steps toward authoritarian socialism.[79] Today, the merits of the Finnish approach are evident; Finland continues to uphold its universal school lunch programs while ranking high in global indices of democracy and freedom, effectively challenging the notion that universal social programs necessarily lead to authoritarianism. Finland's ascent in global education rankings, from among the lowest in the mid twentieth century to consistently top or near-top positions, as evidenced by its performance in the Programme for International Student Assessment, is primarily attributed to effective educational policies.[80] Universal school lunches, in particular, ensure that all students are well-nourished and prepared to learn.[81]

Contrary to assertions of a socialist dystopia, Finland is today described as a "capitalist paradise."[82]

Back Home in the US … but with a Continued Eye on the Nordics

In 2014, I embraced the opportunity to return permanently to the US, accepting the role of Executive Director of the Center for Responsible

[79] Irma Tikkanen and Ulla-Marja Urho, "Free School Meals, the Plate Model and Food Choices in Finland," *British Food Journal* 111, no. 2 (2009): 102–119.

[80] Eduardo Andere, *The Future of Schools and Teacher Education: How Far Ahead is Finland?* (Oxford: Oxford University Press, 2020).

[81] Juliana F. W. Cohen, A. A. Hecht, G. M. McLoughli, L. Turner, and M. B. Schwartz, "Universal School Meals and Associations with Student Participation, Attendance, Academic Performance, Diet Quality, Food Security, and Body Mass Index: A Systematic Review," *Nutrients* 13, no. 3 (2021): 911; Amy Ellen Schwartz and Michah W. Rothbart, "Let Them Eat Lunch: The Impact of Universal Free Meals on Student Performance," *Journal of Policy Analysis and Management* 39, no. 2 (2020): 376–410.

[82] Anu Partanen and Trevor Corson, "Finland Is a Capitalist Paradise," *New York Times*, December 7, 2019, accessed December 8, 2019, https://shorturl.at/HZ2SS.

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Business at UC, Berkeley Haas School of Business. I recognized that UC Berkeley provides a robust platform that can elevate the discourse and inquiry around Nordic capitalism.

Subsequently, we established the Nordic Center at the University of California, Berkeley, a campus-wide initiative where I serve as the founding Executive Director. At the Nordic Center, we routinely host events centered on Nordic policies and practices, including the Nordic Talks at Berkeley series. Our inaugural Nordic Talks event "Parental Leaves in the Nordics: Inspiration for California?" featured Robert Reich, former US Secretary of Labor and author of *Saving Capitalism: For the Many, Not the Few*.[83] Reich emphasized the practical merits of learning from the Nordics' pragmatic approach. He stated:

> The Nordics are capitalistic societies that have pragmatically figured out over the course of the past century where markets work well – and where they don't. Paid parental leave does not belong in the domain of the markets. The Nordics learned this, and it is time for those of us in the US to learn this also.
>
> I am increasingly of the belief that there are a number of other things the US may prosperously learn from the Nordic experiences.[84]

From the Nordic Center at University of California Berkeley, we aim to illuminate discussions on Nordic capitalism, deriving lessons to improve American capitalism, and critically evaluating the Nordic model.

Nordics as Global Leaders

Nordic nations are increasingly stepping into the limelight to advocate for ambitious sustainability policies. Although they have long been acknowledged as leaders in sustainability, assuming such a public leadership role is relatively new for the Nordics. Typically characterized by humility, Nordic individuals – including leaders on the global stage – prioritize "walking the walk" over "talking the talk." This characteristic is often linked to *janteloven*, a concept from Aksel Sandemose's 1930s novel, *En flyktning krysser sitt spor* (A

[83] Robert B. Reich, *Saving Capitalism: For the Many, Not the Few* (New York: Vintage, 2016).

[84] UC, Berkeley, "Nordic Talks: Parental Leaves in the Nordics. Inspiration for California?" moderated by Robert Strand, RedefiningBusiness.org, December 19, 2019, accessed September 28, 2025, https://shorturl.at/RxCC5.

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Fugitive Crosses His Tracks), set in a small Danish town. Originally a satirical critique of oppressive social norms, *janteloven* has evolved in modern discourse to symbolize modesty and social solidarity to engender a sense of 'We' in Nordic societies.

Recently, the Nordics have embraced a more vocal leadership role in the world, setting ambitious public sustainability goals and "talking the walk."[85] For instance, Denmark's 2019 climate law mandates a 70 percent reduction in greenhouse gas emissions by 2030, targeting carbon neutrality by 2050. Similarly, Sweden established public targets to be completely free of fossil fuels by 2045, and Finland made history in 2022 by legally committing to carbon negativity.[86]

In 2019, the Nordic Council of Ministers announced their goal for the Nordics to become "the most sustainable and integrated region" by 2030.[87] This bold public declaration represents a shift from the Nordics' traditionally reserved stance to a more conspicuous role on the global stage, recognizing the broader vacuum of international leadership needed to address significant global challenges. This moment in history calls for global leadership, and the Nordics have chosen to step forward.

Parting Reflections

In just a few generations, the Nordic nations have risen from among Europe's poorest to global leaders in societal well-being and sustainability. This transformation highlights their adherence to democratic principles, good governance, and a pragmatic focus on developing effective solutions over ideological rigidity.

[85] Dennis Schoeneborn, Mette Morsing, and Andrew Crane, "Formative Perspectives on the Relation between CSR Communication and CSR Practices: Pathways for Walking, Talking, and T(w)alking," *Business & Society* 59, no. 1 (2020): 5–33.

[86] Danish Ministry of Climate, Energy and Utilities, "During COP25, Denmark Passes Climate Act with a 70 Percent Reduction Target," Stateofgreen.com, December 9, 2019, accessed May 25, 2025, https://shorturl.at/nlGvc; Government Offices of Sweden, "Sweden's Climate Policy Framework," Government.se, March 23, 2021, accessed May 25, 2025, www.government.se/articles/2021/03/swedens-climate-policy-framework/; Ministry of the Environment, Finland, "Finland's National Climate Change Policy," ym.fi, accessed May 24, 2025, https://ym.fi/en/finland-s-national-climate-change-policy.

[87] Nordic Council of Ministers, "Sustainable Development Action – The Nordic Way," 2020, accessed December 1, 2020, https://pub.norden.org/politiknord2020-728/#45598.

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The longtime Honorary Consul General of Sweden in San Francisco, Barbro Osher, dubbed me "Mr. Nordic" for my efforts to spotlight Nordic approaches in the US as a source of valuable lessons for contemporary challenges. This book aims to ignite widespread curiosity about Nordic capitalism and provide essential insights for realizing sustainable capitalism.

Though not without flaws, Nordic capitalism presents a powerful challenge to entrenched assumptions about how market economies must function. When Marquis Childs sparked American interest in Nordic capitalism with his 1936 work, *Sweden: The Middle Way*, he revealed an alternative path for market economies. Today, as we grapple with unprecedented social and environmental challenges and fundamental threats to our democratic institutions, the urgency to understand and adapt lessons from Nordic capitalism has intensified.

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2 *Fundamentals of Sustainability*

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

—Prime Minister Gro Harlem Brundtland, Norway,
World Commission on Environment and Development,
Our Common Future

The 1987 Brundtland Report (*Our Common Future*), led by Norwegian Prime Minister Gro Harlem Brundtland, established the globally recognized definition of sustainable development: "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." The commission synthesized diverse research streams to elevate sustainable development as a vital field of study. Brundtland is since dubbed the "Mother of Sustainable Development."[1]

Nordic leadership in sustainability thinking has a longstanding scientific tradition. Nearly a century before the Brundtland Report, Swedish scientist Svante Arrhenius published the first academic article linking activities during the Industrial Revolution to climate change, "On the Influence of Carbonic Acid in the Air upon the Temperature of the Ground," in 1896. His work laid the scientific foundations for understanding the greenhouse effect, demonstrating how atmospheric carbon dioxide (CO_2) influences Earth's surface temperature.[2] Arrhenius's subsequent 1908 book, *Worlds in*

[1] Norway in the UN, "Mother of Sustainable Development," June 14, 2017, accessed January 1, 2018, https://bit.ly/46rIGMP.

[2] Svante Arrhenius, "On the Influence of Carbonic Acid in the Air upon the Temperature of the Ground," *London, Edinburgh, and Dublin Philosophical Magazine and Journal of Science* 41, no. 251 (1896): 237–276; Arrhenius's

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the Making, expanded on these ideas, pioneering the concept that human industrial activities, specifically the burning of fossil fuels, could lead to long-term climate changes. This early Nordic contribution to climate science set crucial groundwork for later understanding of planetary boundaries in relation to climate change.[3]

Sustainable Development

I first encountered the definition of sustainable development during an elective course in my American MBA program in the early 2000s. It resonated with me as a timeless and universal goal, offering a more profound and overarching purpose than the narrow focus on shareholder profit maximization emphasized elsewhere in my MBA program and prevalent in Corporate America.

Sustainable development represents a significant shift from the traditional economic models prevalent throughout the twentieth century, which focused almost exclusively on economic growth. Sustainable development recognizes the interconnectedness of economic development with pressing social and environmental challenges, including poverty, hunger, increasing inequalities, climate change, and the eradication of biodiversity. Addressing these intrinsically linked challenges demands a holistic, systems-based approach.

The period from the late eighteenth to the nineteenth century is characterized by profound industrialization and innovation that reshaped societies at an unparalleled pace and profoundly changed humankind's relationship with the Earth. Beginning in the 1760s, the epicenter of the Industrial Revolution was England. It soon reverberated throughout Europe, the young US, and beyond, radically altering human beings' everyday lives during the nineteenth century and after that. Characterized by a shift from piecemeal production by hand to mass production by machines in ever-growing factories, the Industrial Revolution brought about unparalleled advances in efficiency and accelerated economic development.

calculations showed that doubling CO_2 would warm the planet significantly. Modern models suggest a 2.5–4.5°C rise; he predicted 5–6°C, which is remarkably close.

[3] Svante Arrhenius, *Worlds in the Making: The Evolution of the Universe*, trans. H. Borns (New York: Harper & Brothers, 1908).

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Yet as is often the case with revolutionary transformations, the advances of the Industrial Revolution came with unintended consequences. The industrial era heralded widespread environmental degradation. For the first time, humankind affected the Earth's geology and ecosystems. As the twentieth century progressed, the need for a more holistic approach to development that integrated environmental, social, and economic dimensions became increasingly apparent. The concept of sustainable development was born of this need.

Systems Thinking: The Earth as a System

Sustainable development emphasizes the necessity of systems thinking.[4] The Brundtland Report highlighted that economic development is intertwined with environmental sustainability, where poverty and inequality contribute to and are exacerbated by environmental degradation.[5] It highlights the interconnectivity of critical issues, including population, food security, species loss, energy, industry, and urban development, advocating for integrated, holistic solutions.

The Brundtland Report built upon seminal works, such as Rachel Carson's *Silent Spring* and Donella Meadows and colleagues' *The Limits to Growth*, which warned that human activity associated with industrialization would exceed the Earth's carrying capacity.[6]

Since the early 1980s, humanity has consumed resources faster than the Earth can regenerate them – driving natural resource depletion, rising greenhouse gas emissions, and biodiversity loss. The 2004 *Limits to Growth* thirty-year update illustrated this starkly. Using data from Mathis Wackernagel and colleagues, published in "Tracking the Ecological Overshoot of the Human Economy," it featured a striking graph showing the ecological footprint rising

[4] Donella H. Meadows, *Thinking in Systems: A Primer* (White River Junction: Chelsea Green Publishing, 2008).
[5] World Commission on Environment and Development, *Our Common Future* (Oxford: Oxford University Press, 1987), 3.
[6] Rachel Carson, *Silent Spring* (Boston: Houghton Mifflin Harcourt, 2002); Donella H. Meadows, Dennis Meadows, Jørgen Randers, and William Behrens III, *The Limits to Growth: A Report for the Club of Rome's Project on the Predicament of Mankind* (New York: Universe Books, 1972).

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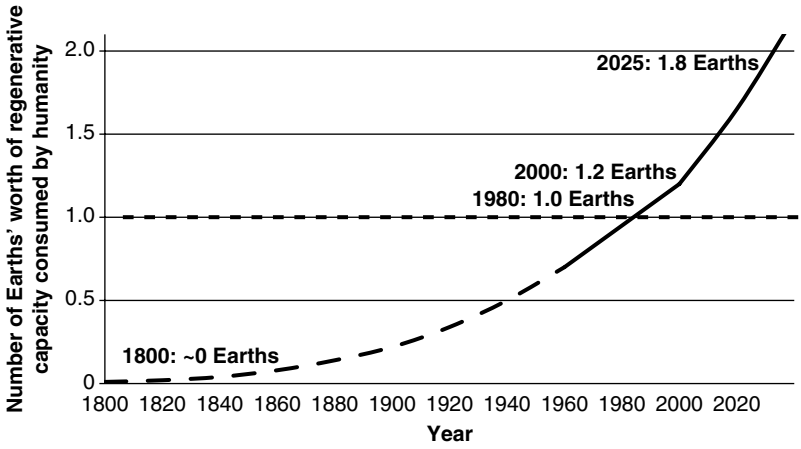


Figure 2.1 Number of Earths needed to support human activity. *Source*: Adapted in part from figure P-1, "Ecological Footprint versus Carrying Capacity (1960–2000)," in Meadows, Randers, and Meadows, *Limits to Growth: The 30-Year Update*. The extension back to 1800 is a simplified approximation. Humanity's ecological impact was effectively negligible at the dawn of the Industrial Revolution and rose gradually through 1960. Precise year-by-year data from this period are not available, nor are they necessary to convey the overall trajectory.

from just over 0.6 Earths' worth of annual regenerative capacity in 1960 to 1.2 Earths' worth by 2000.[7]

As depicted in Figure 2.1 – which offers an expanded view of the graph from the *Limits to Growth* update – humanity's impact was negligible at the dawn of the Industrial Revolution era but has since surged. By 2025, it reached an estimated 1.8 Earths, corresponding to Earth Overshoot Day falling on July 24 – the symbolic date of the year when humanity has already consumed the Earth's full annual regenerative capacity.[8]

[7] Donella H. Meadows, Jørgen Randers, and Dennis Meadows, *Limits to Growth: The 30-Year Update* (White River Junction: Chelsea Green Publishing, 2004), introduction, xv; Mathis Wackernagel et al., "Tracking the Ecological Overshoot of the Human Economy," *Proceedings of the National Academy of Sciences* 99, no. 14 (2002): 9266–9271. www.pnas.org/doi/full/10.1073/pnas.142033699.

[8] Global Footprint Network, "About Earth Overshoot Day," *Earth Overshoot Day*, accessed June 14, 2025, accessed June 1, 2025, https://overshoot.footprintnetwork.org/about/.

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Patterns of overconsumption are deeply unequal worldwide. US citizens rank among the highest per capita consumers globally – if everyone consumed at the level of the average American, more than five Earths' worth of regenerative capacity would be required. All of the world's wealthiest nations, including all OECD and Nordic nations, exceed sustainable consumption levels.[9]

Overconsumption is closely tied to wealth. The wealthiest 1 percent have a carbon footprint double that of the poorest 50 percent combined.[10] Alarmingly, research shows that the wealthiest individuals often view their consumption as fair. This perception gap is especially concerning given the disproportionate influence the wealthiest individuals have over global policy decisions.[11] Furthermore, as lower-income nations continue to develop, their consumption levels are also rising, further intensifying pressure on the planet's finite resources.

Addressing the global crisis of overconsumption necessitates a fundamental reassessment of our production and consumption models. Consumption levels have drastically altered the planet, and many scientists now refer to the present as the Anthropocene epoch, defined by the dominant impact of human activity on Earth's geological history (from *anthropo*, for man, and *cene*, for new).[12] Before this was the Holocene epoch, which began 11,700 years ago after the last ice age, offering stable climates that allowed human civilization to flourish. Preceding the Holocene was the Pleistocene epoch from about 2.6 million to 11,700 years ago. The Pleistocene epoch posed significant challenges for early humans, with repeated ice ages and harsh conditions that made survival difficult due to extreme cold, food scarcity,

[9] Global Footprint Network, "How Many Earths or Countries Do We Need?," accessed May 24, 2025. www.overshootday.org/how-many-earths-or-countries-do-we-need/; Global Footprint Network, homepage, accessed May 24, 2025. www.footprintnetwork.org/.

[10] Oxfam International, "Carbon Emissions of Richest 1 Percent More Than Double the Emissions of the Poorest Half of Humanity," Oxfam.org, September 21, 2020, accessed May 24, 2025, https://shorturl.at/HfTRQ.

[11] Kristian S. Nielsen, Jan M. Bauer, Ramit Debnath et al., "Underestimation of Personal Carbon Footprint Inequality in Four Diverse Countries," *Nature Climate Change*, September 12, 2024, doi.org/10.1038/s41558-024-02130-y.

[12] Robinson Meyer, "The Cataclysmic Break That (Maybe) Occurred in 1950," *The Atlantic*, April 16, 2019, accessed May 24, 2025, https://shorturl.at/MBKEg; The previous epoch, Holocene, began 11,700 years ago after the last major Ice Age. Joseph Stromberg, "The Age of Humans Living in the Anthropocene," Smithsonianmag.com, January 2013, January 1, 2020.

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and unstable environments. While the official designation of the current epoch is debated, it is evident that humanity's ability to alter Earth's systems now significantly poses severe risks to human survival and well-being.

Earth: Humanity's Endowment

Earth is humanity's ultimate endowment – an irreplaceable asset that sustains all life and human civilization. Like any precious endowment, it is passed from generation to generation, with each inheritor serving as both beneficiary and trustee.

When a financial endowment is responsibly stewarded, it regenerates a stream of financial resources in perpetuity from which current and future generations benefit. Responsible stewardship entails withdrawing only resources generated from interest and not touching the principal of the asset.

Consider, for example, an endowment of $100 million. At a 4 percent interest rate, commonly accepted in financial management as a sustainable rate minimizing the risk of depleting the principal, such an endowment can regenerate $4 million annually in perpetuity. By withdrawing only the interest generated, the principal is preserved over the long term while providing a reliable revenue stream from interest to live on for each generation of benefactors. However, if a beneficiary extracts more than the $4 million annually generated through interest, the principal is eroded, and the asset is impaired. As a result, the endowment's regenerative capacity is diminished. For example, imagine a beneficiary extracting $20 million from the $100 million endowment in one year. That $20 million would be $4 million from interest and $16 million from the principal. The value of the endowment is thereby reduced to $84 million.

While the present beneficiary may benefit from their heightened withdrawals by taking from the endowment's principal, they are effectively stealing from all future beneficiaries – an $84 million endowment only regenerates $3 million annually in interest.

This endowment metaphor parallels environmental scientists' conceptualization of Earth's resources: as "stocks" (like an endowment's principal) and "flows" (like the interest generated). All existing trees on Earth represent a stock, while the annual growth of new trees represents a flow. Similarly, healthy soil is a critical stock that can take centuries to build, generating annual flows of

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food and biomass. Biodiversity represents another crucial stock, with flows that include vital ecosystem services and medical innovations. More than half of cancer drugs have been discovered from natural sources, with compounds from plants, microorganisms, and marine life providing breakthrough therapies.[13] While advances in artificial intelligence enhance our ability to identify promising compounds in nature, the accelerating loss of biodiversity through habitat destruction and climate change permanently eliminates potential discoveries that could cure humanity's most devastating diseases. These natural stocks – our forests, soils, freshwater bodies, oceans, and biodiversity – create vital flows that sustain life: carbon sequestration, food production, air and water purification, and life-saving medicines.

Herman Daly, a pioneering ecological economist, emphasized this distinction between stocks and flows as fundamental to understanding sustainability.[14] Just as an endowment trustee must distinguish between drawing down principal and living off generated interest, environmental scientists differentiate between depleting Earth's stocks and sustainably harvesting its flows. When stocks are responsibly stewarded, these flows continue indefinitely. However, every year that humankind consumes more than Earth regenerates, its stocks are depleted and its regenerative capacity diminished.

The economic costs of failing to act as responsible trustees of our planetary endowment are increasingly conspicuous. According to a 2024 study published in *Nature*, climate change impacts will reduce global economic income by 19 percent within the next twenty-six years. Annual damages are estimated at $38 trillion in 2049 and grow with every passing year of increasing atmospheric CO_2 ppm levels.[15] Harvard economist Adrien Bilal asserts, "By the end of the century, people may well be 50 percent poorer than they would've

[13] David J. Newman and Gordon M. Cragg, "Natural Products as Sources of New Drugs over the Nearly Four Decades from 01/1981 to 09/2019," *Journal of Natural Products* 83, no. 3 (2020): 770–803. doi.org/10.1021/acs.jnatprod.9b01285.

[14] Herman E. Daly, "Toward Some Operational Principles of Sustainable Development," *Ecological Economics* 2, no. 1 (1990): 1–6.

[15] Maximilian Kotz, Anders Levermann, and Leonie Wenz, "The Economic Commitment of Climate Change," *Nature* 628 (2024): 551–557, doi.org/10.1038/nature26000.

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been if it wasn't for climate change,"[16] based on his working paper with Diego Känzig, an economist at Northwestern University.[17]

To further illustrate the Earth as an endowment metaphor through a numerical example, we can draw upon the 1997 study published in *Nature*. Robert Costanza and colleagues estimated the total value of ecosystem services provided by Earth's biomes – effectively Earth's annual "interest generated" – at $33 trillion, nearly double the global gross national product (GNP) of $18 trillion at that time. This valuation underscored the immense economic importance of natural ecosystems and the devastating costs of their degradation.[18]

Using Costanza et al.'s valuation of Earth's annual ecosystem services as our starting point, we can further develop the Earth endowment metaphor to illustrate the consequences of overconsumption. If we treat Earth's annual ecosystem services of $33 trillion as "interest" generated by our planetary endowment and apply a standard endowment interest rate of 4 percent, we arrive at an Earth "principal" value of $825 trillion ($33 trillion ÷ 0.04). While this arbitrary calculation vastly simplifies Earth's complex systems and their varying regeneration rates, it will illustrate how overconsumption compounds over time to erode Earth's regenerative capacity.

Humankind currently consumes resources at about 1.8 times Earth's annual regenerative capacity. In the endowment metaphor, this equates to withdrawing 7.2% annually (4% × 1.8). While $33 trillion could be sustainably withdrawn each year (at 4%), humankind currently withdraws $59 trillion. The excess $26 trillion comes directly from Earth's principal Table 2.1.

As withdrawals routinely exceed interest generated, Earth's principal is continually drawn down and its regenerative capacity further erodes – visible in the declining annual interest generated. While alarming, this example actually understates the challenge, as global

[16] Oliver Milman, "Economic Damage from Climate Change Six Times Worse than Thought – Report," *The Guardian*, May 17, 2024, accessed May 24, 2025, https://shorturl.at/6eAUp.

[17] Adrien Bilal and Diego R. Känzig, "The Macroeconomic Impact of Climate Change: Global vs. Local Temperature," *National Bureau of Economic Research Working Paper* no. 32450 (May 2024), accessed May 25, 2025, doi.org/10.3386/w32450.

[18] Robert Costanza, Ralph d'Arge, Rudolf De Groot et al., "The Value of the World's Ecosystem Services and Natural Capital," *Nature* 387, no. 6630 (1997): 253–260.

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Table 2.1 *Depletion of the Earth as an endowment*

Year	Starting principal	Interest generated	Consumption	Principal withdrawn
1	$825 trillion	$33 trillion	$59 trillion	$26 trillion
2	$799 trillion	$32 trillion	$59 trillion	$27 trillion
3	$772 trillion	$31 trillion	$59 trillion	$28 trillion
4	$743 trillion	$30 trillion	$59 trillion	$29 trillion
5	$714 trillion	$29 trillion	$59 trillion	$30 trillion

consumption is accelerating beyond the current 1.8 rate. On current trajectories, humanity could be consuming the equivalent of two Earths' annual regenerative capacity by 2030 or soon thereafter, with no slowdown in sight.

Moreover, while the endowment metaphor is useful for illustration, it has a critical limitation: It assumes linearity. Earth's systems, in contrast, contain tipping points – critical thresholds beyond which changes become both dramatic and irreversible, with potentially devastating consequences for human civilization. These tipping points represent a fundamental difference between financial and ecological systems: While a depleted financial endowment might be rebuilt over time, a crossed ecological tipping point permanently alters Earth's life-supporting capacity.

Consider three critical tipping-point examples: The Greenland Ice Sheet may irreversibly melt if warming exceeds 1.5–2°C; the Amazon Rainforest could transform from carbon sink to carbon source, shifting to dry savannah with continued deforestation; and the Atlantic Ocean circulation may collapse, fundamentally altering global climate patterns.[19] These potential system changes underscore the urgency of correcting humanity's consumption to levels within planetary boundaries.

While subject to debate, many scientists assert Earth is experiencing the "sixth mass extinction," representing another critical tipping point in Earth's systems. Unlike previous mass extinctions caused

[19] David I. Armstrong McKay, Arie Staal, Jesse F. Abrams et al., "Exceeding 1.5°C Global Warming Could Trigger Multiple Climate Tipping Points," *Science* 377, no. 6611 (September 9, 2022): eabn7950, doi.org/10.1126/science.abn7950.

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by natural events like asteroid impacts and volcanic eruptions, this extinction is unique – for the first time, Earth's inhabitants are driving their own extinction crisis. Species are now disappearing at rates up to 1,000 times greater than the natural background extinction rate. Each lost species weakens the resilience of Earth's interconnected ecosystems, further compromising its capacity to support human civilization.[20]

Each of us is a trustee of humanity's sole life-supporting endowment: Earth. While we all share responsibility, some individuals, institutions, and nations wield far greater influence over the fate of humanity's endowment. How effectively we govern ourselves – particularly those with outsized influence over Earth's systems – will determine whether future generations judge us as responsible trustees of their inheritance … or not.

Nordic Sustainability Contributions

The Nordic region has pioneered numerous sustainability innovations, from philosophical frameworks to practical policies. The Brundtland Report sparked global efforts to tackle sustainable development challenges. The following examples showcase several more key contributions with Nordic connections that have had significant global influence.

Environmental Protection Agencies

Recognizing the interconnected challenges of economic growth and environmental sustainability, in the 1960s and early 1970s, Nordic nations established some of the world's first national environmental protection agencies within their respective governments. In 1967, Sweden created the world's first national environmental protection agency (*Statens Naturvårdsverket* / Nature Protection Agency), and by the early 1970s, Denmark, Finland, and Norway had followed suit. These agencies were tasked with developing and enforcing stringent environmental regulations, monitoring pollution levels, and promoting

[20] Robert H. Cowie, Philippe Bouchet, and Benoît Fontaine, "The Sixth Mass Extinction: Fact, Fiction or Speculation?" *Biological Reviews* 97, no. 2 (2022): 640–663; Anthony D. Barnosky, Nicholas Matzke, Susumu Tomiya et al., "Has the Earth's Sixth Mass Extinction Already Arrived?" *Nature* 471, no. 7336 (March 2011): 51–57.

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public awareness about the ecological impacts of industrialization. The Nordic agencies demonstrated global leadership by actively participating in international environmental dialogues and treaties, notably through initiatives like the 1974 Nordic Environmental Protection Convention that resulted in the first legally binding international convention addressing transboundary pollution.[21]

Deep Ecology

In the 1970s, Norwegian philosopher Arne Næss introduced the concept of "deep ecology," advocating a profound shift in human–nature relationships from exploitation to recognition of nature's intrinsic value. Næss was inspired by Western philosophical traditions, his ecological research, and the environmental consciousness ignited by Rachel Carson's *Silent Spring*. His work aimed to fundamentally reshape how humanity views and interacts with the natural world.

Næss contrasted deep ecology with "shallow" ecological thinking, which considers living things merely as resources for industrialization, their value determined solely by the marketplace.[22] In contrast, he argued that all forms of life – human, animal, plant, and beyond – deserve respect as ends in themselves. Deep ecology emphasizes the interdependence of all life forms and calls for acknowledging the interconnectedness that sustains the planet.

While Næss formalized deep ecology, the concept of nature's intrinsic value has long existed in Indigenous philosophies. Deep ecology inspires circular economy innovations by emphasizing respect for nature's regenerative systems and promoting sustainability as a core principle rather than an afterthought.[23]

[21] Melina Antonia Buns, "Making a Model: The 1974 Nordic Environmental Protection Convention and Nordic Attempts to Form International Environmental Law," *Scandinavian Journal of History* 48, no. 1 (2023): 93–115, doi.org/10.1080/03468755.2022.2069151.

[22] Arne Naess, "The Shallow and the Deep, Long-Range Ecology Movement: A Summary," *Inquiry* 16, no. 1–4 (1973): 95–100.

[23] Arne Næss, *Ecology, Community and Lifestyle: Outline of an Ecosophy*, trans. David Rothenberg (Cambridge: Cambridge University Press, [1976] 1989); Timothy W. Luke, "Deep Ecology: Living As If Nature Mattered: Devall and Sessions on Defending the Earth," *Organization & Environment* 15, no. 2 (2002): 178–186; Nina Witoszek, "Arne Naess and the Norwegian Nature Tradition," *Worldviews: Global Religions, Culture, and Ecology* 1, no. 1 (1997): 57–73.

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Circular Economy Practices

The Nordic region is globally recognized for its leadership in circular economy practices, with comprehensive deposit-return systems for beverage containers as a defining achievement. Tracing their origins back to material shortages during World War I, the Nordic nations began pioneering nationwide deposit-return programs in the 1980s, setting the global standard for the recycling and reusing of glass, aluminum, and plastic containers. With return rates exceeding 90 percent, these systems drastically reduce waste, preventing millions of bottles and cans from ending up in landfills or oceans. The success of these deposit-return systems hinges on cooperation across the beverage industry, active collaboration with governments, and the establishment of nonprofit, nongovernmental entities that govern the take-back systems. These nongovernmental entities work with beverage producers, retailers, governments, and consumers to ensure effective operation and regulatory compliance, set deposit rates, and oversee the overall financial viability of the system.

The deposit-return systems rely on the active involvement of shop owners and grocery stores, where take-back machines are strategically located at the point of sale. This setup provides convenience for consumers returning containers and strengthens the collection network, effectively embedding circular economy practices within daily life. Shop owners maintain these machines and facilitate the return process, illustrating the collaborative efforts across multiple sectors. Consumers are incentivized through significant deposit rates – ranging from approximately 10–45 cents, depending on the container's size and material – paid at purchase and reclaimed upon returning the empty bottles and cans. This financial incentive encourages high participation rates and significantly increases the purity of the collected materials, unlike commingled recycling systems. By securing a steady supply of high-quality secondary materials, these deposit-return systems provide a crucial risk-mitigation strategy for the beverage industry, especially as access to virgin materials becomes increasingly uncertain.

As a result, the Nordic bottle and can take-back systems are now recognized as global benchmarks for effective circular economy practices. Other industries, including apparel and electronics, are increasingly examining these models as they seek to implement circular economy systems for reclaiming valuable materials, mitigating supply chain risks, and advancing sustainability objectives.

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Renewable Energy

The Nordic region is a recognized global leader in renewable energy, with significant advancements in wind power, geothermal energy, hydroelectricity, and other clean energy sources. Denmark has been a pioneer in wind energy since the 1970s. It currently generates nearly 50 percent of its electricity from wind farms, both onshore and offshore, with an ambitious goal of achieving 100 percent renewable energy by 2050. Iceland, meanwhile, harnesses its unique geological resources, producing nearly 100 percent of its electricity from renewable sources, primarily geothermal and hydropower, making it one of the greenest energy producers globally. Finland and Sweden have invested heavily in diverse renewable energy sources, particularly bioenergy, wind, and solar power, with Sweden setting an ambitious target to achieve 100 percent renewable electricity production by 2040. Norway, known for generating over 90 percent of its electricity from hydroelectric power, also boasts the highest rates of adoption of electric vehicle (EV) globally. This means that most of Norway's EVs are charged using clean, renewable hydroelectricity. Norway's renewable energy leadership is often critiqued for its contradiction: despite domestic reliance on clean energy, it remains a significant fossil fuel exporter, keeping company with Saudi Arabia, Russia, and the US, highlighting the complexities and hypocrisies of the green energy transition.

Carbon Taxes

The Nordic nations have been global frontrunners in implementing carbon taxation, recognizing its importance in driving the transition to a low-carbon economy. A carbon tax is a fee imposed on the burning of carbon-based fuels like coal, oil, and gas. It aims to reduce greenhouse gas emissions by making fossil fuel consumption more expensive. This market-based approach incentivizes individuals and businesses to reduce their carbon footprint, invest in renewable energy, and adopt more sustainable practices.

Finland was the first in the world to introduce a carbon tax in 1990, setting a precedent for using economic policy to address climate change. Following closely, Sweden adopted its carbon tax in 1991, initially set at SEK250 (approximately $40) per ton of CO_2. It later increased to around SEK1,200 (about $130), making it one of the highest carbon taxes globally. Norway also established its carbon tax in 1991, and Denmark followed in 1992. More recently,

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Iceland implemented a carbon tax in 2010, targeting sectors outside the European Union Emissions Trading System. These carbon taxes across the Nordic region have been pivotal in reducing emissions and promoting the adoption of renewable energy and energy-efficient technologies. The success of these policies has inspired similar initiatives worldwide, reinforcing the Nordic countries' role as leaders in global sustainability efforts.

Labor Policies for the Green Transition

A successful green transition requires technological innovation, environmental policies, and a proactive approach to labor markets, where labor unions play a pivotal role. In the Nordic region, the "flexicurity" model – an integration of labor market flexibility and social security – ensures workers are supported through active labor policies, including retraining programs, educational opportunities, and social safety nets that facilitate the shift toward green jobs. Labor unions, such as the Danish Trade Union Confederation (Fagbevægelsens Hovedorganisation, FH), act as key enablers by advocating for a socially just transition and actively participating in policy-making. For instance, to understand the workers' perspective on the green transition, FH commissioned a qualitative study to explore Danish workers' views on a fair and balanced transition. This research revealed both opportunities and concerns and helped guide policy to ensure workers are not merely losing unsustainable jobs but are being retrained and reemployed in future-oriented sectors. Involving unions helps frame the green transition as a collective opportunity rather than a threat, ensuring workers feel supported and included. By providing job security, advocating for worker rights, and fostering upskilling in green industries, Nordic labor unions help promote societal acceptance of the green transition, aligning it with the region's commitment to maintaining a robust welfare state. This strategy demonstrates how labor unions and proactive labor policies can drive the green economy forward while fostering inclusivity and equitable progress.

The Natural Step

Founded in Sweden in 1989, The Natural Step (TNS) was inspired by the Brundtland Report's principles. Developed by cancer scientist Karl-Henrik Robèrt, TNS offers a framework for sustainable

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practices in various sectors, emphasizing economic and environmental health interdependence.[24] It instructs, "If Earth is a system, we'd better understand the conditions it needs to keep running the way we like it."

TNS provides a framework of the following principles necessary for achieving sustainability:

- In a sustainable society, nature is not subject to systematically increasing:
  - o concentrations of substances from the Earth's crust (such as fossil CO_2 and heavy metals),
  - o concentrations of substances produced by society (such as antibiotics and endocrine disruptors),
  - o degradation by physical means (such as deforestation and draining of groundwater tables).
- And in that society:
  - o there are no structural obstacles to people's health, influence, competence, impartiality, and meaning.[25]

Corporations such as IKEA, Scandic Hotels, Nike, and Interface have incorporated TNS principles into their business operations, reflecting a commitment to sustainable practices.[26] Cities across the Nordics are guided by TNS principles, like the small municipality of Övertorneå, Sweden, whose government operations became fossil fuel-free in the early 2000s by adopting an integrated, systems-thinking approach. The systems-thinking approach overcame the challenges of conflicting priorities, scarce resources, and turf battles.[27] US cities like Madison, Wisconsin, adopted TNS as a guiding principle, stating, "This framework provides a model and a common language that facilitates cooperation in working toward the goal of

[24] Karl-Henrik Robèrt, *The Natural Step Story: Seeding a Quiet Revolution* (Bloomington: Indiana University Press, 2002).
[25] The Natural Step, "The System Conditions," accessed May 24, 2025. https://thenaturalstep.org/approach/the-system-conditions/.
[26] Brian Nattrass and Mary Altomare, *The Natural Step for Business: Wealth, Ecology and the Evolutionary Corporation* (Gabriola Island: New Society Publishers, 1999).
[27] Sarah James and Torbjörn Lahti, *The Natural Step for Communities: How Cities and Towns Can Change to Sustainable Practices* (Gabriola Island: New Society Publishers, 2004).

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sustainability. It is grounded in 'systems thinking,' which recognizes that what happens in one part of a system affects every other part."[28]

Industrial Symbiosis

Industrial symbiosis is a foundational concept in industrial ecology where different industries collaborate to enhance their competitive advantage through the physical exchange of materials, energy, water, and by-products. This approach transforms the waste or by-products of one industry into valuable resources for another, fostering mutual benefits and promoting environmental sustainability. The most notable example of this practice is the Kalundborg Eco-Industrial Park in Denmark, recognized as the world's first industrial symbiosis formally established in 1972. This pioneering initiative has become a global model, showcasing how a circular approach to production can lead to substantial economic and environmental gains.

Located in Kalundborg, Denmark, the Kalundborg Symbiosis involves seventeen public and private companies that engage in resource-sharing and waste minimization. Nordic corporate giants, including Novo Nordisk, Novozymes, and Ørsted, are key players in this collaboration. A feature of this industrial symbiosis is the network of large green pipes that transport steam from the Asnæs Power Station to several partner companies. Initially, the power station had an overcapacity of steam, which has since become a primary product, with electricity as a by-product. This steam is crucial for various processes at companies like Novozymes and Novo Nordisk, including cleaning, sterilization, and distillation.

Moreover, the Kalundborg Symbiosis extends its innovative practices through various initiatives. For instance, Novozymes produces biogas from process wastewater, which powers a large engine and supplies electricity to thousands of Danish households. Novo Nordisk's production processes generate residues converted into valuable biogas and fertilizers. Ørsted supplies deionized water for steam production for its operations and those of Kalundborg Refinery. Other notable collaborations include using surplus yeast slurry from Novo Nordisk to be converted into biogas at Kalundborg Bioenergy and

[28] City of Madison, "The Natural Step Overview," site no longer available, accessed May 1, 2021, www.cityofmadison.com/sustainability/naturalstep/overview.cfm.

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Kalundborg Utility and treating wastewater used to produce district heating. Additionally, the city of Kalundborg benefits from district heating produced by Asnæs Power Station, which also supplies hot water to Inter Terminals for heating oil tanks.

Kalundborg's industrial symbiosis fosters innovation and trust within the community, significantly reducing CO_2 emissions. It also demonstrates how sustainability and profit can coexist and serves as a powerful inspiration for the global green transition.[29]

New Nordic Cuisine Movement

In 2004, Danish chef and entrepreneur Claus Meyer spearheaded the establishment of the "Manifesto for the New Nordic Cuisine," which emphasized sustainability, respect for nature and animal welfare, and democratic values. Meyer assembled a cohort of leading Nordic chefs, including René Redzepi, with whom he had co-founded the renowned Noma restaurant in 2003. Together, they crafted a ten-point manifesto that set forth the guiding principles of this culinary revolution. The first point articulated the movement's core objective: "To express the purity, freshness, simplicity, and ethics we wish to associate with our region."[30]

Noma's global recognition, earning the World's Best Restaurant title in 2010, 2011, 2012, and 2014, brought unprecedented international attention to New Nordic Cuisine and solidified its status as a global culinary movement. Its influence extended beyond fine dining, inspiring initiatives such as the Nordic Children's Kitchen Manifesto in 2013, which declared, "Every Nordic child has the right to learn how to cook good, healthy food."[31] This movement sparked numerous satellite efforts, including schoolchildren growing their own vegetables, chefs training public school cafeteria staff to prepare daily meals from scratch, the removal of vending machines from schools, and comprehensive campaigns to tackle food waste.

[29] Kalundborg Symbiosis, *50 Years of Circular Production*, accessed May 24, 2025, www.symbiosis.dk/en/50-years-of-circular-production/.

[30] Nordic Council of Ministers, *New Nordic Food Manifesto*, accessed May 24, 2025, www.norden.org/en/information/new-nordic-food-manifesto.

[31] Nordic Council of Ministers, *New Nordic Food Manifesto*; "World's Best Restaurant," all accessed September 28, 2025, respectively: 2010: www.theworlds50best.com/previous-list/2010; 2011: www.theworlds50best.com/previous-list/2011; 2012: www.theworlds50best.com/previous-list/2012; 2014: www.theworlds50best.com/previous-list/2014.

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The New Nordic Cuisine movement has evolved to embrace a plant-forward approach, emphasizing locally sourced ingredients and sustainable gastronomy while recognizing the environmental benefits of reduced meat consumption.

The impact of the New Nordic Cuisine movement extends into public policy, with the Nordic region now leading in sustainable food initiatives. In 2018, *Solutions Menu: A Nordic Guide to Sustainable Food Policy* was published, outlining twenty-four innovative policies across the region, such as universal free school meals, the integration of organic food in hospitals, and ambitious programs to reduce food waste. The guide attributes the "secret ingredients" of Nordic success to the implementation of food policies that are evidence-based, democratic, progressive, open, holistic, and sustainable. Reflecting on the broader implications of this culinary transformation, Claus Meyer asserts, "I believe that the way in which we have transformed food culture in the Nordic region can be an inspiration to many other countries in the world. Such a culinary transformation can be a weapon against both poverty and unhealthiness."[32]

Nature-Based Solutions

The Nordic region is recognized as a global leader in nature-based solutions, showcasing a commitment to integrating natural systems into both urban and rural landscapes to enhance sustainability. Nordic countries have implemented policies and practices that preserve biodiversity, combat climate change, and promote human well-being. A notable example is Finland and Sweden's large-scale forest conservation and sustainable management efforts. Both countries, accounting for a significant portion of Europe's forests, have adopted practices aligned with the Forest Stewardship Council certification standards since the early 2000s. These standards prioritize ecological functions, including carbon sequestration, biodiversity conservation, and water regulation, while supporting local economies.

Nordic cities increasingly embrace nature-based solutions in urban planning efforts. Copenhagen's *Climate Adaptation Plan* was launched in 2011 following a severe cloudburst in July of that year, with over

[32] Nordic Council of Ministers, *Solutions Menu: A Nordic Guide to Sustainable Food Policy* (Copenhagen: Nordic Council of Ministers, June 9, 2018), 75, accessed October 4, 2025, https://shorturl.at/4KYFc.

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135 millimeters (5.3 inches) of rainfall within a couple of hours, causing extensive flooding and economic damages estimated at around $1 billion.[33] This event prompted the city to adopt nature-based solutions to manage stormwater, including green roofs, permeable surfaces, and urban wetlands to reduce flood risks and mitigate heat island effects. Nature-based solutions are vital to climate adaptation and resilience. Similarly, Oslo's 2019 "City Tree Policy" promotes planting native species throughout the city, improving air quality and carbon capture while enhancing residents' connection to nature.

Nordic countries, particularly Norway and Finland, are actively enhancing their engagement with the Indigenous Sámi to promote sustainable practices and nature-based solutions. The Sámi, with their deep-rooted traditions of living in harmony with the Arctic environment, offer crucial insights into sustainable reindeer herding, land management, and biodiversity conservation. While there has been an increase in Sámi participation in environmental policy, more work is needed to address power imbalances and ensure their perspectives are fully integrated into decision-making processes.

In 2022, the Nordic Ministers for the Environment and Climate adopted the "Nordic Ministerial Declaration on the Strengthening of Nature-Based Solutions in the Nordic Region," emphasizing nature-based solutions to address climate change, biodiversity loss, and human welfare challenges.[34]

Planetary Boundaries

Swedish scientist Johan Rockström led a group of scientists to identify the processes that regulate the stability and resilience of the Earth as a system. The Stockholm Resilience Centre was founded in 2007 by Rockström and colleagues – a global hub for leading climate scientists and experts in climate action – and the groundbreaking concept of "Planetary Boundaries" launched in 2009.[35] Planetary boundaries have become a foundational concept for global discussions on sustainability.

[33] City of Copenhagen, *Copenhagen Climate Adaptation Plan* (Copenhagen: City of Copenhagen, October 2011), accessed October 4, 2025, http://bit.ly/4gVvd3j.
[34] Nordic Council of Ministers, "Nordic Ministerial Declaration on Nature-Based Solutions," accessed May 24, 2025, https://shorturl.at/EcJ61.
[35] Stockholm Resilience Centre, "The Nine Planetary Boundaries," accessed May 24, 2025, www.stockholmresilience.org/research/planetary-boundaries.html.

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Building upon the Brundtland Report and *The Limits to Growth*, Rockström and colleagues portrayed the Earth as a finite system, delineating nine vital planetary boundaries to illustrate the system's limits and relate them to considerations of fulfilling human needs. In the Stockholm Resilience Centre's words, "The planetary boundaries concept presents a set of nine boundaries within which humanity can continue to develop and thrive for generations to come." The nine planetary boundaries are climate change, biosphere integrity, chemical pollution and the release of novel entities, stratospheric ozone depletion, ocean acidification, freshwater use, land-system change, nitrogen and phosphorus flows to the biosphere and oceans, and atmospheric aerosol loading. To the degree that any of the nine planetary boundary limits are exceeded, humankind is operating the Earth at an unsustainable level. Transgressing any of these boundaries could generate abrupt or irreversible environmental changes, compromising future generations' ability to meet their needs.

Planetary boundaries are the Earth's upper control limits (UCLs), representing thresholds that must not be crossed to maintain system stability for humankind.

In 2023, all nine planetary boundaries were quantified for the first time and published in a *Science Advances* article titled "Earth Beyond Six of Nine Planetary Boundaries." Alarmingly, the 2023 assessment found that Earth was operating beyond the safe limits for six of these critical boundaries, including climate change and biosphere integrity, which measures genetic diversity and species extinction rates – breaching the biosphere integrity boundary risks irreversible biodiversity loss and the disruption of essential ecosystem services, such as food production and water purification, while increasing the likelihood of global health crises, such as pandemics.[36] In September 2025, an even more sobering update was released showing that Earth is now in excess of seven of the nine planetary boundaries, with ocean acidification added to the list.[37] Figure 2.2 illustrates how key Earth system processes have moved further outside the safe operating space for humanity, reflecting the expanding breach of planetary boundaries.

[36] Katherine Richardson et al., "Earth beyond Six of Nine Planetary Boundaries," *Science Advances* 9, no. 37 (2023): eadh2458, doi.org/10.1126/sciadv.adh2458.

[37] Stockholm Resilience Centre, "Seven of Nine Planetary Boundaries Now Breached," Stockholm Resilience, September 24, 2025, accessed September 28, 2025, https://shorturl.at/a1fJD.

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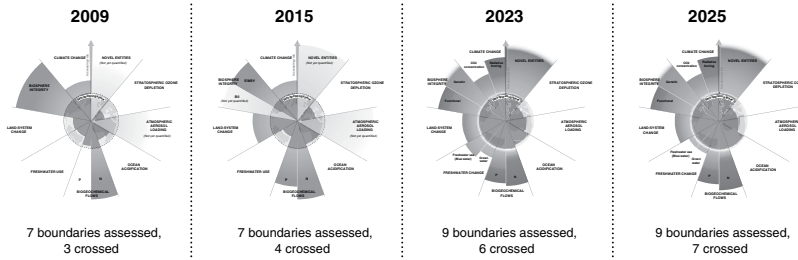


Figure 2.2 Planetary boundaries.
Source: "The Evolution of the Planetary Boundaries Framework." Licenced under CC BY-NC-ND 3.0. Credit: Azote for Stockholm Resilience Centre, Stockholm University. Based on Sakschewski, Caesar, Andersen et al., *Planetary Health Check 2025*; Richardson et al. "Earth Beyond Six of Nine Planetary Boundaries"; Steffen, Richardson, Rockström et al., "Planetary Boundaries"; and Rockström, Steffen, Noone et al., "A Safe Operating Space for Humanity."

The Planetary Health Check Report, first launched in 2024, now provides an annual dashboard that quantifies the current status of each planetary boundary.[38] With it, Rockström emphasized, "Stewardship of the planet is necessary in all sectors of the economy and in societies, for security, prosperity and equity. By quantifying the boundaries for a healthy planet, we provide policy, economics and business with the tools needed to steer away from unmanageable risks."[39]

The Planetary Boundaries Science initiative focuses on solutions and celebrates past successes where transgressions of planetary boundaries have been effectively addressed. One notable success story is the global response to the ozone hole discovery in 1985, which led to the 1987 Montreal Protocol and national policies phasing out chlorofluorocarbons (CFCs).[40] In response to scientific evidence from the 1970s highlighting the detrimental effects

[38] L. Caesar et al., *Planetary Health Check Report 2024*, 1st ed. (Potsdam: Potsdam Institute for Climate Impact Research, September 24, 2024), accessed October 1, 2024, https://shorturl.at/VeaiH.
[39] Potsdam Institute for Climate Impact Research, "Earth Exceeds Safe Limits: First Planetary Health Check Issues Red Alert," September 24, 2024, accessed May 24, 2025, https://shorturl.at/QQe0o.
[40] Stockholm Resilience Centre, "Planetary Boundaries: All Planetary Boundaries Mapped Out for the First Time, Six of Nine Crossed," 2023, accessed September 14, 2023, www.stockholmresilience.org/5.3d04209a18a2642b2fc162a3.html.

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of CFCs and in anticipation of state regulations, DuPont developed hydrofluorocarbons, reducing harm to the ozone layer. This proactive innovation by DuPont, driven by the anticipation of future profits following regulations banning CFCs and the effective interaction between the state's 'visible hand' and the market's 'invisible hand,' underscore a symbiotic relationship that facilitated the rapid phase-out of CFCs.[41] The subsequent recovery of the ozone layer demonstrates that concerted international cooperation between governments and the private sector can indeed reverse environmental degradation. Now, the planetary boundary for stratospheric ozone depletion is safely within limits, serving as a powerful model for addressing other exceeded boundaries.

More recently, the Stockholm Resilience Center has emphasized the importance of integrating Indigenous knowledge into solutions for pressing sustainability challenges. Many Indigenous communities have developed sustainable stewardship practices over generations, offering invaluable insights into living in harmony with the natural world. The initiative aims to restore Earth's systems to a safe operating space, drawing upon innovative and time-tested solutions.

SDGs

Launched in 2015, the SDGs represent the most significant global initiative to further the cause of sustainable development, as outlined in the Brundtland Report. The SDGs comprise seventeen interconnected goals: SDG #1 "No Poverty," SDG #2 "No Hunger," SDG #3 "Good Health and Well-Being," SDG #4 "Quality Education," SDG #5 "Gender Equality," SDG #6 "Clean Water and Sanitation," SDG #7 "Affordable and Clean Energy," SDG #8 "Sustained, Inclusive and Sustainable Economic Growth, Full and Productive Employment and Decent Work for All,"[42] SDG #9 "Industry, Innovation and Infrastructure," SDG #10 "Reduced Inequalities," SDG #11

[41] Jette Steen Knudsen and Jeremy Moon, *Visible Hands: Government Regulation and International Business Responsibility* (Cambridge: Cambridge University Press, 2017).

[42] Expanded from the condensed "Decent Work and Economic Growth" SDG logo description. A fixation on economic growth for its own sake is part of the problem. See: UN, "Goal 8: Decent Work and Economic Growth," accessed May 24, 2025, https://sdgs.un.org/goals/goal8.

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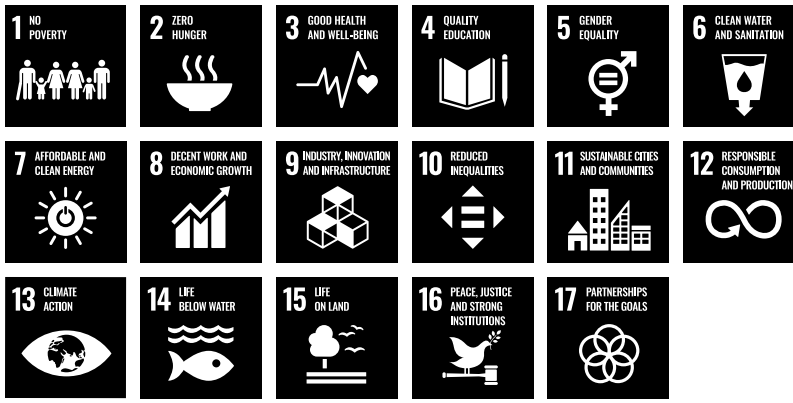


Figure 2.3 SDGs.
Source: UN, *17 Sustainable Development Goals: Black/White Version*, in *United Nations SDG Guidelines*, September 2023, p. 41, accessed October 1, 2024, https://shorturl.at/W04Pg. Used under UN Guidelines for non-commercial use.

"Sustainable Cities and Communities," SDG #12 "Responsible Consumption and Production," SDG #13 "Climate Action," SDG #14 "Life Below Water," SDG #15 "Life on Land," SDG #16 "Peace, Justice and Strong Institutions," and SDG #17 "Partnerships for the Goals." Figure 2.3 presents the SDGs.

The 193 Member States of the United Nations unanimously adopted the SDGs in September 2015 at the UN Summit. All member states have committed to achieving the SDGs by 2030, making the SDGs a global framework for development across nations at all stages of development. The deliberations and consensus-building processes leading up to the SDG launch involved governments, civil society, and the business community.[43] The result is a globally recognized framework representing the world's most pressing social, environmental, and economic challenges. The SDGs are described as the world's most comprehensive materiality assessment.

[43] The SDGs resulted from a multistakeholder process in 2013 and 2014 involving governments, NGOs, and the business community. After thirteen sessions, the UN General Assembly's Open Working Group submitted a proposal of 17 SDGs and 169 targets to the sixty-eighth General Assembly in September 2014. On December 5, 2014, the General Assembly accepted the proposal, and the seventeen SDGs were unanimously adopted by all 193 member states to guide action from 2015 to 2030.

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The SDGs represent a global effort with deep Nordic ties. The basis for the SDGs is the Brundtland definition of sustainable development. The iconic packaging of the SDGs also has Nordic roots, as Swedish designer Jakob Trollbäck designed the SDGs' vibrant and distinctive logos. The attractive SDG packaging has proven vital in helping propel the SDGs as a common global language.[44]

The Nordic nations' success in implementing the SDGs offers practical lessons for realizing sustainable capitalism. For example, Denmark's 2024 agricultural carbon tax – the world's first – demonstrates how democratic processes can create market mechanisms that internalize environmental costs while maintaining economic competitiveness. The policy emerged through Denmark's tripartite negotiation system, where farmers, labor unions, and government representatives collaborated to design a system that both reduces emissions and supports agricultural innovation. This exemplifies how democratic capitalism can align market incentives with sustainability goals through inclusive stakeholder engagement.

The SDGs provide a framework for a holistic, systems-thinking approach to explore the connections among various sustainability challenges. Many of these connections are readily evident through the SDG framework. For example, SDG #1 "No Poverty" is directly connected with SDG #8 "Decent Work and Economic Growth," because good jobs and decent work are the best way to alleviate poverty. SDG #13 "Climate Action" clearly connects with SDG #7 "Affordable and Clean Energy," because the climate crisis demands an energy infrastructure enabling access to affordable, reliable, sustainable, and modern energy.

Beyond obvious links, the SDGs also involve more subtle interdependencies. Educating girls, a combination of SDG #5 "Gender Equality" and SDG #4 "Quality Education," is one of the most effective ways to address SDG #8 "Decent Work and Economic Growth" and SDG #3 "Good Health and Well-Being." Girls who receive education are likely to earn higher wages and experience upward mobility, thereby fostering economic growth. They are less likely to marry as children or against their will. Their agricultural plots are more productive and their families are better nourished. A less apparent

[44] Trollback+Company, *The Global Goals for Sustainable Development*, accessed May 24, 2025, https://trollback.com/projects/global-goals.

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connection is that educating girls is one of the most effective means to tackle SDG #13 "Climate Action." As Project Drawdown demonstrates, educated girls and women are "more effective stewards of food, soil, trees, and water."[45] Educated women possess enhanced resilience and a greater capacity to handle shocks from natural disasters and extreme weather events, equipping them and society at large to confront the impacts of climate change.

The SDGs have effectively framed emerging global challenges, demonstrating their adaptability and relevance in diverse contexts. Covid-19 came after the launch of the SDGs, but the SDGs helped show how interconnected that crisis was with our other challenges. As a global pandemic, Covid-19 is connected with SDG #3 "Good Health and Well-Being" and SDG #8 "Decent Work and Economic Growth," as the global economy took a significant hit and unemployment initially rose worldwide. Those at the lower end of the economic spectrum were disproportionately hit, which fits squarely into SDG #10 "Reduced Inequalities" and SDG #1 "No Poverty." Throughout the world – certainly in the US – women bore the disproportionate brunt of increased work in the home, such as homeschooling children, which SDG #5 "Gender Equality" represents and connects with SDG #4 "Quality Education."

The seventeen SDGs are linked to 169 targets, which are linked to 231 performance indicators. This breakdown focuses the higher-level SDGs into more specific domains and tracks measurable progress.[46] (Some targets have multiple performance indicators, resulting in more performance indicators than targets.) For example, SDG #12 "Responsible Consumption and Production," has a suite of eleven targets (12.1, 12.2, 12.3, etc.) and thirteen performance indicators (12.1.1, 12.2.1, 12.2.2, 12.3.1, etc.).

Target 12.3 sets ambitious objectives: to halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses, by 2030. Corresponding to this target is Performance Indicator 12.3.1, the "Global Food Loss Index," which employs methodologies developed

[45] Paul Hawken, ed., *Drawdown: The Most Comprehensive Plan Ever Proposed to Reverse Global Warming* (New York: Penguin Books, 2017).

[46] For the final list of proposed SDG targets and performance indicators, see: UN, "Official List of Proposed SDG Indicators," February 19, 2016, accessed May 24, 2025, https://shorturl.at/DgQ5x.

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in partnership with the UN Food and Agriculture Organization (FAO) to gauge and monitor advancements.[47] Addressing food waste is crucial, as its contribution to climate change is so substantial that if it were a country, it would rank as the third-largest greenhouse gas emitter, behind only the US and China.[48] The connection between Target 12.3 and SDG #13 "Climate Action," exemplifies the myriad interrelations that become evident upon a closer examination of the SDGs.

The Stockholm Resilience Center embraced the SDGs, relating them to planetary boundaries in their 2018 report, "Transformation Is Feasible: How to Achieve the Sustainable Development Goals within Planetary Boundaries." In it, they describe the adoption of the SDGs in 2015 and the Paris Climate Agreement in 2015 as a "global turning point." Referring to the establishment of the SDGs, the report stated:

> We have never before had such a universal development plan for people and planet. For the first time in human history the world has agreed on a democratically adopted roadmap for humanity's future, which aims at attaining socially inclusive and highly aspirational socio-economic development goals, within globally defined environmental targets. Humanity's grand ambition is surely to aim at an inclusive and prosperous world development within a stable and resilient Earth system.[49]

The report also underlined the urgency of the challenges, highlighting the growing scientific consensus that humanity's activities threaten to destabilize the Earth's systems, putting future prosperity at risk. Establishing the SDGs represents a global triumph, but significant transformational action is still needed.

[47] For the FAO's methodology for tracking SDG Target 12.3 on reducing food loss, see its *Global Food Loss Index and Methodology for Monitoring SDG Target 12.3*, 2018, accessed May 24, 2025, www.fao.org/3/CA2640EN/ca2640en.pdf.

[48] Chad Frischmann, "The Climate Impact of the Food in the Back of Your Fridge," *Washington Post*, July 31, 2018.

[49] Jørgen Randers, Johan Rockström, Per Espen Stoknes, Ulrich Golüke, David Collste, and Sarah Cornell, *Transformation Is Feasible: How to Achieve the Sustainable Development Goals within Planetary Boundaries* (Stockholm: Stockholm Resilience Centre and BI Norwegian Business School, Report to the Club of Rome, October 17, 2018), 36, accessed January 1, 2019, https://shorturl.at/moZDG. The Club of Rome is an international think tank that commissioned this report as part of its 50th-anniversary initiatives, continuing its long-standing work on global sustainability following *The Limits to Growth* (1972).

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Benchmarking 101

Strong performances naturally attract attention. Benchmarking, a widespread practice across various industries and fields – from business to education and healthcare – provides a method for anyone, anywhere, to learn from top performers, aiming for continuous improvement. Nordic nations and Nordic-based companies frequently lead in many sustainability rankings, including the SDG Index and the Global 100 most sustainable corporations, making them ideal candidates for sustainability benchmarking.

Benchmarking involves four essential steps:

1. Identify strong performer(s).
2. Study how these performer(s) achieve strong results.
3. Examine the context of the strong performer(s) to understand differences and similarities with your own.
4. Assess how the lessons can be adapted to your local context, whether directly or with modification.

During the 1990s, industrial engineering and MBA programs across the US focused on benchmarking Japan due to its rapid advancements in efficiency measures. At the University of Wisconsin-Madison, where I studied, we benchmarked Japan with heightened attention on the Japanese automobile company Toyota for its "lean manufacturing" successes. Texts like *Toyota Production System* and *The Machine That Changed the World* became required readings alongside classics like Frederick Taylor's *The Principles of Scientific Management*.[50] Japanese terms like *muda* (waste), *heijunka* (level scheduling), *kaizen* (continuous improvement), *kanban* (pull system), and *poka-yoke* (error proofing) became essential components of the lexicon for efficiency professionals, regardless of their native language. In my first professional role as an industrial engineer at IBM's largest manufacturing plant in Rochester, Minnesota, I applied these Japanese benchmarking

[50] Taiichi Ohno, *Toyota Production System: Beyond Large-Scale Production*, 1st ed., trans. Norman Bodek (Portland: Productivity Press, 1988); James P. Womack, Daniel T. Jones, and Daniel Roos, *The Machine That Changed the World: The Story of Lean Production – Toyota's Secret Weapon in the Global Car Wars That Is Now Revolutionizing World Industry* (New York: Simon and Schuster, 2007); and Frederick Winslow Taylor, *The Principles of Scientific Management* (New York: Harper & Brothers, 1911).

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lessons. Although manufacturing computers in the US presented a different context from automobile production in Japan, the insights from Toyota were adaptable, leading to notable improvements.

The rationale for benchmarking the Nordics on sustainability today mirrors the rationale for benchmarking Japan in the 1990s. Just as Japan made significant efficiency advances, the Nordics are recognized for their sustainability and societal well-being performances, making them essential subjects for associated benchmarking efforts.

More Sustainability Considerations

Triangle of Tensions: Efficiency–Equality–Sustainability

The twentieth-century economic discourse was largely dominated by what this work terms the "efficiency–equality tension." This framework, exemplified in Arthur Okun's seminal 1975 work *Equality and Efficiency: The Big Tradeoff*, conceptualized economic policy as a binary choice between maximizing market efficiency and promoting social equality. Neoclassical economists like Milton Friedman emphasized efficiency, arguing that market mechanisms would naturally optimize social outcomes, while welfare economists highlighted the necessity of redistributive policies to ensure equitable development.

However, this binary framework proved inadequate as environmental challenges emerged that markets failed to address. The presumption that price mechanisms would automatically resolve sustainability issues – such as the notion that timber price increases would naturally prevent deforestation – revealed a fundamental misunderstanding of ecological systems' irreversibility. The dismissal of environmental concerns as "doomsday prophecies" by influential economists, including Friedman and Okun, reflected a theoretical blind spot that would have significant consequences.[51]

While the shared error among economists to assume that markets would fix sustainability problems may be forgivable up to the mid twentieth century, by the latter part of the century, the problems had become too conspicuous to ignore. The 1987 Brundtland Report highlighted the undeniable changes human activity has had on our planet:

[51] Arthur M. Okun, *Equality and Efficiency: The Big Tradeoff* (Washington, DC: Brookings Institution Press, 1975), 3.

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> Over the course of [the twentieth] century, the relationship between the human world and the planet that sustains it has undergone a profound change. When the century began, neither human numbers nor technology had the power to radically alter planetary systems. As the century closes, not only do vastly increased human numbers and their activities have that power, but major, unintended changes are occurring in the atmosphere, in soils, in waters, among plants and animals, and in the relationships among all of these.[52]

Hence, it is imperative to consider sustainability alongside efficiency and equality in this modern context.

Furthermore, we may be well served to shift our perspective from viewing these as tradeoffs to seeing them as tensions.

The concept of tensions, rather than tradeoffs, better captures the dynamic interplay between these forces. While tradeoffs suggest zero-sum relationships, tensions acknowledge the potential for productive synthesis and mutual reinforcement. As Okun observed, capitalism and democracy – representing efficiency and equality respectively – may actually require each other, with equality providing "humanity to efficiency" and efficiency bringing "rationality to equality." This insight suggests the possibility of similar constructive tensions with sustainability.[53]

This work introduces the "Triangle of Tensions," whereby sustainability constructively joins the efficiency and equality dimensions, as shown in Figure 2.4. This theoretical framework extends Okun's binary model by incorporating sustainability as a third critical dimension of economic development, creating a more comprehensive analytical tool for understanding contemporary challenges. Okun articulated how efficiency and equality bring something of value to one another – rationality to equality and humanity to efficiency. Likewise, sustainability brings constructive considerations to efficiency and equality, as depicted within the Triangle of Tensions.

The sustainability dimension enriches this framework in two crucial ways. First, it introduces conservation principles alongside efficiency

[52] World Commission on Environment and Development, *Our Common Future*, 22–23.

[53] Okun, *Equality and Efficiency*, 120; Okun explains that capitalism is guided by efficiency, while democracy is rooted in equality. Focusing only on efficiency risks dehumanizing people and undermining democracy; focusing only on equality can forgo the gains of rational, efficient systems.

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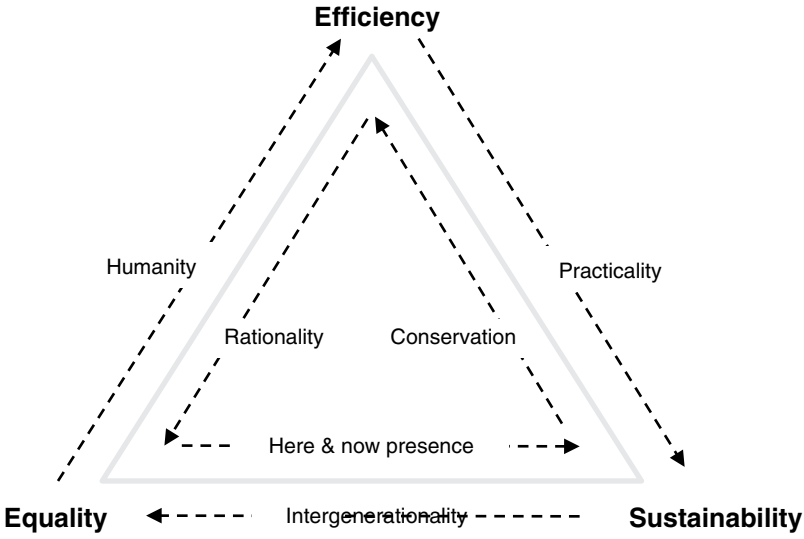


Figure 2.4 Triangle of Tensions.

considerations, challenging the assumption that maximum resource exploitation equates to optimal efficiency. Second, it expands the temporal scope of equality beyond contemporary distributional issues to encompass intergenerational justice. The sustainability dimension encourages consideration of equality for future generations, thereby addressing the potential problems associated with "present bias" identified in behavioral economics research.[54]

The interplay of these three dimensions is illustrated in the popular children's book *The Lorax* by Dr. Seuss, which presents an exemplary tension between short-term efficiency and long-term sustainability. The Once-ler invented the Super Axe Hacker, a symbol of industrial age efficiency that could whack off "four Truffula Trees at one smacker." The Once-ler and his relatives secured handsome profits through the efficiency gains, but at an extreme cost to both sustainability and equality – devastating the environment while displacing the local inhabitants who depended on the Truffula Forest. This literary representation, published amid growing environmental awareness in the 1970s, captures the fundamental tensions between

[54] Ted O'Donoghue and Matthew Rabin, "Present Bias: Lessons Learned and to Be Learned," *American Economic Review* 105, no. 5 (2015): 273–279.

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immediate efficiency, sustainability, and equality that characterize many contemporary development challenges.

The Triangle of Tensions framework helps illuminate complex policy decisions, such as when development projects potentially harm local biodiversity but bring much needed economic benefits to underprivileged communities. Like the endowment metaphor introduced earlier, which illustrates how overconsumption of principal diminishes regenerative capacity, the Triangle of Tensions framework demonstrates how privileging short-term efficiency over sustainability impairs Earth's systems for future generations. Recognizing these three-way interactions – efficiency, equality, and sustainability – represents a foundational step toward understanding and managing the inherent complexities and negotiating the tensions in pursuing sustainable development.

The Greta Reality

In 2018, fifteen-year-old Greta Thunberg began a solo protest outside the Swedish Parliament during the nation's hottest recorded summer, marked by wildfires. Her actions ignited a global youth movement demanding urgent climate action. Thunberg's blunt statement – "I am doing this because you adults are shitting on my future" – succinctly captured the frustration of a generation facing the consequences of today's inaction.[55]

Despite Sweden's top ranking in the SDG Index, Thunberg criticized her country for violating planetary boundaries and failing to safeguard the needs of future generations as outlined in the Brundtland definition of sustainable development. This critique applies broadly, as all OECD nations exceed planetary boundaries. The "Greta Reality" reflects how current overconsumption, particularly in developed nations, is effectively stealing future generations of their ability to meet their needs. Overconsumption today strips future generations of their freedom tomorrow. The Greta Reality also reflects the growing frustration among youth as they watch inaction by older generations in positions of power.

[55] David Crouch, "Swedish 15-Year-Old Cutting Class to Fight the Climate Crisis," *The Guardian*, September 1, 2018, accessed May 24, 2025, https://shorturl.at/nlASL.

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Denial of the Greta Reality persists, particularly in the US President Donald Trump personally attacked Thunberg, tweeting, "Greta must work on her Anger Management problem, then go to a good old fashioned movie with a friend! Chill Greta, Chill!"[56] Senator Dianne Feinstein condescendingly dismissed young climate activists, telling them, "Well, you know better than I do. So I think one day you should run for the Senate, and then you do it your way. But in the meantime, I just won a big election."[57]

Critics have dismissed Thunberg and other youth advocates for not offering detailed policy proposals or for speaking out on matters beyond climate, such as Thunberg's more recent comments on the Israel–Palestine conflict. But expecting young people to produce comprehensive policy blueprints or remain confined to a single issue misses the point. Youth movements give voice to those who will live with the consequences of today's decisions. They have every right to speak out about their future – and to demand that those in power take responsibility on matters that will directly impact their generation. These critiques risk distracting from the central issue: that continued denial and delay in addressing climate change are indefensible. The Greta Reality affirms that younger generations are justified in insisting their rights be respected, echoing themes in Kim Stanley Robinson's *The Ministry for the Future*, which presents arguments for legal rights for future generations.[58]

A significant legal victory in the US, *Held* v. *Montana*, where a judge ruled that the state violated children's constitutional right to "a clean and healthful environment," exemplifies this growing recognition of the rights of future generations.[59] The case represents a step toward protecting future generations and signals a potential shift from denial to confronting the Greta Reality.

[56] NBC News, "Trump Mocks Greta Thunberg after She Wins Time Person of the Year," December 12, 2019, accessed May 24, 2025, https://shorturl.at/Q7dCv.

[57] CNN, "Dianne Feinstein's Climate Change Discussion with Schoolchildren Gets Heated," February 23, 2019, accessed May 24, 2025, www.cnn.com/2019/02/22/politics/feinstein-video-sunrise-movement-kids/index.html.

[58] Kim Stanley Robinson, *The Ministry for the Future* (New York: Orbit, 2020).

[59] Harvard Environmental & Energy Law Program, "*Held* v. *Montana*: A Win for Young Climate Advocates and What It Means for Future Litigation," August 30, 2023, accessed May 24, 2025, https://eelp.law.harvard.edu/held-v-montana/.

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Doughnut Economics

In her influential 2017 book *Doughnut Economics: Seven Ways to Think Like a 21st-Century Economist*, Kate Raworth challenges twentieth-century economists' notions of limitless growth and disregard for sustainability.[60] Raworth proposed a model that resembles a doughnut, as shown in Figure 2.5, leveraging the round

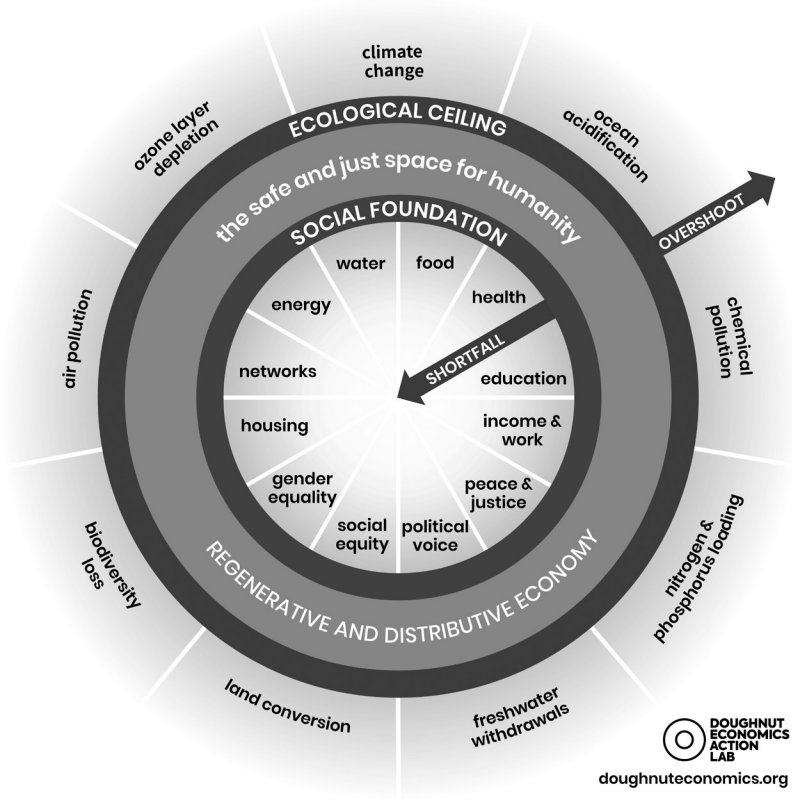


Figure 2.5 Doughnut economics.
Source: Kate Raworth and Christian Guthier, *The Doughnut of Social and Planetary Boundaries*, 2017, CC BY-SA 4.0, accessed December 1, 2020, https://doughnuteconomics.org/principles-and-guidelines#license. Based on Raworth, *Doughnut Economics*.

[60] Kate Raworth, *Doughnut Economics: Seven Ways to Think Like a 21st-Century Economist* (White River Junction: Chelsea Green Publishing, 2017).

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Planetary Boundaries figure as an "ecological ceiling" and the SDGs as the "social foundation."[61]

Doughnut Economics balances environmental safeguards, using the Planetary Boundaries as a UCL, with the fulfillment of fundamental human needs – clean water, food, and healthcare – represented by the SDGs as the LCL. Doughnut Economics visually represents meeting the needs of the present generation without compromising the ability of future generations to meet their own needs.

Doughnut Economics mirrors the Swedish principle of *lagom*, a word that implies moderation or balance that signifies "the right amount." *Lagom* is more than a concept – it's a way of life. I felt its ubiquitous presence upon moving to the Nordics. My new colleague scolded me soon after arrival for violating the norms of work–life balance. Noticing my early arrivals and late departures, my colleague asked, "Can't you get your work done during regular hours? Can't you work efficiently? Don't you want to spend your free time with your family?"

Doughnut Economics reflects the principle of *lagom*, ensuring a good quality of life for all without exceeding Earth's regenerative capacities. Achieving this balance requires the deliberate and ongoing management of the tensions between efficiency, equality, and sustainability. The Nordics have openly embraced Doughnut Economics. In 2020, the City of Copenhagen adopted Doughnut Economics as its guiding economic framework.[62] Various Nordic case studies, from the Oslo fjord to Finnish municipalities, provide tangible examples of its successful implementation.[63] In 2022, *munkmodell* ("doughnut model" in Swedish) was added to Swedish dictionaries, recognized by the Swedish Language Council as a representation of an economic system where the goal is to meet people's needs within the limits of the planet.[64]

[61] Raworth, *Doughnut Economics*, 42, and 39 and 42, respectively.
[62] Doughnut Economics Action Lab, "Stories," July 29, 2020, accessed May 24, 2025, https://doughnuteconomics.org/stories/4.
[63] Doughnut Economics Action Lab, "Events," December 7, 2022, accessed May 24, 2025, https://doughnuteconomics.org/events/218; "Tools," June 9, 2022, accessed May 24, 2025, https://doughnuteconomics.org/tools/156.
[64] *The Local*, "Here Is the Full List of New Swedish Words Which Defined a Difficult 2022," December 27, 2022, accessed May 24, 2025, https://shorturl.at/7xX5P.

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Half-Earth

E. O. Wilson was an American biologist, researcher, theorist, naturalist, and author best known for his ecology and biodiversity conservation work. In 2016, his book *Half-Earth: Our Planet's Fight for Life* was published, in which he advocated for designating half of the Earth's land and marine environments as protected, human-free zones to safeguard biodiversity and prevent mass extinctions. "Human beings are not exempt from the iron law of species interdependency," wrote Wilson. "The biosphere does not belong to us; we belong to it."[65] *Half-Earth* confronts the reality that humankind is violating Planetary Boundaries and eradicating biodiversity in the process, with dire consequences for future generations of humankind.

Wilson advocates for preserving vast areas of forests, grasslands, deserts, wetlands, and marine zones. However, it's not just about the total area summing up to 50 percent of the Earth, but connecting the preserves is vitally important as well, where an essential aspect of Wilson's proposal is to establish wildlife corridors – or biodiversity corridors – to ensure connectivity between protected areas. Such corridors include narrow strips of protected land to connect larger preservations and physical structures like wildlife overpasses, allowing species to migrate, interbreed, and adapt to environmental changes.

Wilson's proposal may appear radical, but it reflects the scale of the challenges and the elevated need for extreme cooperation and coordination to address them. He writes, "The Half-Earth proposal offers a first, emergency solution commensurate with the magnitude of the problem: I am convinced that only by setting aside half of the planet in reserve, or more, can we save the living part of the environment and achieve the stabilization required for our own survival."[66]

Overcoming Denial

Overcoming denial in the US is especially difficult, given entrenched economic interests and deep political polarization that obscure the scale of sustainability challenges. The issue of science denial obstructs

[65] Edward O. Wilson, *Half-Earth: Our Planet's Fight for Life* (New York: W. W. Norton & Company, 2016), 16.
[66] Wilson, *Half-Earth*, 3.

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constructive and rational discourse. A 2019 *Guardian* headline encapsulated this challenge: "US Is Hotbed of Climate Change Denial," a claim extensively substantiated by academic literature.[67]

During her 2019 visit to the US, Greta Thunberg was asked whether climate change is approached differently in Sweden than in the US. She responded that in the US, climate change is treated as something you can choose to believe in, whereas in Sweden, it is accepted as a scientific fact.[68]

American corporations realized that casting doubt on scientific consensus can be a powerful strategy to delay regulation and protect profits. As detailed in *Merchants of Doubt*, the tobacco industry – led by companies such as Philip Morris – pioneered science denial tactics to obscure health risks and resist regulation.[69] The report *America Misled: How the Fossil Fuel Industry Deliberately Misled Americans about Climate Change* shows how fossil fuel companies like ExxonMobil and Chevron later adopted these same strategies to challenge the scientific consensus on climate change and delay policy interventions such as carbon taxes or carbon markets designed to internalize negative environmental externalities.[70] Similarly, as documented in *Soda Science*, Coca-Cola funded academic research that diverted attention from the harms of sugary beverages.[71]

[67] Oliver Milman and Fiona Harvey, "US Is Hotbed of Climate Change Denial, Major Global Survey Finds," *The Guardian*, May 7, 2019, accessed May 24, 2025, https://shorturl.at/7Y7Cd; Peter J. Jacques, "A General Theory of Climate Denial," *Global Environmental Politics* 12, no. 2 (2012): 9–17; Shelley Boulianne and Stephanie Belland, "Climate Denial in Canada and the United States," *Canadian Review of Sociology/Revue Canadienne de Sociologie* 59, no. 3 (2022): 369–394.

[68] Greta Thunberg, "Inspiring Others to Take a Stand against Climate Change," interview by Trevor Noah, *Daily Show with Trevor Noah*, Comedy Central, September 11, 2019.

[69] Naomi Oreskes and Erik M. Conway, *Merchants of Doubt: How a Handful of Scientists Obscured the Truth on Issues from Tobacco Smoke to Global Warming* (New York: Bloomsbury Press, 2010).

[70] John Cook, Geoffrey Supran, Naomi Oreskes, Ed Maibach, and Stephan Lewandowsky, *America Misled: How the Fossil Fuel Industry Deliberately Misled Americans about Climate Change* (Fairfax: George Mason University Center for Climate Change Communication, 2019), accessed May 24, 2025, www.climatechangecommunication.org/wp-content/uploads/2023/09/America_Misled.pdf.

[71] Susan Greenhalgh, *Soda Science: Making the World Safe for Coca-Cola* (Chicago: University of Chicago Press, 2024).

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Regulators and lawmakers are not unaware of these denial tactics. In 2019, Professor David Michaels of George Washington University testified before the House Natural Resources Committee in a hearing titled "The Denial Playbook: How Industries Manipulate Science and Policy from Climate Change to Public Health."[72] His testimony drew on *The Disinformation Playbook*, a report from the Union of Concerned Scientists, which outlines how business interests deceive, misinform, and buy influence at the expense of public well-being.[73]

Across industries, American capitalism's profit imperative has consistently incentivized the distortion of science to protect short-term gains at the expense of public health and planetary well-being. Naomi Oreskes, co-author of *Merchants of Doubt*, has highlighted how this denial pattern extended into the Covid-19 pandemic. In response to public health measures like mask mandates, critics equated collective action with authoritarian socialism – typified by protests and declarations such as, "We don't live in a communist country! This is supposed to be America."[74] Such reactions reflect a deep-seated resistance to perceived constraints on individual freedom – even when collective action is essential. This resistance draws from the American identity rooted in rugged individualism and reinforced by neoliberal ideology, which elevates markets as the preferred problem-solvers and casts suspicion on government intervention. Within this framework, American capitalism doesn't merely permit science denial – it rewards it. When scientific consensus threatens profits or justifies regulation, powerful actors are incentivized to manufacture doubt and stall reform.

[72] David Michaels, *The Denial Playbook: How Industries Manipulate Science and Policy from Climate Change to Public Health*, testimony before the U.S. House Committee on Natural Resources, Subcommittee on Oversight and Investigations, February 26, 2019.

[73] Union of Concerned Scientists, *The Disinformation Playbook: How Business Interests Deceive, Misinform, and Buy Influence at the Expense of Public Health and Safety*, October 10, 2017, updated May 18, 2018, accessed May 24, 2025, www.ucs.org/resources/disinformation-playbook#.

[74] Larry Madowo, "'We Don't Live in a Communist Country!': Battle over Masks Rages in Texas," *The Guardian*, July 2, 2020, accessed May 24, 2025, www.theguardian.com/us-news/2020/jul/02/texas-masks-coronavirus-covid-battle; Thomas B. Edsall, "When the Mask You're Wearing 'Tastes Like Socialism,'" *New York Times*, May 20, 2020.

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Parting Reflections

The twentieth century's dramatic economic growth, fueled by industrialization and the continued rise of capitalism, came at a steep cost: environmental degradation and deepening inequalities. As a result, the field of sustainable development emerged, emphasizing the inseparable links between economic, environmental, and social domains.

Today's global sustainability crises demand coordinated, transformative action. Yet, denial remains pervasive, particularly in global seats of power, whether explicitly through outright rejection or implicitly through insufficient action. Humanity faces a choice: maintain denial or confront the challenges head-on. In American capitalism, denial often proves profitable, posing a major obstacle to sustainable progress. As Upton Sinclair observed, "It is difficult to get a man to understand something when his salary depends upon his not understanding it."[75] While Nordic societies are not without criticism, their functioning democracies enable reality-based policymaking; by contrast, in the US, entrenched oligarchic interests benefit from denial and actively obstruct democratic mechanisms that could deliver necessary reforms.

To fully meet Brundtland's definition of sustainable development – ensuring present needs are met without compromising the future – requires sweeping changes in policy, business practices, and individual behavior. Policymakers must create strong incentives for sustainable practices and impose penalties on environmentally harmful actions, while business leaders must proactively adopt and champion sustainability initiatives. Economic models must encourage long-term stewardship, viewing the Earth as a precious endowment. Solutions must integrate technological and policy innovations with circular economy principles alongside nature-based approaches and Indigenous traditions emphasizing stewardship of resources and living in harmony with nature.

Achieving the ongoing balance between efficiency, equality, and sustainability requires collaboration across sectors and borders, with sustainable development as the ultimate guiding purpose. As we examine different varieties of capitalism in the next chapter, this

[75] Upton Sinclair, *I, Candidate for Governor: And How I Got Licked* (Berkeley: University of California Press, 1994), 109.

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imperative raises crucial questions: How can market economies be structured to reward sustainability with profits? What institutional arrangements best enable the collaboration to address mounting environmental and social challenges?

The Nordic experience offers compelling insights into how capitalism can be shaped to advance sustainable development, offering lessons that could help evolve American capitalism.

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3 *Principles of Capitalism*

The chief rival to capitalism … is, of course, socialism. Its key characteristic is that the state (rather than individuals) is the chief owner of income-producing property and hence the principal employer of labor.

—Arthur Okun, American economist, *Equality and Efficiency*

The problem in this world is to avoid concentration of power – we must have dispersion of power.

—Milton Friedman, American economist, "Milton Friedman on Big Business, Big Government" and *Capitalism and Freedom*

Our mind tells us, and history confirms, that the great threat to freedom is the concentration of power.

—Milton Friedman, *Capitalism and Freedom*

The Cold War rivalry between the US and the Soviet Union defined the twentieth century, casting capitalism and socialism as ideological opposites. Growing up in 1980s America, hearing Cold War rhetoric underscored by the threat of nuclear annihilation and watching movies like *Rocky IV* and *Red Dawn*, which dramatized the binary clash between capitalist freedom and socialist oppression, I absorbed this framing: Being "for capitalism" meant being "for America," while socialism was portrayed as its existential enemy. Though the Soviet Union dissolved in 1991, these Cold War narratives continue to shape how capitalism is understood and debated in the US today.

But what is capitalism, exactly?

Understanding any complex system or phenomenon – capitalism included – requires comparison. Just as astronomers gained crucial insights into Earth's formation after observing planetary formation

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in other solar systems, understanding capitalism also benefits from comparative analysis across economic systems.

Sociologist Seymour Martin Lipset observed, "Those who only know one country know no country."[1] Organizational scholar Andrew Van de Ven – under whom I had the privilege to study as a PhD student at Copenhagen Business School – similarly argued that comparing at least two cases yields far deeper insight, noting that an *n of 2* offers infinitely more understanding than an *n of 1*. Central to his concept of engaged scholarship is the idea that researchers should reflect on their own positionality and learn alongside their inquiry – not as detached observers, but as participants in the process of meaning-making.[2] As I consider capitalism in this chapter – and throughout this book – I approach it in that spirit.

This chapter takes up the comparative challenge by examining three systems: American capitalism, Nordic capitalism, and Soviet socialism. This three-way comparison clarifies capitalism's core principles – by contrasting it with socialism – and reveals its varied expressions through a comparison of two capitalist models. Comparative analysis, central to comparative political economy and tools like benchmarking, offers critical insight into how societies structure economic life – and how they might do so more sustainably.[3]

Principles of Capitalism, in Short

At the highest level, Capitalism is characterized by private ownership of property and capital, operating within market-driven economies. In contrast, socialism is defined by state ownership of property and capital, underpinned by centrally planned economies. Table 3.1 outlines the core principles of capitalism and socialism, which will be explored further in this chapter.

[1] Patricia Sullivan, "Seymour Lipset, 84; Explored Quirks of U.S. Culture, Politics," *Washington Post*, January 5, 2007.
[2] Andrew H. Van de Ven, *Engaged Scholarship: A Guide for Organizational and Social Research* (Oxford: Oxford University Press, 2007).
[3] Andrew Shonfield, *Modern Capitalism: The Changing Balance of Public and Private Power* (Oxford: Oxford University Press, 1965); Lucio Baccaro and Jonas Pontusson, "Rethinking Comparative Political Economy: The Growth Model Perspective," *Politics & Society* 44, no. 2 (2016): 175–207.

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Table 3.1 *Principles of capitalism*

What typically?	Capitalism	Socialism
Owns property/capital	Private sector	The state
Employs labor	Private sector	The state
Determines prices and quantities of goods and services	Markets	The state
Determines wages and quantities of labor	Markets	The state

The term *typically* is crucial because it acknowledges that a society can embody capitalist principles even if certain aspects deviate from them. For instance, the US National Park System, which includes vast tracts of state-owned land, does not render the US socialist. Similarly, the state's management of organ donor registries, which prevents human organs from becoming commodities sold in the marketplace to the highest bidder, does not justify labeling the US as socialist. Moreover, fire departments responding to anyone in need, regardless of their ability to pay a market-based price for services, does not mean the US should be considered socialist. Other examples, such as public roads, schools, libraries, the interstate highway system, Social Security, and Medicare, illustrate that publicly funded infrastructure and services can exist within a capitalist society. The qualifier *typically* is important. The use of 50.1 percent is a practical way to signal a simple majority. When private ownership and market-based mechanisms account for a majority of economic activity, we characterize the society as fundamentally capitalist.

In practice, no society operates under *pure* capitalism, where the private sector and markets dictate every facet of life – nor would most people want such a thing. A system in which organ transplants go to the highest bidder, fire services respond only to those who can pay, and children receive medical care only if their families can afford it would be widely rejected on ethical grounds. Pure capitalism is neither practical nor desirable.

Capitalism should be understood as a means — a tool — rather than a worthy purpose in itself. Sustainable development is a worthy purpose. I contend that a well-governed, democratically accountable version of capitalism can serve as the means to realize it.

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Varieties of Capitalism, in Short

Varieties of Capitalism scholars compare differences in how capitalism is implemented worldwide and the distinct outcomes. When considering different combinations of 50.1 percent to 100 percent across various dimensions of capitalism, an infinite variety of possible capitalist models emerges, allowing for enlightening comparisons.

In this chapter, I also compare Nordic capitalism vis-à-vis American capitalism to demonstrate two distinct implementations of capitalism in practice. Although both varieties share more similarities when compared to Soviet socialism, the differences between American and Nordic capitalism are substantial, highlighting the broad spectrum of possibilities within capitalist systems.

Nordic capitalism is an example of democratic capitalism, characterized by a more even distribution of power throughout society, which supports and reinforces democratic ideals. In contrast, American capitalism is increasingly indicative of oligarchic capitalism, where power is concentrated in the hands of a few. This power concentration challenges the democratic functioning of society and impedes the proper functioning of markets.

Oligarchic versus Democratic Capitalism, in Short

The distinction between oligarchic and democratic capitalism is fundamental to understanding different varieties of capitalism and their capacity to achieve sustainable development.

Oligarchic capitalism is characterized by:

- Concentrated economic and political power
- Weak democratic institutions
- Limited stakeholder voice
- Short-term focus on shareholder returns
- Resistance to environmental regulation
- Weak labor protections
- Democracy treated by powerful actors as an obstacle to be curtailed or undermined
- Potential drift toward statist capitalism as powerful actors capture state institutions and redirect public authority to private ends

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Democratic capitalism, in contrast, features:

- Dispersed economic and political power
- Strong democratic institutions
- Broad stakeholder engagement
- Long-term focus on societal value
- Support for environmental protection
- Strong labor protections
- Democracy embraced by powerful actors, signaling a commitment to disperse power
- The state is transparent and democratically accountable, understood as an extension of the people

These differences profoundly affect how each variety of capitalism responds to sustainability challenges. While oligarchic capitalism often resists changes that might reduce short-term profits, democratic capitalism's more inclusive decision-making processes facilitate adaptation to emerging societal needs.

Considering different varieties of capitalist systems sets the stage for exploring the potential of realizing sustainable capitalism. By examining the broad possibilities of capitalism and identifying necessary modifications, we aim to transform the tool of capitalism to realize the worthy purpose of achieving sustainable development.

Is Socialism the Same as Communism?

While often used interchangeably, socialism and communism represent distinct concepts in Marxist theory. For Marx, socialism was a transitional stage where the state controls the economy and means of production, serving as the "dictatorship of the proletariat" before achieving communism's classless, stateless society. This phase involves abolishing private property, nationalizing assets, and implementing central planning to determine production for all goods and services in society.[4]

The socialist phase serves as a preparatory stage for the final transition to communism.

Communism represents the utopian society Marx envisioned. Goods and services are produced in abundance, and everyone takes

[4] The proletariat refers to working-class people – those without capital, whose primary economic value lies in their labor.

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them "according to his needs."[5] Prices no longer exist because everything is produced in abundance, so markets cease to exist. Class divisions are eliminated because divides along lines of wealth are no longer possible. In this utopian world, Marx predicted that the state would eventually "wither away" to be replaced by a direct form of radical democracy and a united world without national boundaries.

However, Marx's utopian vision of communism has proven unrealistic on a large scale. While communism might function in small communities where personal relationships and direct democracy can effectively facilitate resource management, scaling it to the level of a nation presents significant challenges. Gross inefficiencies and extreme shortages are the likely result without pricing mechanisms and incentives like profits.

Furthermore, history has often shown that power-hungry leaders exploit the promise of a communist utopia to consolidate their control during the transitional phase of socialism, never to relinquish it. A stark illustration of this is the Soviet Union after the Bolshevik Revolution in 1917. Once Vladimir Lenin centralized power, and later under Joseph Stalin's regime, it was never relinquished. Reinhold Niebuhr poignantly articulated the gap between Marx's utopian vision and the stark realities of power concentration, writing, "Marx's dream of a 'free association of workers' turns out to be a community governed by a particularly vexatious tyranny."[6] Similarly, John Keane challenges socialists to confront tough scrutiny of how their utopian visions play out in reality, stating, "Socialists must face up honestly to their critics' questions: In which country have socialist movements and governments actualized the old socialist ideals of equality with liberty and solidarity?"[7]

The promises of utopias diverge significantly from the materialized realities. I focus this chapter on the realities of socialism in practice, not Marx's vision of a communist utopia.

However, the ills of power concentration are not confined to socialism. They can also manifest within capitalist systems.

[5] Karl Marx, *Critique of the Gotha Program*, 1875. The phrase "From each according to his ability, to each according to his needs" originates here.

[6] Reinhold Niebuhr, *Reinhold Niebuhr: Major Works on Religion and Politics (LOA #263)* (New York: Library of America, 2015), 618.

[7] John Keane, *Democracy and Civil Society: On the Predicaments of European Socialism, the Prospects for Democracy, and the Problem of Controlling Social and Political Power* (London: Verso, 1988), xii.

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Joseph Schumpeter warned that both capitalism and socialism carry risks of power concentration. While he clearly advocated for capitalism in his treatise *Capitalism, Socialism, and Democracy*, he emphasized that each system can drift toward forms of dominance that undermine democracy.[8] He warned of socialism's tendency to concentrate power in the hands of state tyrants, and capitalism's tendency to concentrate power among large corporations and economic elites. His warning is prescient today, as seen in the rise of monopolistic tech companies and their outsized influence over policy and political systems. Schumpeter highlighted the tensions, suggesting capitalism's success could eventually threaten democratic principles and ultimately undermine the functioning of capitalism. At the heart of Schumpeter's concerns is the need for sufficient dispersion of power in society, a necessary safeguard against the undue influence of any single group, be it state actors or economic elites.

Principles of Capitalism

The term "capitalism" gained prominence in English following the translation of Marx's *Das Kapital* in 1867. In *Das Kapital*, Marx defined "capitalists" as the individuals who own capital in a society and extract profits from it. The term "capitalism" began to enter common usage shortly thereafter. French socialist Louis Blanc is credited with being among the first to use the term "capitalisme" in his 1839 work, *L'Organisation du travail* (The Organization of Work), where he critiqued the economic system characterized by private ownership of the means of production and profit-driven operations. Ironically, it was the critics of capitalism who helped popularize the term.[9]

The following section describes the principles of capitalism.

Private Sector Typically Owns Property/Capital

In capitalist societies, property is generally owned by the private sector and can be used to generate profits. The private sector includes individuals,

[8] Joseph A. Schumpeter, *Capitalism, Socialism, and Democracy* (New York: Harper & Brothers, 1942).
[9] Louis Blanc, *L'Organisation du travail* (The Organization of Work) (Hamburg: Otto Meissner, 1839).

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large corporations, small and medium-sized enterprises, cooperatives, and non-profit organizations. Property and capital are often used synonymously and encompass tangible assets like factories, buildings, natural capital (land, trees, water, and minerals), and intellectual property (patented, trademarked, or copyrighted inventions or works). Property also encompasses data like consumer and personal data.[10]

The US and Nordic nations rank among global leaders in private property protections, with Finland #1, Denmark #4, Norway #6, Sweden #7, US #14, and Iceland #19 in the 2023 International Property Rights Index. Venezuela rated last out of the 125 rated nations.[11]

Capitalist societies are typically easier places to do business. The World Bank periodically assesses the ease of doing business by nation, considering factors like the ease of starting a business, registering property, and enforcing contracts. Its 2019 assessment ranked Denmark #4, US #6, Norway #9, Sweden #10, Finland #20, Iceland #26. At the bottom of the rankings were Venezuela #188, Eritrea #189, Somalia #190.[12]

In the Soviet Union, owning property or operating a private business was forbidden. During the Soviet era, the state owned 100 percent of the land. Shortly after the October Revolution in 1917, also known as the Bolshevik Revolution, Vladimir Lenin issued the Decree on Land, abolishing private land ownership. The Soviet state assumed ownership of all land, which remained the case throughout the Soviet Union's existence until its dissolution in 1991. Similarly, starting a for-profit business was generally forbidden in the Soviet Union.

Private Sector Typically Employs Labor

In capitalist societies, the private sector typically employs labor, whereas the state employs only a minority of the population. In socialist societies, the state typically employs most of the labor – and sometimes all.

[10] Shoshana Zuboff, *The Age of Surveillance Capitalism: The Fight for a Human Future at the New Frontier of Power* (New York: PublicAffairs, 2019).

[11] Property Rights Alliance, "International Property Rights Index," October 22, 2024, accessed October 22, 2024, www.internationalpropertyrightsindex.org/#world-map.

[12] World Bank, "Ease of Doing Business Rankings," October 24, 2019, accessed February 2, 2024, https://archive.doingbusiness.org/en/rankings.

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In the US and Nordic nations, labor is employed predominantly by the private sector. The private sector in the US employs about 85 percent of labor, with about 15 percent employed by the state (including federal, state, and local governments). In the Nordic nations, about 65–75 percent of labor is employed by the private sector, with the remaining 25–35 percent employed by the state.[13]

In the Soviet Union, the state employed nearly 100 percent of labor. Some individuals were allowed to farm small plots of land, growing food for personal consumption or sale at a local market, which could be considered private-sector employment. However, such commerce constituted a small percentage of the overall economy.

Markets Typically Determine Prices and Quantities of Goods and Services

Markets predominantly determine the prices and quantities of goods and services in capitalist societies. Prices and quantities for cars, haircuts, guns, butter, and most other goods and services result from the interplay of market forces. In socialist societies, prices and quantities are typically set by central planners.

Markets are visually represented by the supply–demand curves, depicted as straight lines in Figure 3.1, representing the inverse relationship between price and demand. As a good or service becomes more expensive, demand for it reduces. Conversely, as something becomes less expensive, there will be more demand for it. The market equilibrium resides at the intersection of the supply and demand

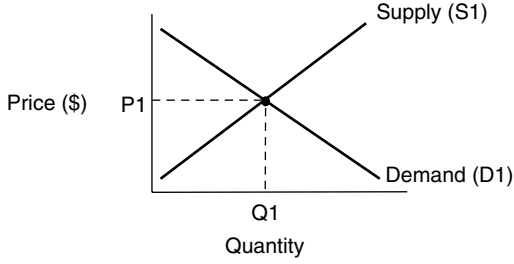


Figure 3.1 The market.

[13] ILO, "ILOSTAT: The Leading Source of Labour Statistics" accessed February 2, 2024, https://ilostat.ilo.org/.

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curves, representing the point where consumer demand aligns with capitalist supply. The market equilibrium is considered the most efficient output for society.

The US and Nordic economies typically rely upon markets to determine prices and quantities of goods and services. In the 2023 Index of Economic Freedom by the Heritage Foundation, the US and Nordic nations were categorized near the top of the global ratings, indicating a reliance upon markets to determine prices and quantities of goods and services. The index ranked Denmark #9, Sweden #10, Finland #11, Norway #12, Iceland #19, and the US #25, whereby each nation was categorized in the "Mostly Free" tier of nations. (Singapore, Switzerland, Ireland, and Taiwan topped the ranking and were categorized in the tier labeled "Free.") At the bottom of the ratings were Venuela #174, Cuba #175, and North Korea #176.[14]

The state typically set prices in the Soviet Union. The State Planning Committee, known as Gosplan, was the primary body responsible for economic planning in the Soviet Union. They set production targets across various sectors and industries, determining the quantities of goods to be produced. The State Committee on Prices, Goskomtsen, set prices based on production costs and were commonly stamped or labeled directly on goods, making them uniform across the Soviet Union. Because prices did not adjust to real-time supply and demand conditions, there were often imbalances, where shortages of certain goods could exist even if there was high demand because production targets were not met or were set too low. Similarly, there might be surpluses of goods that people didn't want.

Stock and Bond Markets and Power Dispersion

Stock and bond markets demonstrate capitalism's potential for dispersing power. Milton Friedman championed markets as essential safeguards against the undue concentration of power, whether in the hands of the state or individuals. Following President Trump's announcement of global tariffs in April 2025, enacted without legislative oversight, global markets experienced significant declines. The severe market reaction proved decisive in compelling the Trump administration to reverse these tariff policies. While political leaders

[14] Heritage Foundation, "2023 Index of Economic Freedom," February 27, 2023, accessed February 2, 2024, www.heritage.org/index/ranking.

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might seek to leverage other power forms (e.g., military) to counteract market forces, this instance underscored the markets' vital role as a counterbalance to concentrated power. In contrast, centrally planned socialist economies lack these visible market forces, which Friedman saw as instrumental in holding political leaders accountable, and why he considered capitalism's fundamental reliance upon markets indispensable to political freedom.

Markets Typically Determine Wages and Quantities of Labor

In capitalist societies, labor markets typically determine wages and employment rates. At the heart of the labor markets is the interplay between the labor supply and the labor demand by employers – that is to say, the "capitalists" – who seek to employ the labor. The intersection of the supply–demand curves is the equilibrium wage rate representing the labor price. At that intersection, we also have the equilibrium quantity of labor corresponding to the number of laborers employed at that wage.

For example, if wages are set above this equilibrium through an artificially high minimum wage rate, the likely result is heightened unemployment. As a thought exercise, imagine if a minimum wage of $50/hour is established across the US employers would likely lay off workers and remove their "Help Wanted" signs. An overall reduction in the quantity of labor would result in heightened unemployment. Perhaps a handful of laborers would benefit from the heightened wages but at the cost of undoubtedly far more people who would be laid off and unable to find work elsewhere.

Conversely, if wages are set below equilibrium, for example, if employers have significantly more power than labor and the employers utilize that power to suppress wages, a labor shortage is likely where potential laborers do not find the wages sufficient to take the jobs. Imagine if employers only offer $7/hour in wages. An eight-hour shift would garner only $56, which is unlikely to cover the cost of bus fare and childcare. Laborers would likely elect not to take these low-paying jobs, resulting in a labor shortage. "Help Wanted" signs would likely be prevalent, but the job openings go unfilled.

Presumably, in a capitalist society that is also a functioning democracy, an artificially high minimum wage rate would be reduced through additional legislative action to reduce the minimum

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wage. Similarly, in a functioning democracy, if wages are artificially suppressed because power is too concentrated with employers, legislative action would presumably be taken to disperse power so the labor markets can function. (Such legislative actions are expected in the marketplace for goods and services when private sector actors achieve concentrated power as a monopoly or oligopoly. Sufficiently dispersed power is necessary for markets to function.) Legislative action, including an increase in minimum wage laws, may also be considered.

In the Soviet Union, central planners set wages and determined labor quantities. The Soviet state determined employment levels, set wages, and assigned jobs often irrespective of individual preferences. Not showing up for your assigned job came with severe consequences. Absenteeism without a legitimate excuse could result in criminal charges for "social parasitism," *tuneyadstvo*, a punishable offense under Soviet law. While the *Gulags* were not typically used for cases of social parasitism, the broader threat of severe punishment, including forced labor, loomed large in the Soviet Union, reinforcing compliance and suppressing personal freedom.

What Is So Great about Capitalism? Efficiency

The efficiency advantages of capitalism are well established when compared to centrally planned socialist economies and earlier systems such as feudalism. Economic historian Gregory Clark notes that the economic history of the world is surprisingly simple, as it can be captured in a single graph, depicted in Figure 3.2, which shows the dramatic rise in productivity and living standards that followed the emergence of capitalism around 1800, in tandem with the Industrial Revolution.[15] Economist Jonathan Levy similarly observed that "before capitalism, societies usually scraped along just above subsistence."[16] China's shift toward market economics between 1981 and 2010 demonstrates capitalism's transformative power:

[15] Gregory Clark, "The Industrial Revolution," in *Handbook of Economic Growth*, vol. 1B, ed. Philippe Aghion and Steven Durlauf (Amsterdam: Elsevier, 2014), 217–262.

[16] Jonathan Levy, *Ages of American Capitalism* (New York: Random House, 2021), xxi.

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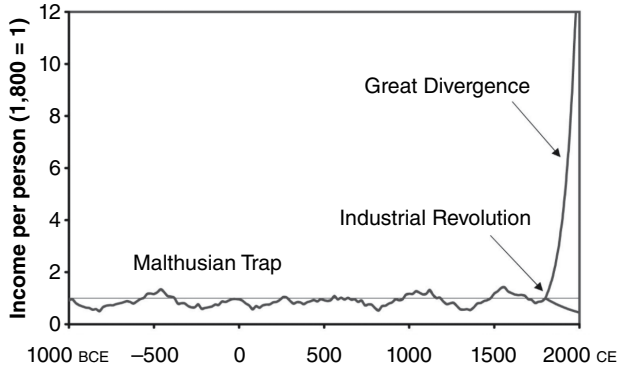


Figure 3.2 Capitalism and the Industrial Revolution: The rapid rise of efficiency. *Source*: Used with permission from Princeton University Press, from *A Farewell to Alms: A Brief Economic History of the World* by Gregory Clark (2007); permission conveyed through Copyright Clearance Center, Inc.

over 800 million people lifted from extreme poverty, accounting for half of global poverty reduction in that period.[17]

Together, these reflections underscore capitalism's historical role in unlocking large-scale economic efficiency.

Capitalism's key advantage lies in its efficient allocation of resources through decentralized decision-making and responsiveness to market signals. The Soviet Union dramatically illustrated the limitations of centralized planning, with Moscow-based planners attempting to coordinate production across fifteen republics, spanning eleven time zones and over twenty million square kilometers.

My early career as an industrial engineer at IBM offered firsthand insight into the efficiency advantages of market-based systems over centralized planning. I began in the late 1990s as a labor and capacity planner at IBM's largest factory in Rochester, Minnesota. I quickly

[17] Hu Angang, Hu Linlin, and Chang Zhixiao, "China's Economic Growth and Poverty Reduction (1978–2002)," in *India's and China's Recent Experience with Reform and Growth*, ed. Wanda Tseng and David Cowen (London: Palgrave Macmillan, 2005), 59–90; In 1981, nearly 90 percent of China's population lived on less than $1.90 per day – the World Bank's threshold for extreme poverty. By 2010, that figure had fallen to just 10 percent. See: World Bank, "China Overview," accessed February 1, 2024, www.worldbank.org/en/country/china/overview. See also: Jacob Shapiro, "China Is Still Really Poor," *Geopolitical Futures*, September 15, 2016.

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saw that long-term production planning often led to mismatches between supply and demand. When customer preferences shifted, we were left with excess inventory of unwanted products and shortages of those in high demand. The further out we planned, the more likely we were to misallocate resources. Efficiency improved when we responded to real-time demand rather than relying on static forecasts.

To increase responsiveness, we adopted the Toyota Production System (TPS), which emphasizes just-in-time production and real-time, on-the-ground decision-making – a stark contrast to Soviet planners managing from afar. At its core, TPS seeks to eliminate *muda*, or waste, to improve efficiency. A five-year production plan at our factory would have created severe mismatches between supply and demand, just as Soviet central planning produced chronic shortages of everyday goods, including toilet paper.

Creating five-year plans for agriculture introduced even greater inefficiencies. Unlike factory environments, agricultural outputs are subject to uncontrollable variables like weather and climate. The further planners attempted to forecast, the more damage was caused by deviations between projected and actual conditions. The Soviet Union experienced chronic shortages of agricultural staples, including bread. Most tragically, misguided grain requisition policies contributed to the Holodomor, the famine of 1932–1933, during which nearly 4 million Ukrainians died.

Advocates of centralized economic planning have often underestimated the complexity of efficiently producing and distributing goods and services at scale. George Orwell, a self-described socialist best known for *Animal Farm* and *1984*, once wrote:

> It is not certain that socialism is in all ways superior to capitalism, but it is certain that, unlike capitalism, it can solve the problems of consumption and production … In a socialist economy these problems do not exist. The State simply calculates what goods will be needed and does its best to produce them.[18]

Orwell's comment reflects a common mid twentieth-century optimism that central planners could master the technical challenges of production. In practice, however, the assumptions underlying this confidence often proved deeply flawed.

[18] George Orwell, *Why I Write* (London: Penguin Books, [1946] 2014), 46–47.

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Socialism's inefficiencies extend beyond those caused by central planning alone. Limited innovation results when no incentives exist to pursue greater efficiency or innovations. Individuals and corporations in a capitalist system have these incentives in the form of profits. While the Industrial Revolution's remarkable efficiency gains stemmed from multiple factors – technological advancement, scientific discovery, and broader societal changes – capitalism's profit incentives and the global rise of corporations significantly accelerated these developments. "Creative destruction," Joseph Schumpeter coined in his classic *Capitalism, Socialism and Democracy*, denotes how entrepreneurial innovations encourage long-term economic growth in capitalism, even as established companies that cannot keep up with innovations are destroyed.[19]

However, for all the benefits of efficiency, critics point to capitalism's tendency to exacerbate inequalities as a fundamental flaw. Capitalism's defenders, like Milton Friedman, argue that addressing inequality necessarily compromises efficiency. He minimized concerns about inequality, contending that even the modern poor enjoy higher living standards than the wealthy of past generations, thanks to capitalism's efficiency and innovation. Yet this defense of inequality as the price of efficiency remains deeply contested.

It also overlooks a central tenet of early management thinking. As Frederick Winslow Taylor wrote on page one in *The Principles of Scientific Management* (1911): "The principal object of management should be to secure the maximum prosperity for the employer, coupled with the maximum prosperity for each employee."[20] Efficiency, in Taylor's view, was not meant to enrich only those at the top but to deliver shared gains across the enterprise. That ideal has been largely abandoned under modern American capitalism, where efficiency gains often flow disproportionately to shareholders and executives.

Beyond inequality, capitalism's relentless pursuit of efficiency frequently generates sustainability challenges that disproportionately affect the poor. China's dramatic economic transformation illustrates this pattern: Regions of intense industrial development

[19] Schumpeter, *Capitalism, Socialism and Democracy* (New York: Routledge, 2010).

[20] Frederick Winslow Taylor, *The Principles of Scientific Management* (New York: Harper and Bros., 1911), 1.

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between 1981 and 2010 became known as cancer villages due to severe environmental degradation. The mounting climate crisis and accelerating biodiversity loss further show how capitalism's drive for efficiency – left unchecked – has made us exceptionally efficient at consuming Earth's resources.

While Friedman and other neoliberal economists maintained near-religious zealotry that market forces would correct environmental damage, this belief has proved tragically unfounded. As discussed in the Triangle of Tensions (Chapter 2), capitalism excels at promoting efficiency but struggles to address the twin challenges of equity and sustainability – tensions at the heart of today's economic systems.

What's So Great about Capitalism? – Freedom? Democracy?

Milton Friedman argued that capitalism inevitably leads to political freedom – first capitalism, then freedom. However, the post-Soviet transition challenges this assumption. Rather than fostering democracy, rapid privatization of state assets in Russia and other former Soviet states led to unprecedented concentration of economic power among oligarchs, who then captured political institutions.

This historical evidence, along with contemporary analysis of American capitalism, suggests that democracy may be a prerequisite for – rather than a consequence of – well-functioning capitalism. Without robust democratic institutions and countervailing forces, market systems alone cannot prevent the power aggregation that leads to oligarchic capitalism. While Friedman correctly identified power concentration as a fundamental concern, its dynamics have manifested in ways he did not anticipate.

Just as neoliberal economists promoted "trickle-down economics," assuming that prosperity would naturally flow from the wealthy to the poor, Friedman's assumption that capitalism necessarily leads to political freedom could be characterized as "trickle-down democracy." The post-Soviet experience decisively challenges this theory of trickle-down democracy: Rather than fostering democratic institutions, rapid privatization without pre-existing democratic safeguards led to oligarchic capture of both economic and political power. The evidence suggests that, like prosperity, democracy does not simply trickle down. Democratic institutions must be deliberately constructed and vigilantly maintained, rather than expected to emerge as a natural by-product of market capitalism.

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In sum, while capitalism's efficiency advantages over centralized planning are self-evident, its relationship with equality, sustainability, political freedom, and democracy proves far more complex.

Varieties of Capitalism

Though American and Nordic capitalism share fundamental market principles that distinguish them from Soviet socialism, their distinct institutional arrangements produce markedly different social and economic outcomes. The scholarly field of "varieties of capitalism" provides frameworks for understanding these crucial differences.

With their 2001 edited volume titled *Varieties of Capitalism*, Peter Hall and David Soskice are credited with establishing varieties of capitalism as a distinct scholarly field.[21] Hall and Soskice distinguished between Liberal Market Economies (LMEs) typified by the US and Coordinated Market Economies (CMEs) like the Nordic nations. Their work sparked a rich academic discourse and the proliferation of further taxonomies of capitalism, including shareholder and stakeholder capitalism, oligarchic and democratic capitalism, state-led capitalism, entrepreneurial capitalism, patrimonial capitalism, climate capitalism, and even the normative categorizations of "good capitalism" and "bad capitalism."[22]

Our analysis focuses specifically on American and Nordic capitalism through two interrelated lenses: power distribution and stakeholder inclusion. Recent scholarship describes American capitalism as increasingly "oligarchic," where concentrated economic and political power among a small elite has reshaped American institutions to serve narrow interests.[23] Nordic capitalism, by contrast, exemplifies "democratic capitalism," marked by more dispersed power and decision-making across a wider array of stakeholders.

[21] Peter A. Hall and David Soskice, eds., *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (Oxford: Oxford University Press, 2001).

[22] William J. Baumol, Robert E. Litan, and Carl J. Schramm, *Good Capitalism, Bad Capitalism, and the Economics of Growth and Prosperity* (New Haven: Yale University Press, 2007).

[23] Jeffrey A. Winters and Benjamin I. Page, "Oligarchy in the United States?" *Perspectives on Politics* 7, no. 4 (December 2009): 731–751, doi.org/10.1017/S1537592709991770; Reich, *Saving Capitalism*.

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The distinctions between oligarchic and democratic capitalism provide crucial insights into how different varieties of capitalism shape societal outcomes.

Principles of Capitalism: American Capitalism vis-à-vis Nordic Capitalism

American and Nordic capitalism differ significantly in its principles, giving rise to their unique varieties of capitalism.

Private Sector Typically Owns Property/Capital

While both the US and Nordic nations uphold strong private property rights, they implement them differently. The conventional American publicly traded corporation differs markedly from Nordic structures, which include enterprise foundation-owned companies, cooperatives, employee-owned firms, and companies with the state as a partial owner. These variations foster different approaches to capitalism, with some structures encouraging short-term, extractive approaches and others promoting long-term stewardship.[24]

In the enterprise foundation model, exemplified by publicly traded companies like Novo Nordisk and Carlsberg, as well as privately held companies like Ramboll, foundations hold controlling voting rights. This structure ensures long-term stability and channels profits toward social benefits while mitigating short-term market pressures, whether from public markets or private owners.

Another distinctive feature of the Nordic approach is its public and private ownership mix. Nordic states often hold significant minority stakes in key companies, leaving day-to-day operations and employment decisions to the private sector. This contrasts with socialist systems that rely on direct state control and state employment.

This model is particularly prevalent in the energy and natural resource sectors. Norway's Equinor (67% state-owned) operates in oil, gas, and renewable energy. Similarly, Norsk Hydro (34.3% state-owned) leads in aluminum production, while Sweden's Telia Company (37.3% state-owned) provides telecommunications. Finland's Fortum (50.8% state-owned) and Denmark's Ørsted (50.1% state-owned)

[24] Dave Whorton with Bo Burlingham, *Another Way: Building Companies That Last … and Last … and Last* (Boston: Harvard Business Review Press, 2025).

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demonstrate this model in the energy sector. This partial state ownership allows democratically accountable states to encourage privately held firms to pursue broader social goals consistent with sustainable development.

The Nordic region features distinct ownership structures in which ownership and governance are more commonly dispersed. Cooperatives and foundation-owned companies are significantly more prominent, enabling broader stakeholder involvement and reducing the dominance of any single owner. These structural differences shape how companies operate, with Nordic models more often supporting long-term thinking and attention to multiple stakeholders. In contrast, US models tend to prioritize shareholder interests and shorter-term outcomes.

Land ownership represents another domain of distinct difference between American and Nordic capitalism. While the private sector owns most of the land in the US and Nordic nations, environmental regulations are comparatively relaxed in the US, particularly in rural regions, affording greater freedom for US landowners to do what they want with their land. Conversely, Nordic nations emphasize more stringent land-use regulations where considerations for environmental harms or broader community interests are often elevated.

The Nordic approach to land ownership also reflects more collective values while respective private property rights. Sweden's constitutionally protected *Allemansrätten* ("everyman's right"), known as the freedom to roam, allows public access to private land for activities like hiking, foraging, and camping – so long as privacy and nature are respected.[25] Despite over 90 percent of land in Sweden being privately owned, access remains widely available, contrasting sharply with US norms of exclusion marked by "No Trespassing" signs.

The Nordic "freedom to roam" laws highlight one of the most striking differences in land ownership between Nordic and other capitalist systems. These laws grant everyone the right to access almost all land – public or private – for activities such as hiking, camping, and foraging, provided they maintain distance from private residences. In Sweden, this right, known as *Allemansrätten* or "everyman's right," is enshrined in the Constitution. Although over 90 percent of Sweden's

[25] Visit Sweden, "The Right of Public Access," accessed May 24, 2025, https://shorturl.at/naQ9v.

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land is privately owned, freedom to roam ensures public access. This contrasts sharply with the US, where "No Trespassing" signs on private land (about 60% of total land) symbolize a fundamental difference that land access is reserved for owners alone.

Private Sector Typically Employs Labor

Private sector employment characterizes both American and Nordic capitalism, but their approaches to labor markets reveal fundamental differences in how these societies balance worker security with market flexibility.

American capitalism ties essential services directly to employment status. Healthcare, retirement benefits, and other social services typically come as part of a private sector employment package. Under prevalent at-will employment practices, workers can be terminated without cause, creating a double vulnerability: job loss often means simultaneous loss of essential benefits. This arrangement can trap workers in unfulfilling jobs and discourage entrepreneurship or career transitions, despite the theoretical flexibility of the American labor market.

Nordic "flexicurity" combines worker protections with market efficiency. While employers maintain termination rights, comprehensive state benefits prevent job loss from triggering personal crises, enabling greater labor market flexibility and entrepreneurial risk-taking.

Driven by robust state initiatives and strong labor unions, Nordic countries implement extensive retraining and upskilling programs that enhance workforce adaptability. This adaptability is underpinned by active labor market policies aimed at facilitating quick reemployment and maintaining high levels of labor market participation. In this system, Nordic citizens recognize the value of their comparatively high tax contributions, which fund these extensive public services, promoting a cycle of investment in human capital that benefits individual and societal welfare alike.

The assurance of continuous access to healthcare and other services, regardless of job status, fosters a culture where individuals feel secure enough to take entrepreneurial risks or pivot their careers in response to changing economic landscapes. This security – known as flexicurity that promotes security through flexible labor markets – is a cornerstone of Nordic labor policy, contrasting sharply with the US approach and highlighting a deeper philosophical difference in how labor is valued within these two varieties of capitalism.

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Denmark's postal service decision illustrates the dynamic nature of Nordic capitalism as it relates to state and private sector employment. After 400 years of state-run postal delivery, PostNord announced it would end letter delivery in 2025 due to a 90 percent decline in volume since 2000. The decision to discontinue state-employed postal delivery, affecting 1,500 workers, emerged from a clear focus on efficiency – made possible through Denmark's commitment to transparency and democratic oversight of state enterprises. These workers can transition to new employment opportunities without fear of losing healthcare and other essential services thanks to flexicurity with its comprehensive social safety nets and retraining programs. This case demonstrates how Nordic capitalism enables even centuries-old state institutions to adapt to changing market conditions, shifting services between state and private sector delivery based on efficiency considerations while maintaining strong worker protections.[26]

Markets Typically Determine Prices and Quantities of Goods/Services

In the US and Nordic nations, most goods and services are priced through market mechanisms. Whether it is groceries, clothing, lawn services, haircuts, or household items, market forces typically dictate both prices and quantities subject to supply and demand curves.

However, a key distinction lies in the Nordic model's universal access to social services, such as healthcare. In the Nordic model, the government directly negotiates prices with providers of medical services and pharmaceuticals, unlike the US, where market forces largely control healthcare access, except for specific groups like Medicare recipients, veterans, and others covered by state-provided programs. While the state regulates healthcare pricing and access in the Nordics, the production of pharmaceuticals, including insulin by companies like Denmark's Novo Nordisk, remains in the private sector.

The Nordic countries also offer universal subsidies for childcare, ensuring all families have access to high-quality services. This reflects the broader Nordic balance between market forces and state intervention to provide essential social support for all citizens.

[26] Adrienne Murray and Paul Kirby, "Denmark Postal Service to Stop Delivering Letters," BBC, last modified March 6, 2025, accessed June 1, 2025, www.bbc.com/news/articles/ckg8jllq283o.

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In the US and Nordic nations, utilities such as water, electricity, and gas are heavily regulated, with the state often setting or approving prices. Similarly, public transportation and vehicle parking prices are usually set by the state in both regions. A notable exception is the privatization of vehicle street parking in Chicago in 2008, which led to a dramatic quadrupling of parking rates by 2009.[27] This highlighted the extent to which parking had been state-subsidized, leading to significant public backlash when prices surged under private ownership.

Higher education presents a significant contrast between the US and the Nordics. In the Nordic countries, higher education is typically tuition-free, with the state covering most associated costs through taxes. In contrast, US tuition rates are largely market-driven. While many US public universities once had low or even free in-state tuition, such as the University of California system in the 1960s, tuition rates have risen significantly over the past few decades as state funding has decreased and tuition rates are increasingly subject to market forces.

State subsidies significantly shape market outcomes. For instance, the US fossil fuel industry receives substantial government subsidies, distorting market prices and making fossil fuels artificially cheaper. This practice is not unique to the US – fossil fuel subsidies totaled $7 trillion globally in 2022, or 7.1 percent of global GDP. These subsidies, tax breaks, and loan guarantees disproportionately benefit the fossil fuel industry in the US compared to renewables, making renewable energy alternatives less competitive.[28]

Internalizing Negative Externalities

A negative externality occurs when a company's operations create costs borne by society rather than reflected in its prices – such as when factory pollution causes health problems or greenhouse gas emissions contribute to climate change. Addressing these externalities in capitalist systems requires policy interventions, typically through taxation

[27] Dave Byrnes, "Chicago's Decadeslong Parking Privatization Contract Goes before Seventh Circuit," *Courthouse News Service*, September 22, 2022, accessed May 24, 2025, https://shorturl.at/gxoxW.

[28] Simon Black, Antung A. Liu, Ian W.H. Parry, and Nate Vernon, "IMF Fossil Fuel Subsidies Data: 2023 Update," *IMF Working Paper*, August 24, 2023, accessed May 24, 2025, https://shorturl.at/9EynG.

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or cap-and-trade programs, to force companies to "internalize" these costs. Carbon pricing exemplifies this approach: by making companies pay for emissions, it incorporates climate costs into prices and shifts market behavior toward sustainability.

The Nordic countries led the world in efforts to address the negative externalities of carbon emissions. Finland introduced the first carbon tax in 1990, with Sweden, Norway, and Denmark following shortly after. Today, the Nordic nations maintain among the world's highest carbon prices – Sweden charges $126 per ton of CO_2 and Norway $91 per ton.[29] While still below the U.S. Environmental Protection Agency's estimated social cost of carbon ($190 per ton), intended to wholly internalize the negative externalities of CO_2 emissions,[30] these carbon taxes create powerful market signals for innovation and emissions reduction.

Each Nordic nation has set ambitious climate targets backed by concrete policies. Denmark's 2020 Climate Act mandates 70 percent emissions reduction by 2030 and climate neutrality by 2050, adding in 2024 the world's first carbon tax on the agricultural sector through policy innovations developed via structured tripartite collaboration among government, industry, and farmers.[31] Sweden established policy to achieve net-zero by 2045, while Finland targets carbon neutrality by 2035 – the region's most ambitious timeline.

In contrast, the US has struggled to implement comprehensive policies that internalize the cost of CO_2 emissions. Even though two-thirds of Americans think the government should take more significant action on climate change, including supporting measures to tax corporations on greenhouse gas emissions, powerful lobbying

[29] Boqiang Lin and Xuehui Li, "The Effect of Carbon Tax on Per Capita CO_2 Emissions," *Energy Policy* 39, no. 9 (2011): 5137–5146.

[30] At the "near-term" 2 percent discount rate value. U.S. Environmental Protection Agency, *Report on the Social Cost of Greenhouse Gases: Estimates Incorporating Recent Scientific Advances* (Washington, DC: U.S. Environmental Protection Agency, 2023), accessed May 24, 2025, www.epa.gov/system/files/documents/2023-12/epa_scghg_2023_report_final.pdf.

[31] "The Climate Act," *Climate Change Laws of the World*, July 9, 2024, accessed July 9, 2024, https://climate-laws.org/document/the-climate-act_dae7; Carbon Brief, "Q&A: How Denmark Plans to Tax Agriculture Emissions to Meet Climate Goals," July 9, 2024, accessed July 9, 2024, https://shorturl.at/ibq47; State of Green Denmark, "The World's First Carbon Tax on Agriculture," *State of Green Weekly*, June 28, 2024, accessed May 24, 2025, https://shorturl.at/1OBec.

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by fossil fuel companies and other vested political interests has significantly hindered action.[32]

California is a notable exception. In 2012, it implemented a cap-and-trade program that covers approximately 85 percent of the state's greenhouse gas emissions, including those from large industrial facilities, power generation, and fuel distributors.[33] The program has established a price floor of $25.24 per ton of CO_2 in 2024, with actual market prices typically ranging between $30 and $35 per ton. According to state data, the California program has established a market mechanism that has helped reduce the state's emissions by approximately 30 percent between their 2004 peak and 2021.[34] While a piecemeal state-by-state approach is not ideal, and causes inefficiencies for companies (and investors) who struggle to implement and assess, California's experience demonstrates how individual states can experiment with needed policies.

However, barriers to implementing policies that price carbon become readily apparent when examining specific cases and the associated economics.

Carbon Pricing and Corporate Accountability: Two Cases

To illustrate how carbon pricing can radically reshape corporate profitability, consider Vistra Energy, the largest corporate greenhouse gas emitter within the US.[35] In 2023, this Texas-based Fortune

[32] Alec Tyson and Brian Kennedy, "Two Thirds of Americans Think Government Should Do More on Climate," *Pew Research Center*, June 23, 2020, accessed May 25, 2025, https://tinyurl.com/4puuj6h8; Dara O'Rourke and Robert Strand, *Ørsted: Co-creating a People-Positive Framework for the Renewable Energy Transition*, Berkeley Haas Case Series (Berkeley: Haas School of Business, University of California, in print).

[33] Guri Bang, David G. Victor, and Steinar Andresen, "California's Cap-and-Trade System: Diffusion and Lessons," *Global Environmental Politics* 17, no. 3 (2017): 12–30.

[34] California Air Resources Board, *California Cap-and-Trade Program: Summary of California–Quebec Joint Auction Settlement Prices and Results*, January 2024 (Sacramento: California Air Resources Board); California Air Resources Board, *California Greenhouse Gas Emissions for 2000 to 2021: Trends of Emissions and Other Indicators* (Sacramento: California Air Resources Board, 2023 ed.).

[35] Political Economy Research Institute, *Combined Toxic 100/Greenhouse 100 Polluters Indexes: 2024 Report, Based on 2022 Data* (Amherst: University of Massachusetts Amherst, 2024), accessed April 18, 2025, https://tinyurl.com/3xchv4dw.

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500 company and its subsidiaries emitted 87 million metric tons of CO_2,[36] which is approximately 1.6 percent of total US greenhouse gas emissions.[37]

That same year, Vistra reported $14.8 billion in revenue and $1.5 billion in net income, yielding a 10.1 percent profit margin. But if Sweden's carbon tax of $126 per ton were applied,[38] Vistra would face a carbon liability of $11.0 billion – flipping its profit into a $9.5 billion loss. Under the European Union's $70 per ton carbon price, the liability would be $6.1 billion, resulting in a $4.6 billion loss.[39] The break-even carbon price – at which Vistra's emissions liability would fully eliminate its profits – is just $17 per ton, well below even the most modest carbon pricing proposals. At the full social cost of carbon of $190 per ton, Vistra's emissions liability would climb to $16.5 billion, exceeding its total revenue.

While the specific application of carbon taxes would vary based on sector, jurisdiction, and policy design, and therefore actual liabilities assessed would vary, these calculations illustrate the magnitude of impact that meaningful carbon pricing would have on corporate profitability, even at prices well below the full social cost of carbon. Without carbon pricing, companies can appear financially healthy while imposing enormous, unaccounted-for costs on society.

The Vistra case underscores how the invisible hand of the market depends on the visible hand of the state to function properly. Without state-enacted carbon pricing, the social and environmental costs of emissions remain external to market prices, leaving Vistra with no financial incentive to improve its efficiency in managing emissions.

[36] Vistra Corp., *2023 Sustainability Report* (Irving: Vistra Corp., 2024), accessed April 17, 2025, https://tinyurl.com/3f5u5yer.

[37] U.S. Environmental Protection Agency, *Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990–2022*, EPA 430-R-24-004 (Washington, DC: U.S. Environmental Protection Agency, April 2024), accessed April 17, 2025, https://tinyurl.com/yc6wu2e8; Ben King, Michael Gaffney, and Alfredo Rivera, "Preliminary US Greenhouse Gas Emissions Estimates for 2023," *Rhodium Group*, January 10, 2024, accessed April 17, 2025, https://rhg.com/research/us-greenhouse-gas-emissions-2023/.

[38] World Bank, *Carbon Pricing Dashboard: Compliance Carbon Pricing Metrics*, accessed May 15, 2025, https://carbonpricingdashboard.worldbank.org/compliance/price.

[39] International Carbon Action Partnership, "EU Emissions Trading System (EU ETS)," 2025, accessed April 19, 2025, https://tinyurl.com/3tfnbfzy.

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Heavily fossil fuel-dependent companies like Vistra benefit from the absence of carbon pricing while publicly claiming to support it. This gap between corporate rhetoric and political action is starkly revealed in the case of ExxonMobil, another Texas-based energy giant whose behind-the-scenes lobbying runs counter to the goals of SDG #13 "Climate Action," particularly efforts to implement carbon pricing mechanisms.

In July 2021, undercover footage surfaced of Keith McCoy, then Exxon's senior director of government affairs in Washington, DC, candidly discussing the company's lobbying efforts to undermine carbon pricing and broader climate legislation. McCoy acknowledged that ExxonMobil's public support for a carbon tax was merely an "advocacy tool" and a "talking point," noting bluntly: "Nobody is going to propose a tax on all Americans … A carbon tax is not going to happen." He further admitted that the company had historically used "shadow groups" to fight climate science, stating: "We were looking out for our investments, we were looking out for our shareholders."[40]

In response to the public fallout, ExxonMobil CEO Darren Woods issued a press release titled "Our Position on Climate Policy and Carbon Pricing." In it, Woods asserted: "We believe a price on carbon emissions is essential to achieving net zero emissions," and announced a $3 billion investment commitment in lower-emission technologies through 2025 – an average of less than $1 billion annually.[41]

To put this in perspective: in 2023, ExxonMobil reported 98 million metric tons globally of CO_2 in emissions.[42] Under Sweden's carbon tax of $126 per ton, the company's emissions liability would total $12.4 billion. Even under California's more modest 2024 price floor of $25.24 per ton, the liability would amount to $2.5 billion – more than double the company's promised annual investment in low-emission technologies touted in the wake of the damaging undercover footage.

[40] Lawrence Carter, "Inside Exxon's Playbook: How America's Biggest Oil Company Continues to Oppose Action on Climate Change," *Unearthed*, June 30, 2021, accessed April 17, 2025, https://unearthed.greenpeace.org/2021/06/30/exxon-climate-change-undercover/.

[41] Darren W. Woods, "Our Position on Climate Policy and Carbon Pricing," ExxonMobil, July 2, 2021, accessed April 17, 2025, https://shorturl.at/2Qjaa.

[42] ExxonMobil, *Sustainability and Reports: Metrics and Data*, last modified April 26, 2024, accessed April 17, 2025, https://shorturl.at/rp7vw.

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The contrast between fossil fuel companies' expressed public support for carbon pricing and their apparent behind-the-scenes lobbying efforts to obstruct it suggests a strategy akin to denial (Chapter 2) designed to appear proactive while in practice delaying meaningful policy action. This strategy represents an evolution from outright denial of climate science to a more sophisticated form of obstruction, where companies publicly endorse climate action while covertly preventing implementation.

Opposition to carbon pricing exposes a central paradox in neoliberal theory. While championing the invisible hand of the market and portraying government intervention as inherently anti-capitalist, neoliberalism fails to account for how addressing negative externalities requires a democratically accountable state. It is the visible hand of government that must create the market incentives, such as carbon pricing, that drive carbon efficiency through capitalistic principles.

The case of carbon pricing illustrates a broader truth: capitalism depends on robust democratic processes to function effectively, particularly when powerful corporate interests work to block the market mechanisms neoliberal proponents like Milton Friedman have long claimed make capitalism the most effective driver of efficiency.

Markets Typically Determine Wages and Quantities of Labor

A fundamental difference in labor markets between the US and Nordic nations is the levels of labor union participation. In the US, only about 10 percent of laborers are members of labor unions. Across the Nordic countries, the figure is closer to 70 percent, with some variations, with Denmark, Finland, Sweden about 70 percent, Norway closer to 50 percent, and Iceland one of the highest in the world, nearing 90 percent.[43] The differences manifest most conspicuously in determining wages for labor through collective bargaining arrangements, as discussed in the subsequent section on wages.

Differences in labor union participation reflect differences in US and Nordic varieties of capitalism, where Hall and Soskice categorize the Nordics as coordinated market economies partly because of the strength of the labor unions. Nordic countries have some of the

[43] Walter Galenson, *The World's Strongest Trade Unions: The Scandinavian Labor Movement* (Westport: Greenwood Publishing Group, 1998).

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highest unionization rates in the world. Collective bargaining is widespread, and cooperative relations are practiced between employers and unions. In contrast, with liberal market economies like the US, labor relations are often more adversarial and decentralized.

Some US audiences can associate strong labor movements or high union membership rates with socialism. This perception partly stems from the Cold War era, during which anti-communist sentiments in the US sometimes linked labor movements to socialist or communist ideologies. Historically speaking, such a linkage between socialists and labor movements existed in the Nordic region in the late 1800s and early 1900s, as will be further explored in Chapter 4. Still, such connections have dissipated in modern Nordic nations.

Labor unions can also play a significant role in specific regions or sectors, negotiating for wages and working conditions on behalf of the workforce. While the market forces inherently push towards an equilibrium, these external influences can either hasten or hinder the labor market's responsiveness to changes in supply or demand. The result is an ever-evolving dynamic, balancing employer demands with employee welfare within the broader context of societal and economic progress.

In the US, labor unions have been equated with socialism by those who view unions' collective bargaining and worker rights advocacy as socialistic or a slippery slope toward socialism. The equation of labor union participation with socialism in the US is likely due to the association of labor unions with Marxism, as Marx critiqued labor exploitation by capitalists, and unions often state a primary purpose to protect workers from such exploitation. However, as the Nordic experience demonstrates, labor unions can coexist with capitalism.

Minimum Wage Laws and Market Equilibrium

Neoliberal economists like Milton Friedman argued that minimum wage laws force prices and quantities away from market equilibrium, creating inefficiencies. This view emphasizes minimal state intervention in market operations.

According to neoliberal theory, a minimum wage law artificially raises wages (P1) and reduces the number of workers employed (Q1). So, establishing a minimum wage above P1 increases unemployment for low-wage workers. Friedman contended that a minimum wage law harms the people it was established to help – low-wage earners. He

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stated, "The minimum wage law is most properly described as a law saying employers must discriminate against people with low skills."[44] Friedman furthermore contended minimum wage laws had the effect of increasing unemployment among Black citizens, "I've often said that the minimum wage rate is the most anti-Negro law on the books."[45]

Economists like David Card and Alan Krueger described neoliberal presumptions about minimum wages as myths. They empirically showed that increases in the minimum wage do not inevitably result in increased unemployment among low-wage earners.[46]

Card and Krueger's groundbreaking 1992 study of New Jersey's minimum wage increase (from $4.25 to $5.05 per hour) found no evidence of increased unemployment in fast-food restaurants, contrary to Friedman's theoretical predictions. This natural experiment, which used eastern Pennsylvania as a control group, earned Card the 2021 Nobel Prize in Economic Sciences and fundamentally challenged conventional wisdom about minimum wage effects.[47]

Subsequent research has reinforced Card and Krueger's conclusions, including a 2024 study on California's policy setting a $20 minimum wage floor for large fast-food chains that raised wages for 90 percent of non-managerial workers. This policy resulted in an 18 percent increase in average hourly wages without causing a rise in unemployment. Prices rose modestly, by about 3.7 percent (roughly 15 cents on a $4 hamburger), far lower than the dire predictions from industry representatives.[48]

[44] Milton Friedman and Rose Friedman, *Free to Choose: A Personal Statement* (New York: Harcourt Brace Jovanovich, 1980), 233.

[45] Milton Friedman, "The New Deal in Review: 1953–1962," *Newsweek*, June 25, 1962.

[46] David Card and Alan B. Krueger, *Myth and Measurement: The New Economics of the Minimum Wage*, 20th-anniversary ed. (Princeton: Princeton University Press, 2015).

[47] Nobel Prize, "Facts: The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel 2021," NobelPrize.org, accessed May 25, 2025, www.nobelprize.org/prizes/economic-sciences/2021/card/facts/; Timothy Noah, "David Card Won the Nobel for Work He Did with Alan Krueger. Why Didn't They Share the Prize?" *New Republic*, October 11, 2021, accessed May 25, 2025. https://newrepublic.com/article/163994/david-card-alan-krueger-nobel-prize. Alan Krueger passed away in 2019, and the Nobel Prize is not awarded posthumously.

[48] Michael Reich and Denis Sosinskiy, "Sectoral Wage-Setting in California," *IRLE Working Paper No. 104-24*, Center on Wage and Employment Dynamics, September 30, 2024, https://shorturl.at/oot1f.

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Card and Krueger's work, along with studies that have replicated their findings, underscores the importance of a more nuanced understanding of societal conditions, particularly the distribution of power. Neoliberal economists like Friedman often assumed that power is sufficiently dispersed for markets to operate efficiently. However, Card and Krueger's research challenges this assumption, suggesting it requires empirical testing. In the US, for example, the concentration of power among capital owners may enable them to suppress wages below market equilibrium, distorting the market and limiting its efficiency.

To fully grasp the role of power concentration in wage-setting, examining different varieties of capitalism is useful. In particular, we can compare oligarchic capitalism, where economic power is concentrated among capital owners, with democratic capitalism, where power is more widely dispersed. Understanding these distinctions is critical to analyzing how minimum wage laws function in different economic systems.

In a society reflective of democratic capitalism, where power is sufficiently dispersed and markets are functioning well, introducing a minimum wage law could likely result in increased unemployment. If P1 and Q1 were already at market equilibrium, an artificial increase in P1 (wages) through a minimum wage law could likely lead to a decrease in Q1 (laborers).

Denmark may represent an example of democratic capitalism worthy of consideration here. Denmark's lowest-paid McDonald's employees already earn $22/hour without minimum wage laws. Suppose Denmark enacted a minimum wage law that increased wages by 20 percent (i.e., P1 increases from $22/hour to P2 of $26/hour). In that case, one might anticipate a decrease in laborers (i.e., Q1 to Q2 decreases) because the market equilibrium was already achieved before the minimum wage law. Friedman's stance against minimum wage laws was made with the presumption that power is sufficiently dispersed and markets are functioning – where all actors are price takers, and none are price makers.

But what happens in a capitalist society where power is not sufficiently dispersed?

In a capitalist society with highly concentrated power, a small group of actors can become price setters. Such is the case with oligarchic capitalism. In a society where power is concentrated with capital

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owners, the capitalists can leverage their power to act as price makers and suppress prices for labor (i.e., wages). Card and Krueger's research demonstrates how concentrated corporate power can suppress wages below market equilibrium. When New Jersey's minimum wage increased by 20 percent, McDonald's maintained employment levels while absorbing reduced profits, suggesting wages had been artificially suppressed. The minimum wage law effectively redistributed some profits from capital owners to labor while moving the labor market closer to equilibrium.

Friedman's critique of minimum wage laws inadvertently reveals a more fundamental issue: the failure of markets when power becomes too concentrated. The contrast between the US and Denmark illuminates this point. While US policymakers rely on minimum wage laws to protect workers, Denmark achieves higher wages – about triple the US federal minimum – without such legislation. This stark difference challenges us to examine why American capitalism requires state intervention to achieve what Nordic capitalism accomplishes through more balanced market structures.

Denmark and its Nordic neighbors are home to "the world's strongest trade unions."[49] Collective bargaining agreements are negotiated between the capitalists and labor unions every two to three years, a process underpinned by a commitment to cooperation and consensus-building over conflict.[50] The state takes a backseat in the process and only intervenes when an agreement is not achieved, which is rare in the Nordic nations. Power is, therefore, more sufficiently dispersed between the capital owners (e.g., McDonald's franchise owners) and labor to ensure no single actor is a price maker.[51] One could argue that Nordic capitalism is more "capitalistic" than American capitalism regarding labor markets, as the strength of Nordic labor unions effectively disperses power and obviates the need for minimum wage laws. In Denmark, for example, there is no minimum wage, yet workers receive far higher wages than their American counterparts. The labor market requires government intervention through minimum wage laws to correct for the imbalances caused by concentrated corporate power.

[49] Galenson, *The World's Strongest Trade Unions*.
[50] Danish Ministry of Employment, *The Labour Market in Denmark*.
[51] Richard B. Freeman and James L. Medoff, *What Do Unions Do?* (New York: Basic Books, 1984).

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The higher wages for the lowest-paid labor do not come at the cost of higher unemployment in Denmark, which is consistently low.[52] Again, the cost of a Big Mac in Denmark as of 2021 was about $5.15, compared to about $4.80 in the US.[53] So, while a McDonald's worker in Denmark pays about 7 percent more for lunch, they earn three times more than their minimum wage-earning US counterparts.

Which actors benefit from productivity gains is predominantly a question of power. In a capitalist society that tends toward oligarchic capitalism, where power is concentrated with the capital owners, one can expect capital owners to extract a larger share of the prosperity created. In a capitalist society that tends toward democratic capitalism, where power is more sufficiently dispersed, one can expect a heightened level of shared prosperity. Had minimum wage in the US kept pace with productivity gains since 1968, the minimum wage would have been $21.45/hour by 2020 – about equal to a Danish McDonald's worker today – indicating power has been increasingly concentrated with capital owners in the US.[54]

Examining wages for the lowest-paid laborers in society reminds us that markets are not immutable natural laws like those of physics. The term "physics envy" arose in the twentieth century to critique a perceived tendency by economists to present markets as guided by a gravity-like force – metaphorically represented by the invisible hand.[55] A rock accelerates to the Earth at 9.8 m/s^2 because of gravity, irrespective of whether it is dropped in the US or Denmark. However, a McDonald's worker in the US may earn $7.25/hour while a McDonald's worker in Denmark earns $22/hour because markets are social constructions created and shaped by human

[52] Torben M. Andersen, "The Danish Labor Market, 2000–2020," IZA World of Labor, 2021, accessed September 21, 2025, https://wol.iza.org/uploads/articles/585/pdfs/the-danish-labor-market.pdf.

[53] Ewan Palmer, "As AOC Heralds Denmark McDonald's Minimum Wage, Here's How Much a Big Mac Costs There," *Newsweek*, March 3, 2021, accessed May 25, 2025, www.newsweek.com/minimum-wage-15-denmark-big-mac-mcdonalds-1573414.

[54] Dean Baker, "This Is What Minimum Wage Would Be If It Kept Pace with Productivity," Center for Economic and Policy Research, January 21, 2020, accessed May 25, 2025, https://shorturl.at/GH6Yu.

[55] Philip Mirowski, *More Heat than Light: Economics as Social Physics, Physics as Nature's Economics* (Cambridge: Cambridge University Press, 1991).

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beings through the "visible hand" of laws, institutions, social norms, and matters of power concentration in society.[56]

More Varieties of Capitalism

While we have focused on comparing American and Nordic capitalism, examining additional varieties of capitalism can further illuminate how different institutional arrangements affect economic and social outcomes. Many more typologies of capitalism exist, each offering unique insights into how market economies can be structured.

Hall and Soskice delineated between LMEs and CMEs in their 2001 *Varieties of Capitalism*. Scholars like Kathleen Thelen added nuance to Hall and Soskice's work, exploring how variations in power structures within the categories, such as the strength or weakness of labor unions, can influence a nation's vocational training system, further connecting labor unions and educational opportunities to the varieties of capitalism discourse.[57]

More recently, advocates for "stakeholder capitalism" have become increasingly prevalent. Stakeholder capitalism is rooted in a stakeholder view of the firm. It asserts that businesses should create value for all stakeholders, not just shareholders, and that a firm's success is intimately connected to the well-being of its customers, employees, suppliers, communities, and shareholders. The shareholder view of the firm is most closely associated with R. Edward Freeman, stemming from his 1984 book *Strategic Management: A Stakeholder Approach*. Stakeholder capitalism is commonly juxtaposed vis-à-vis shareholder capitalism, rooted in the shareholder view of the firm. Shareholder capitalism is, therefore, most associated with Milton Friedman and his 1970 offering "The Social Responsibility of Business is to Increase its Profits." The Business Roundtable, a group of CEOs from major US corporations, advocated for a shift from shareholder capitalism to stakeholder capitalism with their 2019 restatement of the corporation's purpose. More recently, World Economic Forum founder Klaus Schwab further popularized stakeholder capitalism with his

[56] Vogel, *Marketcraft*.
[57] Kathleen Thelen, *How Institutions Evolve: The Political Economy of Skills in Germany, Britain, the United States, and Japan* (Cambridge: Cambridge University Press, 2004).

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2021 book *Stakeholder Capitalism: A Global Economy that Works for Progress, People and Planet*.[58]

Stakeholder capitalism is rooted in democratic ideals and measures to disperse power throughout society to prevent a concentration of power with capital owners. As such, it exhibits strong connections with "democratic capitalism." Democratic capitalism is affiliated with Michael Novak, mainly stemming from his 1982 book *The Spirit of Democratic Capitalism*. Novak describes democratic capitalism as rooted in an ethical and cultural system that respects human dignity and individual-level freedoms, producing a more just, humane, and prosperous society.[59] Democratic capitalism and the closely related ideas of stakeholder capitalism are based on ethical foundations and practical considerations for building a good society.

The labels for varieties of capitalism intersect and overlap. They do not have precise black-and-white criteria but are oftentimes more conceptual. Depending on the analysis at hand, different suites of labels are more valuable than others.

Sustainable Capitalism

This book defines sustainable capitalism as development achieved through capitalistic principles that meet the needs of the present without compromising the ability of future generations to meet their own. This definition aligns with the objectives of the emerging "post-growth" field, which seeks to replace GDP as the primary metric with a focus on human well-being within planetary boundaries. However, the definition offered here remains agnostic regarding economic growth. From a sustainability perspective, growth becomes irrelevant if it can be effectively decoupled from environmental degradation – through mechanisms such as circular economy practices – and within planetary boundaries. At present, however, we remain far from realizing this possibility.[60]

[58] Klaus Schwab, *Stakeholder Capitalism: A Global Economy That Works for Progress, People and Planet* (Hoboken: John Wiley & Sons, 2021).
[59] Michael Novak, *The Spirit of Democratic Capitalism* (New York: Simon and Schuster, 1982).
[60] Giorgos Kallis et al., "Post-Growth: The Science of Wellbeing within Planetary Boundaries," *Lancet Planetary Health* 9, no. 1 (January 2025): e62–e78.

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This conceptualization of sustainable capitalism distinguishes between the end (i.e., purpose) and the means. The purpose of sustainable capitalism is to achieve sustainable development within planetary boundaries, and the means are capitalist principles. Capitalism is a powerful means, but it is not, in itself, a compelling purpose. Sustainable development, by contrast, is a compelling purpose. By harnessing capitalism's strengths in the service of achieving the higher purpose of sustainable development, sustainable capitalism offers a pragmatic approach to building flourishing, freedom-filled societies for future generations.

The term "sustainable capitalism" gained broader visibility through Al Gore and David Blood's *Wall Street Journal* opinion article, "A Manifesto for Sustainable Capitalism," published in 2011.[61] Building on the 1987 Brundtland Report and the 1999 book *Natural Capitalism: Creating the Next Industrial Revolution* by Paul Hawken and colleagues,[62] Gore and Blood highlighted the importance of preserving natural capital within a capitalistic framework. Their vision of sustainable capitalism emphasizes stewardship over extractive approaches, requiring the internalization of negative externalities through policy interventions. Unsustainable industries, mainly those reliant on fossil fuels, must be radically restructured or phased out, while human talent should be directed toward sustainable sectors.

Nordic nations' strong performance on the SDG Index makes them a leading model for aligning capitalism with sustainable development. Their success in SDG #3 "Good Health and Well-Being" is evident in universal healthcare systems that provide high-quality care at lower cost – about 10 percent of GDP compared to 18 percent in the US, which leaves many uninsured.[63] On SDG #7 "Affordable and Clean Energy," Nordic countries have long invested in renewables, with Denmark's wind, Norway's hydropower, and Iceland's geothermal energy showing how coordinated policies and market incentives

[61] Al Gore and David Blood. "A Manifesto for Sustainable Capitalism: How Businesses Can Embrace Environmental, Social, and Governance Metrics," *Wall Street Journal*, December 14, 2011, accessed January 1, 2016, www.wsj.com/articles/SB10001424052970203430404577092682864215896.

[62] Paul Hawken, Natural Capitalism: Creating the Next Industrial Revolution (New York: Little, Brown & Company, 1999).

[63] Gunja, Gumas, and Williams II, *U.S. Health Care from a Global Perspective*; Berchick and Mykyta, "Children's Public Health Insurance Coverage."

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can drive sustainability. These efforts also support SDG #8 "Decent Work and Economic Growth" through green job creation and strong labor protections. Their high carbon taxes and aggressive climate targets advance SDG #13 "Climate Action." More broadly, Nordic policies promote shared prosperity (SDGs #1 "No Poverty" and #10 "Reduced Inequalities") and responsible industrial practices (SDGs #9 "Industry, Innovation and Infrastructure" and #12 "Responsible Consumption and Production").

The Nordic principle of freedom to roam – the right to access nearly all land, public or private – epitomizes a distinctive approach to land use within Nordic capitalism. Enshrined in law and cultural practice, this right reflects a deep commitment to both public health and ecological stewardship, aligning with SDGs #11 "Sustainable Cities and Communities" and #15 "Life on Land." In societies where freedom to roam is embraced, land is seen as private property and a shared resource. This outlook may make such societies more receptive to ideas like Wilson's *Half-Earth*, which calls for preserving large, connected habitats to support biodiversity.

Arguably, Nordic capitalism's greatest strength lies in its vibrant democracies. These systems empower broad-based participation, creating the political will necessary for implementing the forward-thinking policies essential for realizing sustainable capitalism.

Role of the State to Realize Sustainable Capitalism

An effective state is critical in steering market forces toward addressing transgressed planetary boundaries, such as climate change and biodiversity loss. Historical precedents, like the success of the Montreal Protocol in addressing ozone depletion, illustrate the essential interaction between state policies and establishing the necessary market incentives to spur private sector innovation.

The successes of Nordic capitalism in SDG #7 "Affordable and Clean Energy" highlight the importance of a democratically accountable state to craft policies that align markets with sustainable development goals. The state's "visible hand" has been vital in shaping policies to internalize negative externalities, transition away from fossil fuels, and foster a labor market oriented toward green jobs. These policies have garnered public support by ensuring that the benefits of the green transition outweigh the short-term costs.

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Additionally, Nordic successes in SDG #5 "Gender Equality" demonstrate the state's pivotal role in advancing societal goals. Policies such as paid parental leave, universal childcare, and pay transparency have increased female workforce participation and narrowed the gender pay gap, offering a model of how state interventions can support equity within a capitalist framework.

Realizing sustainable capitalism will require overcoming entrenched attitudes toward the state, particularly in the US, where Cold War rhetoric has framed government as an impediment to freedom.

In his 2022 book *Governance and Business Models for Sustainable Capitalism*, Atle Middtun underscored the critical role of a democratically accountable state in achieving sustainable capitalism. Middtun highlighted the state's crucial role in coordinating activities like internalizing negative externalities and coordinating public investments in sustainability projects approved through democratic vetting. Middtun argued, "The state needs to be part of the equation for civilizing capitalism … The democratic state can credibly represent the public interest better than other actors."[64] Middtun emphasizes that large-scale coordination aligned to sustainable development can occur in a capitalistic context, provided the democratic apparatus of the state is strong. He stresses he is not advocating for a variety of socialism but instead emphasizes the need for more attention to democracy as we consider constructions of capitalism. "This is not an argument for going back to projects under a public command and control economy," highlighting Middtun's awareness that such proposals of state involvement are likely to attract charges of Soviet socialism.

Figure 3.3 illustrates a conceptual typology of capitalism and socialism based on two key dimensions: power concentration in society and state involvement. This framework helps visualize how democratic capitalism, as distinct from oligarchic capitalism, combines decentralized power with an active, democratically accountable state.

Realizing sustainable capitalism very likely depends on achieving democratic capitalism. Democratic capitalism involves a well-functioning, transparent, and democratically accountable state committed to helping coordinate a society's capitalist activities toward sustainable development, where the populace is committed

[64] Atle Midttun, *Governance and Business Models for Sustainable Capitalism* (London: Taylor & Francis, 2022), 5.

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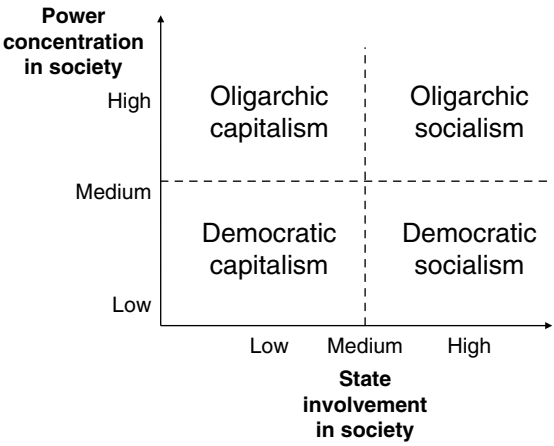


Figure 3.3 Typologies of capitalism and socialism.

to sustainable development and holds its democratic institutions accountable. At the heart of democratic capitalism is democratic accountability and the dispersion of power in society – a stark contrast to oligarchic capitalism, where power is overly concentrated, and the interests of a narrow few are more likely to be represented in political decisions than the interests of the broader public.

In addition to historical advocates like Michael Novak, contemporary proponents such as Rebecca Henderson, author of the 2020 book *Reimagining Capitalism*,[65] argue that capitalism's survival depends on the health of democracy. Henderson notes, "The decline of democracy is a mortal threat to the legitimacy and health of capitalism." She added, "I'm not optimistic, but I am hopeful. The decline of democracy is a mortal threat to the legitimacy and health of capitalism – and business leaders are increasingly recognizing this."[66]

A recent example of democratic capitalism in action is Denmark's 2024 decision to become the first country to implement a carbon tax on the agricultural sector. This policy emerged from Denmark's

[65] Rebecca Henderson, *Reimagining Capitalism in a World on Fire* (New York: Public Affairs, 2020).

[66] Rebecca M. Henderson, "Building a Strong and Prosperous Society: Q&A with Professor Rebecca Henderson," *Harvard Business School Alumni Bulletin*, September 1, 2020, www.alumni.hbs.edu/stories/Pages/story-bulletin.aspx?num=7625.

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hallmark tripartite negotiation process involving labor unions, farmers, and government representatives. The inclusive and democratic nature of the framework ensured that key stakeholders shaped the outcome. Farmers supported the tax as it provided a market-driven mechanism for sustainability, rewarding innovation, and offering financial support for adopting greener practices. The state's role was indispensable in establishing the market conditions necessary to internalize externalities like livestock emissions, advancing progress on SDG #13 "Climate Action" by reducing greenhouse gas emissions, SDG #15 "Life on Land" by restoring carbon-rich soils, and SDG #12 "Responsible Consumption and Production" by promoting sustainable agricultural practices. Crucially, the tax also aligns with SDG #8 "Decent Work and Economic Growth," as it is designed to safeguard jobs and ensure farmers' livelihoods are supported during the green transition. This inclusive and coordinated approach not only demonstrates the potential of democratic capitalism to align market incentives with sustainability goals but also brings Denmark closer to realizing a version of sustainable capitalism.[67]

Parting Reflections

This chapter examined the core principles of capitalism by comparing the political, social, and economic dimensions of American, Nordic, and Soviet systems. These comparisons reveal key commonalities between American and Nordic capitalism compared to Soviet socialism, while emphasizing their significant differences, showing that capitalism is not monolithic. Limitless varieties of capitalism are possible.

Capitalism is powerful. Its capacity to efficiently allocate resources and drive efficiencies through market mechanisms represents a significant advantage over the rigid inefficiencies of centralized planning in socialist systems. Relatedly, private sector property ownership is commonly considered more likely to drive innovation through profit incentives than state ownership. However, a nuanced understanding of capitalism is required. In certain contexts, the state is vital in fostering

[67] State of Green, "Denmark Announces Historic Tripartite Agreement to Cut Agricultural Carbon Emissions and Restore Nature," State of Green, June 25, 2024, accessed May 25, 2025, https://shorturl.at/LMXMt.

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efficiency and innovation, especially when addressing market failures or managing public goods. Furthermore, in all cases, the state is indispensable in shaping markets, given markets are constructed through policies and social norms – not the immutable natural laws of physics.

To realize sustainable capitalism, reclaiming the role of the state is critical. The "visible hand" of the state complements the "invisible hand" of markets, providing crucial functions such as enacting robust environmental protections, ensuring social equity, and fostering innovation in green technologies. A well-functioning state must implement tax policies that support sustainable business practices and establish incentives that drive sustainability. Good governance is essential to establish markets that align with the goals of sustainable development.

Democracy is essential in shaping the future of capitalism, and I contend that democratic capitalism holds the key to realizing sustainable capitalism. A well-functioning democracy is more likely to enact policies prioritizing the broader public interests and sustainable development over a powerful few's more immediate narrow interests. While democracy and capitalism can be in tension, the tension is healthy as it helps ensure markets serve the common good and protect freedoms from the excesses of market power or state power. As Arthur Okun assessed, "A democratic capitalist society will keep searching for better ways of drawing up the boundary lines between the domain of rights and the domain of dollars."[68] Continued experimentation is needed, and benchmarking different varieties of capitalism offers valuable insights.

The task ahead is to construct a version of capitalism that respects planetary boundaries and achieves the Sustainable Development Goals. These efforts are not about defending capitalism as an ideology but pragmatically evolving it to address today's urgent challenges. The Nordic experience suggests this evolution is possible through democratic processes and careful institutional design. Capitalism is a powerful tool, but it serves as a means to an end, not the ultimate goal. Its value in the twenty-first century will be judged by how well we can transform it to serve the higher-order purpose of achieving sustainable development.

[68] Okun, *Equality and Efficiency*, 120; Novak, *The Spirit of Democratic Capitalism*, 14.

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4 *American and Nordic Capitalisms*
Historical Glimpses

When I'm through, about everybody will have one.

—Henry T. Ford, American industrialist, "Ford's Assembly Line Starts Rolling"

In wealth, we have come far, when few have too much and few too little.

—N. F. S. Grundtvig, Danish philosopher, *Hygge*

This chapter offers key historical glimpses into the parallel development of American and Nordic capitalisms, illuminating how their distinct historical paths shaped their modern forms. For comprehensive historical analyses, readers are encouraged to consult *Ages of American Capitalism*, *Creating Nordic Capitalism*, *Nordic Capitalisms and Globalization*, and *Politics against Markets*.[1]

This chapter examines two transformative figures who embodied and shaped their respective capitalist systems: Henry T. Ford,

[1] Jonathan Levy, *Ages of American Capitalism: A History of the United States* (New York: Random House, 2021); Susanna Fellman, Martin Jes Iversen, Hans Sjögren, and Lars Thue, eds., *Creating Nordic Capitalism: The Development of a Competitive Periphery* (Basingstoke: Palgrave Macmillan, 2008); Peer Hull Kristensen and Kari Lilja, eds., *Nordic Capitalisms and Globalization: New Forms of Economic Organization and Welfare Institutions* (Oxford: Oxford University Press, 2012); Gøsta Esping-Andersen, *Politics against Markets: The Social Democratic Road to Power* (Princeton: Princeton University Press, 1985). For more on the development of Nordic capitalism, see Gøsta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Princeton: Princeton University Press, 1990); Kristian Gerner, *The Age of Social Democracy: Norway and Sweden in the Twentieth Century* (Princeton: Princeton University Press, 2010); Mary Hilson, *The Nordic Model: Scandinavia since 1945* (London: Reaktion Books, 2008); Haldor Byrkjeflot, Sissel Myklebust, Christine Myrvang, and Francis Sejersted, eds., *The Democratic Challenge to Capitalism: Management and Democracy in the Nordic Countries* (Bergen: Fagbokforlaget, 2001); and George Lakey, *Viking Economics* (Brooklyn: Melville House, 2016).

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whose efficiency-driven approach epitomized American capitalism, and N. F. S. Grundtvig, whose democratic vision helped forge Nordic capitalism.

Ford's innovations in production efficiency revolutionized the automobile industry, making cars accessible to a broader population and fueling mass consumerism. The profits generated by Ford Motor Company created immense personal wealth for Ford, which he used to establish the Ford Foundation, illustrating a key feature of American capitalism where a portion of private wealth is directed toward public needs through philanthropy. In contrast, Grundtvig's contributions to Nordic capitalism emphasize democratic values and more equitable wealth distribution, balancing private sector profit-making with broader stakeholder interests. Grundtvig's influence helped lay the groundwork for a democratically accountable state that guarantees universal access to essential services like education and healthcare, funded by taxes. These contrasting approaches provide valuable insights into the fundamental differences between American and Nordic varieties of capitalism.

American Capitalism: History Glimpses

Carl Degler aptly remarked, "Capitalism arrived in the first ships," capturing capitalism's intrinsic role in shaping the US.[2] A key feature of capitalism is private ownership of capital. American capitalism adopted European property rights concepts, significantly influenced by Enlightenment thinkers like John Locke.

Degler's metaphor of the arriving ships alludes, in part, to the slave ships that underscored the darkest aspect of early American capitalism – where property rights extended to the ownership of human beings. American capitalism is rooted in a proprietarian ideology, as described by Thomas Piketty, wherein political power and liberties are disproportionately granted to property owners. American capitalism in all its eras could be rightfully described as tethered to a proprietarian ideology.[3]

[2] Carl N. Degler, *Out of Our Past: The Forces That Shaped Modern America* (New York: Harper and Row, 1970), 1.
[3] Piketty, *Capital and Ideology*, 189.

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American Property Rights and John Locke

John Locke profoundly shaped American property rights through his emphasis on individual ownership, views reflected in the Declaration of Independence and the U.S. Constitution. His *Two Treatises of Government* (1689) argued that Native Americans lacked legal claims to land ownership due to the absence of European-style boundaries – a mistaken view that nonetheless became foundational to US law.[4]

According to Locke, the fundamental natural rights consist of "life, liberty, and property." Thomas Jefferson echoed Locke in drafting the second paragraph of the US Declaration of Independence, with a crucial substitution: "We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness." Here, Jefferson deliberately replaced "property" with "the pursuit of happiness."[5]

American Property Rights … for Whom?

French observer Alexis de Tocqueville, during the early 1800s, was astounded by the American ethos of granting individuals more freedom and opportunities than Europe's aristocracies. In his seminal work, *Democracy in America*, he noted the incredible opportunity for European immigrants to enjoy greater freedom and obtain property in the US. Long before the phrase "'American Dream'" was coined, the US embodied its core principles of freedom and opportunity for many.[6]

[4] Allan Greer, "Commons and Enclosure in the Colonization of North America," *American Historical Review* 117, no. 2 (2012): 365–386; Livia Gershon, "Yes, Americans Owned Land before Columbus," *JSTOR Daily*, March 4, 2019, accessed January 1, 2020, https://daily.jstor.org/yes-americans-owned-land-before-columbus/; Patricia M. Jostad, Leo H. McAvoy, and Daniel McDonald, "Native American Land Ethics: Implications for Natural Resource Management," *Society & Natural Resources* 9, no. 6 (1996): 565–581.

[5] John Locke's 1690 essay *Concerning Human Understanding* states that "the necessity of pursuing happiness [is] the foundation of liberty." This concept significantly influenced the American Founders. See Carol Hamilton, "Why Did Jefferson Change 'Property' to the 'Pursuit of Happiness'?" *History News Network*, January 27, 2008, https://historynewsnetwork.org/article/46460; and Arthur M. Schlesinger, "The Lost Meaning of 'The Pursuit of Happiness,'" *William and Mary Quarterly* 21, no. 3 (1964): 326–327.

[6] Jim Cullen, *The American Dream: A Short History of an Idea That Shaped a Nation* (Oxford: Oxford University Press, 2004).

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In the early stages of American capitalism, property ownership was restricted mainly to white adult males, excluding other groups from the benefits of economic opportunity.[7] Using my family history as an example, my great-great-grandfather, Knut Strand, migrated from Norway and arrived in the US in 1861. Shortly after that, he was given a large plot of land in Wisconsin following the passing of the Homestead Act of 1862, which the Strand family would farm for generations. Knut was a peasant in Norway with no prospects of acquiring land, but in the US, he received land based on his status as a white adult male. James Baldwin observed that immigrants like my great-great-grandfather "became white upon their arrival to America," and white was power.[8]

Historian Moses Finley characterized the US South as a "genuine slave society," meaning the institution of slavery profoundly impacted virtually all aspects of society. But what set the young US apart from previous slave societies, like ancient Greece and ancient Rome, was the newfound marriage between the process of racialization and the institution of slavery. The racialization of who was classified as white or black took shape during the era of the transatlantic slave trade. European colonizers developed racial categories to legitimize and perpetuate the enslavement of Africans, creating a hierarchy where whiteness was associated with power and freedom. At the same time, blackness was linked to subordination and enslavement. The comingling of racialization with the institution of slavery had long-term impacts on African Americans' social and legal rights, continuing post-abolition.[9]

To many Europeans, the US symbolized the promise of expanded freedoms and opportunities for immigrants like my Norwegian ancestors. However, racial categorization significantly influenced those who enjoyed expanded freedoms in the US, including the freedom to own property, and those who did not.

[7] Cheryl I. Harris, "Whiteness as Property," *Harvard Law Review* 106, no. 8 (1993): 1707–1791.

[8] James Baldwin, "On Being White … and Other Lies," *Essence* 14, no. 12 (1984): 90–92. Baldwin would further remark that "White is a metaphor for power," where controlling property is power. See Raoul Peck, "James Baldwin Was Right All Along," *The Atlantic*, July 3, 2020, December 1, 2020, https://shorturl.at/KS5hu. David R. Roediger, *Working toward Whiteness: How America's Immigrants Became White* (New York: Basic Books, 2005).

[9] Barbara J. Fields, "Slavery, Race and Ideology in the United States of America," *New Left Review* 181 (1990): 95–118.

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1800s: American Industrial Revolution – Efficiency 1.0

The American Industrial Revolution began with the US's first industrial factory in 1790, a water-powered textile mill in Webster, Massachusetts. This transformation drove rapid factory expansion and migration from rural to urban areas. While innovations like the cotton gin (1794) revolutionized production and boosted economic output, these advances came with stark social costs: brutal conditions for enslaved people in the South that Frederick Douglass described as nothing short of hell,[10] and factory workers labored in unsafe conditions for long hours, six days a week. Child labor was rampant, and the wages were meager, highlighting capitalism's dual nature of wealth creation and inequality.

1870–1914: Second American Industrial Revolution – Efficiency 2.0

A wave of progress swept across America in the wake of the Civil War, spanning from 1870 to 1914. The Second American Industrial Revolution, also known as the Technological Revolution, brought remarkable economic advancements and significant efficiency improvements. The culmination of the transcontinental railroad in 1869, a feat of human engineering, knitted together the East and West coasts and opened new doors for trade.

Iron and steel production spiked, providing the sinews for the growing skeletal frames of ever-larger factories. Steam power proliferated. Ground-breaking strides in energy sources – petroleum and widespread electrification – breathed life into the American behemoth. Coupled with leaps in real-time communication, facilitated by telegraphs and telephones, the pace of life quickened.

Dubbed the "Gilded Age," the period from 1870 to 1900, this period in American history showcased dazzling economic growth that masked deep societal fractures. The fledgling nation was churning out wealth, growing in influence, and earning a place on the global stage. But beneath the glittering surface, gross inequalities festered.[11]

[10] Frederick Douglass, *Narrative of the Life of Frederick Douglass, an American Slave* (New Haven: Yale University Press, 2016).

[11] See Christopher M. Nichols and Nancy C. Unger, eds., *A Companion to the Gilded Age and Progressive Era* (Chichester: John Wiley & Sons, 2017).

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In 1890, the Danish-born Jacob Riis unveiled this stark contrast in his illuminating work, *How the Other Half Lives*. Riis lifted the veil on the burgeoning slums of New York City, exposing the dire conditions where countless laborers eked out their existence.[12]

Henry T. Ford

In 1913, Henry T. Ford (1863–1947) revolutionized industrial efficiency by introducing the moving assembly line for mass automobile production. Inspired by Chicago's meatpacking plants' continuous flow of disassembling carcasses, Ford created a system that reduced automobile build time from twelve hours to just three. This era marked efficiency's emergence as a profession, exemplified by Harvard's first MBA program and Penn State's industrial engineering program (both 1908). Frederick Taylor's influential 1909 book, *The Principles of Scientific Management*, provided the theoretical foundation for this new approach to workplace efficiency.

Ford's success demonstrated how private property rights and market incentives could drive innovation and efficiency in ways that centrally planned economies, like the Soviet Union, struggled to match in consumer goods manufacturing.[13]

Ford's success exemplified how private property rights and market incentives could drive innovation and efficiency. From less than half a million automobiles in 1910, ownership soared to 8 million by 1920, and the automobile would become a symbol of American freedom.[14] "Fordism" emerged as a term describing the marriage of mass production and consumption, including wage increases and broader prosperity.[15]

Ford's success embodied a core principle of American capitalism: the pursuit and accumulation of immense personal wealth. He ranked #8 on Forbes's 1918 first-ever list of wealthiest Americans,

[12] Jacob A. Riis, *How the Other Half Lives* (London: Macmillan, 2011).
[13] Kendall E. Bailes, *Technology and Society under Lenin and Stalin: Origins of the Soviet Technical Intelligentsia, 1917–1941* (Princeton: Princeton University Press, 2015).
[14] Brian J. Cudahy, *Cash, Tokens, and Transfers: A History of Urban Mass Transit in North America* (New York: Fordham University Press, 1990).
[15] Eugene McCarraher, *The Enchantments of Mammon: How Capitalism Became the Religion of Modernity* (Cambridge: Harvard University Press, 2019).

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just after J. Ogden Armour, owner of one of the Chicago meatpacking firms he benchmarked.[16]

Ford's legacy is also synonymous with American corporate social responsibility. In 1914, Ford Motor Company introduced an eight-hour workday and wages significantly above market rates,[17] two decades before the introduction of federally mandated minimum wages.[18] In contrast to the hazardous conditions prevalent in contemporary meatpacking plants, famously depicted in Upton Sinclair's 1906 novel *The Jungle*, Ford's factories were relatively safer work environments, reflecting a commitment to better labor conditions. Furthermore, Ford became one of the first American companies to offer partially paid health insurance in the 1930s, setting a precedent for employer-secured healthcare coverage, a unique attribute of American capitalism.[19] Ford's financial success led to the establishment of the Ford Foundation in 1936 and serves to highlight how American capitalism commonly relies on philanthropy to address societal issues.

Ford epitomizes another aspect of American capitalism: big industry, big money, and public office intertwinement. His unsuccessful 1918 US Senate campaign, funded by vast wealth, spurred discussions on regulating political campaign financing. The preservation of wealth within families in America has led to the emergence of powerful dynasties like the Fords and the Rockefellers, and so many other names that appeared on that initial list of Forbes wealthiest individuals, the ballot box over the years, and many of which remain dynasties to this day.[20]

[16] Chase Peterson-Withorn, "The First Forbes List: See Who the Richest Americans Were in 1918," *Forbes*, September 19, 2017, accessed December 1, 2020, https://shorturl.at/3IaJW.

[17] Alison Leigh Cowan, "Off the Shelf: The Industrial Genius Who Hated Difference," *New York Times*, December 9, 2001, accessed December 1, 2020, https://shorturl.at/woq0S.

[18] Sarah Cwiek, "The Middle Class Took Off 100 Years Ago … Thanks to Henry Ford?" *NPR*, January 27, 2014, accessed December 1, 2020, https://shorturl.at/v5y02; Patrick J. Kiger, "Minimum Wage in America: A Timeline," History.com, October 28, 2019, accessed December 1, 2020, www.history.com/articles/minimum-wage-america-timeline.

[19] Harold T. Shapiro and Marilyn J. Field, eds., *Employment and Health Benefits: A Connection at Risk* (Washington: National Academies Press, 1993); Howard J. Berman, *Shapers of American Health Care Policy: An Oral History* (Chicago: Health Administration Press, 1985).

[20] Waldemar A. Nielsen, *The Big Foundations* (New York: Columbia University Press, 1972); Helmut K. Anheier and Siobhan Daly, "Philanthropic Foundations: A New Global Force?" *Global Civil Society* 5 (2004): 158–176.

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1930s and Beyond: The New Deal – Advances in Equality

The New Deal, initiated by President Franklin D. Roosevelt in response to the Great Depression following the 1929 stock market crash, marked a profound shift in American government policy toward a more active role in economic stabilization and social welfare. Key programs like the Social Security Act provided immediate economic relief and redefined the social contract between the government and its citizens, paving the way for a more inclusive approach to prosperity.

World War II dramatically reshaped American industrial capacity. The war effort created unprecedented public-private partnerships and government coordination of industry, laying the groundwork for what President Eisenhower would later term the "military-industrial complex." This wartime experience fundamentally altered the relationship between American government and industry, with many of these coordination mechanisms persisting into peacetime and influencing Cold War industrial policy.

As World War II was nearing its brutal end, the New Deal programs were later expanded to encompass the Servicemen's Readjustment Act of 1944, popularly known as the G.I. Bill. This act extended a lifeline to returning World War II veterans, providing benefits such as tuition and living expenses for further education, medical coverage, a year's unemployment compensation, and concessional rates for home mortgages and business loans.

These measures provided numerous Americans born into poverty in the 1920s with a real opportunity for upward mobility in the 1940s and 1950s. The prospect of higher education, business ownership, and homeownership was no longer a distant dream. With the safety net of medical coverage and unemployment insurance, many G.I.s climbed the corporate ladder or successfully ventured into politics, fueling the growth of a prosperous middle class.

In the 1940s, American capitalism underwent a moderate shift toward stakeholder capitalism. A prominent example is the Johnson & Johnson corporation, commonly known as J&J. Robert Wood Johnson, chair of J&J, crafted the "J&J Credo" in 1943. This credo delineated a commitment to stakeholders, prioritizing the needs of patients, doctors, nurses, parents, employees, and communities while acknowledging the responsibility to pay a fair share of taxes and

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safeguard natural resources. The concluding line signified a balance in corporate ethics. It read, "Our final responsibility is to our stockholders" and "when we operate according to these principles, the stockholders should realize a fair return."[21]

Equality … for Whom?

However, despite these advances, racial inequalities remained deeply entrenched, as many programs did not equally benefit all Americans.[22] People of color, particularly Black Americans, were too often excluded from the US's progress. Structural barriers remained formidable, inhibiting equal access to resources like the G.I. Bill.[23] Racist practices like redlining systematically denied Black Americans the chance to own property and secure loans or insurance.[24]

Slavery had been abolished a century prior but structural racism was stubbornly persistent. Gunnar Myrdal, the Swedish Nobel-laureate economist, meticulously documented this phenomenon in his 1944 account. Black Americans were caught in a vicious cycle of being systematically subjugated, often contributing to assessments of poorer performances and subsequently used as a rationale for further subjugation.[25]

Violence against Black Americans was another grim reality of the time, especially for those who dared to succeed. The horrific 1921 Tulsa Race Massacre bore witness to this. In the Greenwood District of Tulsa, Oklahoma, known as Black Wall Street, mobs of white residents – many deputized and armed by city officials – unleashed a reign of terror on prosperous Black residents and businesses. This

[21] Johnson & Johnson, "Our Credo," accessed December 1, 2020, www.jnj.com/credo/. See also Robert B. Reich, *The System: Who Rigged It, How We Fix It* (New York: Alfred A. Knopf, 2020), 100.

[22] Tom Rosenstiel, "How a Different America Responded to the Great Depression," *Pew Research Center*, December 14, 2010, accessed May 25, 2025, www.pewresearch.org/politics/2010/12/14/how-a-different-america-responded-to-the-great-depression/.

[23] "G.I. Bill," *History.com*, June 7, 2019, www.history.com/topics/world-war-ii/gi-bill.

[24] Terry Gross, "A 'Forgotten History' of How the U.S. Government Segregated America," NPR.org, May 3, 2017, accessed December 1, 2020, https://shorturl.at/Yx7dE; Richard Rothstein, *The Color of Law: A Forgotten History of How Our Government Segregated America* (New York: Liveright Publishing, 2017).

[25] Gunnar Myrdal, *An American Dilemma: The Negro Problem and Modern Democracy*, vols. 1–2 (New York: Routledge, 1944).

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racially motivated violence resulted in hundreds of Black Americans being killed, many more injured, and thousands left economically devastated. This massacre was a harrowing reminder of brutal efforts to keep Black Americans "in their place."[26]

While the US was making greater strides towards equality at the aggregate level, it was a progress marred by persisting disparities along racialized lines.

1950s: American Boom, Wealth Dispersal

In the prosperous era of the 1950s, the US witnessed an expanding middle class, courtesy of the New Deal policies and the G.I. Bill. Wealth concentration in the US declined from just under 45 percent of total wealth held by the top 1 percent in the 1930s to below 30 percent by the 1950s, reflecting a more equitable distribution, as illustrated in Figure 4.1.

The ensuing era, characterized by reduced inequalities, fueled consumerism as a rising middle class yearned for modern conveniences. Technological advancements led to the production of increasingly affordable products. The Federal-Aid Highway Act of 1956 was the most significant American public works project to date, and the US Interstate Highway System further facilitated commerce and increased automobile transportation. The automobile became a potent symbol of American prosperity and freedom.

1960s–1970s: Sustainability Problems Emerge … and Denial

By the 1960s, the environmental costs of economic growth became undeniable. Rachel Carson's *Silent Spring* exposed both sustainability issues and the industry's prioritization of profits over environmental concerns.[27] A *New York Times* review characterized Carson as "crying wolf" and engaging in "public-relations stunts," arguing that "rising prices act as an economic signal to conserve scarce

[26] Kimberly Fain, "The Devastation of Black Wall Street," *JSTOR Daily*, July 5, 2017, accessed March 1, 2021, https://daily.jstor.org/the-devastation-of-black-wall-street/; Chris M. Messer, "The Tulsa Race Riot of 1921: Toward an Integrative Theory of Collective Violence," *Journal of Social History* 44, no. 4 (2011): 1217–1232.

[27] Carson, *Silent Spring*.

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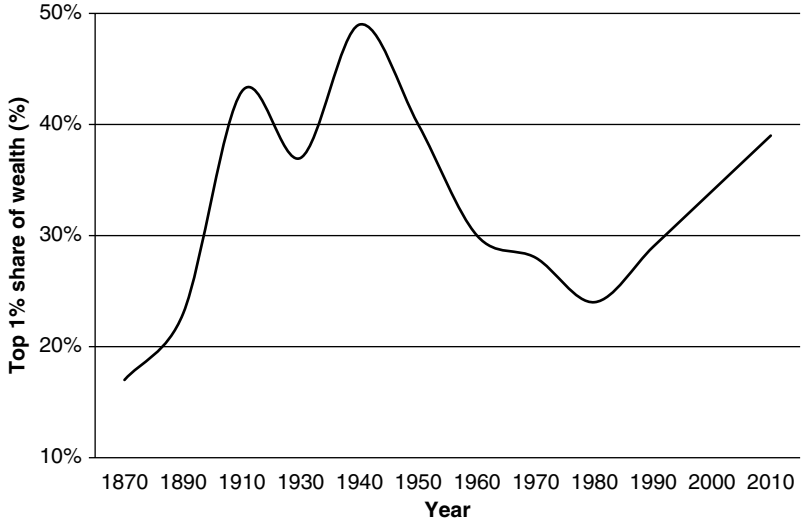


Figure 4.1 Wealth inequality in the US: Share of wealth held by the top 1%. *Source:* Adapted from Suresh Naidu and Noam Yuchtman, "Labor Market Institutions in the Gilded Age of American Economic History," in The Oxford Handbook of American Economic History, ed. Louis P. Cain, Price V. Fishback, and Paul W. Rhode (Oxford: Oxford University Press, 2018), 329–354.; see also Jesper Roine and Daniel Waldenström, "Long-Run Trends in the Distribution of Income and Wealth," Handbook of Income Distribution, vol. 2, ed. A. B. Atkinson and F. Bourguignon (Amsterdam: Elsevier, 2015), 469–592; and Emmanuel Saez and Gabriel Zucman, "Wealth Inequality in the United States Since 1913: Evidence from Capitalized Income Tax Data," Quarterly Journal of Economics 131, no. 2 (2016): 519–578.

resources, providing incentives to use cheaper materials in their place, stimulating research efforts on new ways to save on resource inputs."[28] In short, markets will solve it.

In response to *Silent Spring*, the chemical industry deployed the first known industry-wide coordinated denial campaign. These efforts included public relations campaigns portraying Carson as a hysterical woman and "cat-loving spinster."[29] Strategic denial and personal

[28] Peter Passell, Marc Roberts, and Leonard Ross, "The Limits to Growth," *New York Times*, April 2, 1972.

[29] Andrea Barnet, *Visionary Women: How Rachel Carson, Jane Jacobs, Jane Goodall, and Alice Waters Changed Our World* (New York: HarperCollins, 2018).

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attacks would become the template that the tobacco and fossil fuel industries would later follow.

The 1972 *Limits to Growth* by Donella Meadows and colleagues employed sophisticated computer modeling that demonstrated continued industrial growth would soon exceed Earth's regenerative capacity for renewal (Chapter 2).[30]

1980s–1990s: Market Triumph and Growing Concerns

The 1980s saw neoliberalism and its market ideology triumph globally, while environmental degradation accelerated. By the 1990s, evidence was clear that market mechanisms alone were not addressing sustainability challenges. Climate change emerged as a crucial concern, but economies were booming and corporate denial campaigns continued to delay meaningful sustainability action.

2000s: American Shareholder Capitalism in Trouble

The 2001 Enron scandal exposed the fundamental flaws of shareholder-driven American capitalism, where the pursuit of short-term profits led to corporate fraud, destroyed careers, and erased retirements, highlighting the urgent need for more responsible corporate governance.

The 2008 collapse of Lehman Brothers marked a pivotal moment in the global financial crisis, triggering a severe liquidity crisis that extended far beyond Wall Street. Excessive leverage and unchecked financial speculation had created systemic risks that threatened the entire financial system. Jonathan Levy succinctly captured the severity of the situation: "In 2008, capitalism nearly collapsed."[31]

However, the American capitalist system was preserved through substantial governmental action, including injecting billions of taxpayer dollars into Wall Street institutions, banks, and other crucial sectors of the economy. Some criticized the rescue efforts as "socialism for the rich, capitalism for the poor," harkening to Martin Luther King Jr.'s critique of American capitalism decades before. The intervention revealed the self-destructive nature of unchecked capitalism and the state's vital role in preserving it.

[30] Meadows, Randers, and Meadows, *Limits to Growth*, ii.
[31] Levy, *Ages of American Capitalism*, 735.

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Concurrently, the escalating impacts of climate change and growing inequalities have heightened scrutiny of American capitalism in practice. As American corporations grow increasingly powerful and influential, a critical reassessment of the business role in these challenges is reflected in public discourse. This reassessment found support from Larry Fink, CEO of BlackRock, who has advocated for stakeholder capitalism in his influential annual letters since the early 2010s. Fink's call for balancing shareholder interests with those of other stakeholders marks a significant shift from the shareholder-centric doctrine championed by Milton Friedman. By 2019, the Business Roundtable, which includes leading US CEOs, formally embraced stakeholder capitalism, committing to prioritize broader societal interests alongside shareholder returns.[32]

In 2023, California launched a landmark lawsuit against major oil companies – including ExxonMobil, BP, Chevron, Shell, and ConocoPhillips – for systematically downplaying climate change risks. This legal action, seeking compensation for future climate-related damages, signaled a broader push to hold corporations financially accountable for environmental impacts, challenging the traditional focus on shareholder value maximization.

That same year, BlackRock CEO Larry Fink's retreat from "ESG" terminology amid accusations of promoting a "woke" agenda revealed mounting resistance to stakeholder capitalism. By 2024, this ideological conflict escalated as several US states, including Texas and Florida, sued major asset managers over their ESG strategies' alleged impact on energy prices.

In December 2024, the underlying tensions of American capitalism erupted when the murder of UnitedHealthcare's CEO was met with a disturbing level of public approval. The response revealed a deep erosion of public trust in American capitalism, which many had come to view as an oligarchic system protecting corporations and wealthy elites at the expense of ordinary people.[33]

[32] Business Roundtable, "Business Roundtable Redefines the Purpose of a Corporation to Promote 'An Economy That Serves All Americans,'" August 19, 2019, accessed March 1, 2021, https://shorturl.at/paN6d.

[33] Jay M. Feinman, *Delay, Deny, Defend: Why Insurance Companies Don't Pay Claims and What You Can Do about It* (New York: Portfolio/Penguin, 2010); Fortune Editors, "CEOs Struggle to Process Their New Reality after the Public Glee at Brian Thompson's Killing," *Fortune*, December 14, 2024, https://tinyurl.com/5yaze9e9.

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The erosion of American capitalism into oligarchy was laid bare at the January 2025 Trump inauguration. The world's three wealthiest individuals – Bezos, Zuckerberg, and Musk – were seated ahead of elected officials and cabinet nominees, a striking visual cue of economic power eclipsing democratic norms. Musk's subsequent appointment to lead the newly created Department of Government Efficiency – following a $250 million campaign contribution – underscored the consolidation of political authority by private wealth.[34] In political theory terms, this moment reflected the shift away from Madisonian principles of distributed power and checks and balances central to American democracy,[35] toward a fusion of power emblematic of oligarchic rule.[36]

Nordic Capitalism: History Glimpses

The Nordic countries, though among the poorest in Europe throughout the 1700s into the 1800s, were busy laying the foundation that would enable stakeholder capitalism to flourish in the period to follow.

1800s: Nordic Property Rights and Markets

In the 1800s, the Nordics implemented a comprehensive system of property rights. By the early part of the century, land ownership extended to peasants in Denmark, Norway, and Sweden. Such rights to property set in motion a significant shift in agriculture in Sweden, where the newly anointed landowners utilized various means like crop rotation, trenching, and stone removal to enhance productivity.[37]

[34] Mary Whitfill Roeloffs, "Billionaires Worth a Combined $1.35 Trillion Attended Trump's Inauguration: Here's Who Was There – From Musk to Bezos," *Forbes*, January 20, 2025, accessed July 1, 2025, https://tinyurl.com/mwbhmmfr; Bo Erickson, Jarrett Renshaw, Andrea Shalal, Stephanie Kelly, and David Gaffen, "Trump's Inaugural Brings the World's Billionaire Elites en Masse to DC," Reuters, January 20, 2025, accessed July 1, 2025, https://tinyurl.com/45vdezur; Daniel de Visé, "The Three Richest Americans Sat Together at the Trump Inauguration. Is That a Problem?" USA Today, January 23, 2025, https://tinyurl.com/3z3hewv9.

[35] Robert A. Dahl, *A Preface to Democratic Theory*, vol. 115 (Chicago: University of Chicago Press, 1956).

[36] Jeffrey A. Winters, *Oligarchy* (Cambridge: Cambridge University Press, 2011).

[37] Fridlev Skrubbeltrang, "Developments in Tenancy in Eighteenth-Century Denmark as a Move towards Peasant Proprietorship," *Scandinavian Economic*

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Unlike American capitalism, the Nordic model was not significantly shaped by the institution of slavery on domestic soils. As noted by Líndal Sigurður, the Nordic nations largely eradicated slavery by the thirteenth century.[38] Nevertheless, the Nordic nations still played a role in the grim history of slavery, as exemplified by Denmark's colonization of the former Danish West Indies and benefiting from trading in goods derived from the labor of enslaved people.[39]

By the 1840s, Sweden sold timber-rich land to private entities, boosting tax revenue.[40] Rising foreign interest in Nordic natural resources, especially from the US, significantly fueled economic growth through burgeoning trade relationships. Concurrently, robust patent laws were being established and anti-corruption measures were enforced, further strengthening the Nordic economic foundation.

The expansion of financial institutions and liberal lending practices in the 1800s marked a critical step in Nordic capitalism's evolution. More individuals were able to participate in market activities, secure credit, and invest in real estate and businesses.[41]

History Review 9, no. 2 (1961): 165–175; Andreas Bergh, *Sweden and the Revival of the Capitalist Welfare State* (Cheltenham: Edward Elgar Publishing, 2014), 10; Andreas Holmsen, "Landowners and Tenants in Norway," *Scandinavian Economic History Review* 6, no. 2 (1958): 121–131; Norway was under Danish rule until 1814, and Swedish thereafter until 1905, but was mainly in charge of its laws. Finland achieved independence from Russia in 1917. Iceland remained under Danish rule until 1918 or 1944, depending on whom you ask. Therefore, I focus on Sweden, Denmark, and Norway; Bergh, *Sweden and the Revival of the Capitalist Welfare State*, 11; Mats Olsson and Patrick Svensson, "Agricultural Growth and Institutions: Sweden, 1700–1860," *European Review of Economic History* 14, no. 2 (2010): 275–304.

[38] Sigurður Líndal, "Early Democratic Traditions in the Nordic Countries," in *Nordic Democracy: Ideas, Issues, and Institutions in Politics, Economy, Education, Social and Cultural Affairs of Denmark, Finland, Iceland, Norway, and Sweden*, ed. Erik Allardt et al. (Copenhagen: Det Danske Selskab, 1981), 31.

[39] National Museum of Denmark, "The Danish West Indies," accessed September 28, 2025, https://tinyurl.com/59bu5n5p; Astrid Nonbo Andersen, "'We Have Reconquered the Islands': Figurations in Public Memories of Slavery and Colonialism in Denmark 1948–2012," *International Journal of Politics, Culture, and Society* 26, no. 1 (2013): 57–76; Ernst Ekman, "Sweden, the Slave Trade, and Slavery, 1784–1847," *Outre-Mers. Revue d'histoire* 62, no. 226 (1975): 221–231.

[40] Bergh, *Sweden and the Revival of the Capitalist Welfare State*.

[41] Lennart Jörberg, "The Industrial Revolution in Scandinavia: 1850–1914," in *The Fontana Economic History of Europe*, vol. 4: *The Emergence of*

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1800s Nordic Education, Folk Schools, and Bildung

Despite relative poverty, the Nordic countries were pioneers in education during the 1800s. As early as 1814, Denmark introduced compulsory elementary education, a practice soon adopted by Norway and Sweden. This Nordic commitment to universal education played an instrumental role in shaping their modern societies.

Central to their educational philosophy were folk schools, underpinned by the German concept of "*Bildung*." *Bildung*, a term with no direct English translation, encompasses the idea of personal growth combined with social responsibility to oneself, the community, and the world. The ethos of *Bildung* would prove to be a moral compass guiding the pragmatic development of Nordic capitalism in the century-plus to follow, giving rise to a version of democratic capitalism, commonly called stakeholder capitalism, we recognize in practice in the Nordics today.

N. F. S. Grundtvig

Nikolaj Frederik Severin Grundtvig (1783–1872), a Danish philosopher and pastor, is as pivotal to Nordic capitalism as Henry Ford is to the American variety. Grundtvig's philosophy and vision for education helped transform Denmark from an oligarchic monarchy into a dynamic democracy, embedding democratic principles at the core of Nordic capitalism.

Central to Grundtvig's philosophy was establishing "folk schools" – educational institutions for the many people, the peasants. Frustrated with the elitism of classical education, which he viewed as alienating and impractical, Grundtvig revolutionized education in Denmark, promoting an egalitarian path crucial in shaping democratic practices in Nordic capitalism. He aimed to cultivate an informed and engaged citizenry capable of wielding their newfound democratic powers responsibly.[42]

Industrial Societies, 1700–1914, ed. Carlo M. Cipolla (London: Collins Clear-Type Press, 1970), 128–134; Kristine Bruland, *Technology Transfer and Scandinavian Industrialisation* (New York: St. Martin's Press, 1992).

[42] Vicky Eiben, "A Brief History of Folk Schools," Folk School Alliance, Spring 2015, accessed March 1, 2021, www.folkschoolalliance.org/a-brief-history-of-folk-schools. With the Constitutional Act in 1849, Denmark transitioned from an absolute monarchy to a democratically elected representative government. See Danish Parliament, accessed May 25, 2025, www.thedanishparliament.dk/en/democracy/the-constitutional-act.

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Grundtvig's educational philosophy, centered on the concept of "*Bildung*," emphasized individual growth in service to the community and society. *Bildung*'s holistic approach to learning underpins many of the cooperative and democratic institutions in modern Nordic capitalism. As Lene Rachel Andersen explained in *The Nordic Secret*, *Bildung* is about "maturing and taking upon oneself ever-bigger personal responsibility," and it "forces us to grow and change … it is being an active citizen in adulthood."[43]

Grundtvig's educational vision first materialized in 1844 with the establishment of Rødding Folkehøjskole, inaugurating an institutional model that would transform Nordic civil society. The folk schools created unprecedented spaces for adult education that transcended traditional class boundaries, particularly significant in rural communities. Typically organized around four six-month terms, these institutions proved instrumental in cultivating democratic competencies among populations previously excluded from formal education, that is to say, peasants, effectively bridging the gap between theoretical democratic rights and meaningful democratic participation.[44]

Grundtvig's humanistic philosophy emphasized democratic problem-solving and human potential. His belief in the inherent goodness of people is encapsulated in his 1837 poem, "Human First" ("Menneske Først").[45] This humanistic perspective has profoundly impacted the region's approach to capitalism, as seen in the cooperative movement. Cooperatives are for-profit organizational structures founded on democratic principles that have further diffused power across Nordic societies.

The lasting influence of Grundtvig's philosophy is evident in contemporary Nordic society. Take, for instance, Lars Rebien Sørensen,

[43] Lene Rachel Andersen and Tomas Björkman, *The Nordic Secret: A European Story of Beauty and Freedom* (Lidingö: Fri Tanke, 2017), 197–207.

[44] Tomasz Maliszewski, "On the History of Folk High Schools in Sweden," in *Folk High School – School for Life*, ed. M. Byczkowski, T. Maliszewski, and E. Przybylska (Wiezyca: Kashubian Folk High School, 2003), 108–20; Kenneth Abrahamsson, "Reading Our Future: Swedish Policies on Adult Literacy, Work Transformation, and Active Citizenship," in *Swedish Aspects on Literacy*, ed. B. Ericson (Stockholm: Skolöverstyrelsen, 1991), 89–112; Andersen and Björkman, *The Nordic Secret*, 214.

[45] Jennifer Elisa Veninga, *Secularism, Theology, and Islam: The Danish Social Imaginary and the Cartoon Crisis of 2005–2006* (London: Bloomsbury Publishing, 2015), 63.

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former CEO of Novo Nordisk. In response to being named the Best-Performing CEO of the Year in 2015 by the *Harvard Business Review*, Sørensen's comments mirror Grundtvig's offerings. When the magazine asked, "Scandinavian CEOs are paid much less than US CEOs. Does that influence how you lead?" Sørensen responded, "I saw that in last year's list of best-performing CEOs, I was one of the lowest paid. My pay is a reflection of our company's desire to have internal cohesion. When we make decisions, the employees should be part of the journey and should know they're not just filling my pockets."[46]

When Sørensen was asked for further lessons to share as the newly minted CEO of the Year, he responded in a manner consistent with Grundtvig's offerings, eschewing individualistic praise while emphasizing the importance of fostering shared prosperity. He stated:

> I should have said at the beginning that I don't like this notion of the "best-performing CEO in the world." That's an American perspective – you lionize individuals. I would say I'm leading a team that is collectively creating one of the world's best-performing companies.[47]

US President Barack Obama acknowledged Grundtvig's legacy, citing its influence on the American Civil Rights Movement through the folk school movement in the United States. At the Nordic Summit convened in Washington, DC, with Nordic heads of state in 2016, Obama offered, "Many of our Nordic friends are familiar with the great Danish pastor and philosopher Grundtvig. And among other causes, he championed the idea of the folk school – education that was not just made available to the elite but for the many; training that prepared a person for active citizenship that improves society."[48] Obama pointed out that notable civil rights leaders, including Martin Luther King Jr., were influenced by the teachings of Grundtvig, and offered:

[46] Adi Ignatius and Daniel McGinn, "Novo Nordisk CEO on What Propelled Him to the Top," *Harvard Business Review*, November 2015, accessed May 25, 2025, https://hbr.org/2015/11/novo-nordisk-ceo-on-what-propelled-him-to-the-top.

[47] Lars Sørensen, interview by Adi Ignatius and Daniel McGinn, "Lars Sørensen," *Harvard Business Review* 93, no. 6 (November 2015): 60–3 at 63, accessed January 1, 2016, https://shorturl.at/Q9dcC.

[48] Barack Obama, "Remarks by the President, Prime Minister of Iceland, and Prime Minister of the Nordic Countries," The White House, May 13, 2016, accessed May 25, 2025, https://tinyurl.com/2a6a3ufr.

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Over time, the folk school movement spread, including here to the United States. And one of those schools was in the state of Tennessee – it was called the Highlander Folk School. At Highlander, especially during the 1950s, a new generation of Americans came together to share their ideas and strategies for advancing civil rights, for advancing equality, and for advancing justice. We know the names of some of those who were trained or participated in the Highlander School. Ralph Abernathy. John Lewis. [Rosa Parks.] Dr. Martin Luther King Jr.[49]

Grundtvig's folk schools helped spark a cooperative movement that would fundamentally reshape Nordic societies. By diffusing ownership and power across societies, cooperatives have played a key role in fostering stakeholder capitalism in the region.[50] As Danish scholar Anders Holm put it, Grundtvig's influence on Denmark is unparalleled. He likened him to a combination of George Washington, Ralph Waldo Emerson, Benjamin Franklin, and Martin Luther King Jr., underscoring Grundtvig's lasting impact on Danish society.[51]

1870s–1900: Nordic Industrial Revolution and the Seeds of the Nordic Social Democracies

The Industrial Revolution is commonly described as having arrived in the Nordic region around 1870, lagging England by over a century, the US by about eighty years, and Germany by some 40 years or so. The Nordic nations proved themselves attentive benchmarkers, learning from the successes and failures of industrialization elsewhere and corresponding developments.[52]

[49] Obama, "Remarks by the President."

[50] Dag Thorkildsen, "Religious Identity and Nordic Identity," in *The Cultural Construction of Norden*, ed. Øystein Sørensen and Bo Stråth (Oslo: Scandinavian University Press, 1997), 25–34; Nina Witoszek and Øystein Sørensen, "Nordic Humanism as a Driver of the Welfare Society," *Sustainable Modernity* 36, no. 58 (2018): 36–58; Allardt, et al., eds., *Nordic Democracy*; Mary Hilson, Pirjo Markkola, and Ann-Catrin Östman, eds., *Co-operatives and the Social Question: The Co-operative Movement in Northern and Eastern Europe (1880–1950)* (Cardiff: Welsh Academic Press, 2013).

[51] Sean Flynt, "From Copenhagen to the White House: Fulbright Scholar Holm Traces Influence of N.S.F. Grundtvig," Samford University, June 7, 2016, accessed May 25, 2025, https://tinyurl.com/2wd8xzbz; Nina Witoszek, "Fugitives from Utopia: The Scandinavian Enlightenment Reconsidered," in *The Cultural Construction of Norden*, ed. Sørensen and Stråth, 72–90.

[52] Kristine Bruland, "Reconceptualizing Industrialization in Scandinavia," in *Reconceptualizing the Industrial Revolution*, ed. Jeff Horn, Leonard N.

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In the 1880s, Germany introduced pioneering social insurance laws under Otto von Bismarck that have proven foundational to the concept of the modern welfare state. Legislation included national sickness, accident, and old-age insurance (pension).[53] These reforms were significant because they represented one of the first systematic efforts by a state to provide social protection to its citizens on a national scale, thereby setting precedents for what would later be recognized as key components of welfare states. The Nordic nations were closely watching.

From the 1890s to the early 1900s, the Nordics followed Germany's lead and began establishing social security systems for accident, sickness, unemployment, and old-age insurance (pension) to mitigate risk at the societal scale. Although these programs were not universally accessible, they marked a crucial step towards creating a more comprehensive social safety net.[54]

Reading Marx but (Eventually) Rejecting Marxism

By 1870, Nordic citizens had more than two decades to digest Marx and Engels' ideas presented in their 1848 work, *The Communist Manifesto*, and to consider and critique the varieties of capitalism developing in England and the US. While the monumental strides in efficiency seen in the US and England during the Industrial Revolution were compelling, the corresponding social dilemmas and unequal distribution of wealth were undeniable. As Marx's influence burgeoned across Europe, labor was organizing itself, and the Nordics were attentive observers.

From 1870 onwards, many Nordics self-identified as socialists or social democrats, ideologies rooted in Marx and Engels's assertion that industrialization engenders enormous wealth for capitalists at

Rosenband, and Merritt Roe Smith (Cambridge: MIT Press, 2010), 125–150; Kristine Bruland and Keith Smith, "Knowledge Flows and Catching-Up Industrialization in the Nordic Countries," in *Intellectual Property Rights, Development, and Catch-Up: An International Comparative Study*, ed. Hiroyuki Odagiri, Akira Goto, Atsushi Sunami, and Richard Nelson (Oxford: Oxford University Press, 2010), 63; Lennart Jörberg, "The Diffusion of Technology and Industrial Change in Sweden during the 19th Century," in *Technology Transfer and Scandinavian Economic Growth*, ed. Kristine Bruland (Oxford: Berg Publishers, 1991), 185–199.

[53] Jörberg, "The Diffusion of Technology and Industrial Change in Sweden," 12.

[54] Stein Kuhnle, "The Beginnings of the Nordic Welfare States: Similarities and Differences," *Acta Sociologica* 21, no. 1, Suppl. (1978): 9–33.

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the potential cost of labor exploitation. However, a notable divergence existed between socialists and social democrats. While the former adhered to Marx's call for a violent revolution to seize control of the means of production, the latter espoused a more cooperative, consensus-based approach, seeking system reform without eradicating private ownership.

The labor movement gained considerable momentum across the Nordics in the late 1800s. The elite capitalist class grew anxious about possible labor radicalization as union membership burgeoned. Like their American counterparts, Nordic capitalists initially sought to assuage these fears through philanthropy. However, as Brandal, Bratberg, and Thorsen stated, the philanthropic organizations established in the early 1870s aimed to improve working-class conditions and distance workers from political radicalism had largely vanished by 1900.[55]

Under mounting pressure from socialists and the looming threat of a socialist revolution, Nordic capitalists became increasingly compelled to engage with the reform-minded, consensus-oriented social democrats. During the 1890s, labor unions and the social democratic movement formed a powerful alliance, gaining political sway across the Nordics.[56] Socialists played a crucial role in applying the pressure needed for Nordic capitalists to compromise and engage constructively with social democratic elements of the labor movement.

A pivotal moment arrived in 1896 when Niels Andersen, a Danish Member of Parliament and railroad entrepreneur, founded the Confederation of Danish Employers (DA). The DA both counteracted the growing power of labor unions and served as a centralized entity for potential national collective bargaining. By 1907, a national collective bargaining arrangement was established, ensuring fair profit distribution to labor (and negating the need for minimum wage laws).[57]

It may appear counterintuitive that capitalists would support robust collective bargaining, yet this cooperation has fostered social stability and economic efficiency in the Nordic context. The capitalist ethos, after all, revolves around maximizing profits, which

[55] Nik Brandal, Øivind Bratberg, and Dag Einar Thorsen, *The Nordic Model of Social Democracy* (London: Palgrave Macmillan, 2013), 23–24.
[56] Brandal, Bratberg, and Thorsen, *The Nordic Model of Social Democracy*, 30.
[57] Henderson, *Reimagining Capitalism*, 237.

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might involve paying laborers lower wages. In the Nordic countries, a unique consensus emerged between capitalists and laborers on the mutual benefits of collaboration, fostering a more stable and inclusive economic environment. They saw the value in instituting structures and norms that would circumvent costly conflicts and better ensure shared societal prosperity. This led to the development of robust consensus-building mechanisms.[58]

1900–1930s: Social Democrats Gaining Power

During this era, social democrats steadily amassed power across the Nordics, while navigating pressure from revolutionary socialist factions. By the dawn of the twentieth century, the social democrats had secured a relatively robust footing, their cause fortified by influential pioneers like P. Knudsen of Denmark, Sweden's Hjalmar Branting, and Christian Holtermann Knudsen from Norway. The 1917 Bolshevik Revolution in Russia heightened concerns among Nordic capitalists about the spread of revolutionary socialism.[59]

The journey to democratic stability in the Nordic nations was marked by considerable turbulence in the early twentieth century. In 1920. Denmark experienced a serious constitutional crisis known as the Easter Crisis (Påskekrisen), when King Christian X attempted to dismiss the democratically elected government and install a conservative government aligned with his preferences. This last-ditch effort by the monarchy to reassert control was met with strong popular resistance, including threats of a general strike. The crisis represented a crucial test of Denmark's democratic institutions. When the king backed down, it marked a decisive victory for the principle of parliamentary democracy.[60]

Finland faced the most severe democratic test during the Finnish Civil War of 1918, shortly after declaring independence from Russia. The conflict between socialist "Reds" and conservative "Whites" ended in a White victory that consolidated parliamentary democracy but exposed deep societal divisions. Sweden's transition to democracy,

[58] Henderson, *Reimagining Capitalism*, 235–239.
[59] Brandal, Bratberg, and Thorsen, *The Nordic Model of Social Democracy*, 33.
[60] Bo Lidegaard, *A Short History of Denmark in the 20th Century* (Copenhagen: Gyldendal A/S, 2009).

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while relatively peaceful, involved significant political struggles before universal suffrage was finally achieved in 1921. Norway's democratic institutions were tested during its 1905 separation from Sweden, though the transition was ultimately peaceful and resulted in a stable constitutional monarchy. Iceland's path to democracy was comparatively smooth, achieved through gradual independence from Denmark (sovereign state in 1918, full independence in 1944).[61]

The influence of the Soviet Union cast a long shadow across the region during this period. In 1919, Bolshevik leader Vladimir Lenin convened the third annual Communist International (Comintern) organization gathering in Moscow. During this assembly, attended by the Norwegian Labor Party, Lenin declared social democrats to be strategic adversaries to socialists, given their willingness to cooperate with capitalist forces. He argued that nothing short of a socialist revolution, as outlined by Marx, would suffice in overthrowing capitalist structures.[62] Ironically, the threat of revolutionary socialism ultimately encouraged more constructive engagement between Nordic capitalists and reform-minded social democrats.

Amid ongoing pressure from more radical socialist elements, the Nordic region remained steadfast in its commitment to social democracy and democratic means, increasingly distancing itself from the Soviet Union's authoritarian path.

In Denmark, social democrats had garnered 37 percent of the vote by 1924, becoming the largest party in parliament for the first time.[63] This electoral success owed much to the leadership of Thorvald Stauning, who served as prime minister from 1924 to 1942, making him Denmark's longest-serving prime minister. Stauning's political acumen proved crucial in building the foundations of Danish social democracy, particularly evident in the landmark Kanslergade Agreement (*Kanslergadeforliget*) of 1933. Named after Stauning's apartment in Copenhagen, where the negotiations took place (allegedly over copious amounts of beer into the early morning), this agreement brought together Social Democrats, liberals, and

[61] Thomas Kingston Derry, *History of Scandinavia: Norway, Sweden, Denmark, Finland, and Iceland* (Minneapolis: University of Minnesota Press, 2000); Clive Archer and Pertti Joenniemi, eds., *The Nordic Peace*, 1st ed. (London: Routledge, 2003).
[62] Brandal, Bratberg, and Thorsen, *The Nordic Model of Social Democracy*, 37.
[63] Brandal, Bratberg, and Thorsen, *The Nordic Model of Social Democracy*, 43.

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conservatives to establish comprehensive social reforms during the Great Depression.[64] The agreement exemplified the cross-party cooperation necessary to serve broader societal interests, a distinctive feature that would come to characterize Nordic social democracies.

Sweden was also gaining recognition as a leader within the burgeoning social democracy movement.[65] The economist Thomas Piketty referred to Sweden as "the quintessential social democracy," lauding its commitment to equitable prosperity. He described this as a compelling case study in rapid societal change, noting that a mere decade before its transformative reforms of 1910–1911, Sweden was one of the world's most inegalitarian societies.[66] These reforms demonstrated a stark turnaround, making Sweden an emblematic figure in the social democracy landscape.

1930s–1950s: Nordic Model Taking Shape

The Nordic model began to take its modern form in the 1930s, gradually growing over the years to include state-supported healthcare, old-age and disability pensions, income maintenance during occupational injury, sickness, and unemployment, and mechanisms to ensure fair wages, such as collective bargaining structures.[67] Referred to interchangeably as the "welfare state" or the "well-being state,"[68] the Nordic Model's primary goal, as argued by Brandal and his colleagues in *The Nordic Model of Social Democracy*, is to promote individual freedom.[69]

The People's Home

At the heart of Sweden's social democratic movement lies the concept of "People's Home" or *folkhemmet*. In a pivotal speech in 1928, Swedish social democrat Per Albin Hansson, who would assume the

[64] Lidegaard, *A Short History of Denmark*.
[65] Brandal, Bratberg, and Thorsen, *The Nordic Model of Social Democracy*, 38.
[66] Piketty, *Capital and Ideology*, 487.
[67] Kuhnle, "The Beginnings of the Nordic Welfare States." More recently, programs such as paid parental leave, subsidized childcare, and tuition-free university education have been added.
[68] Nina Witoszek and Atle Midttun, *Sustainable Modernity* (London: Routledge, 2018).
[69] Brandal, Bratberg, and Thorsen, *The Nordic Model of Social Democracy*, 5.

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prime minister's role from 1932 to 1946, introduced this metaphor, sketching a vision that would shape the decades to come.

In his vision, Hansson imagined Swedish society as an inclusive "home," where everyone had a place and contributed productively. In this "home," class and economic disparities were minimized, and social care services, such as disability and unemployment insurance, were accessible to all. It was a family-like society, where individual work ethic intertwined with collective responsibility.

Social democrats championed the integration of democratic principles in many aspects of life, particularly through industrial democracy, which empowered workers to share in decision-making and governance. Hansson proposed a policy of cooperation and mutual understanding as a key to a better society.[70] In his People's Home speech, he asserted that workers should have an increased role in decision-making processes in cooperation with capital owners:

> If one obstinately perceives the worker merely as a rented creature from whom to extract as much as possible with the least possible compensation, no progress towards a better order can be achieved. But, if one recognizes the worker as a valuable colleague and participant, not only in work but also in administration, management, and profit, it's worth investigating how far consensus, common interests, and cooperation can take us.[71]

Hansson advocated for respect, dignity, and power-sharing between capitalists and workers. During this time, the influence of the Soviet Union and socialist movements was considerable. The tension was palpable, highlighted by the tragic incident in 1931 when Swedish military forces opened fire on labor demonstrators in Ådalen, leading to five casualties.[72] Despite a history punctuated by significant conflicts and struggles, political leaders and Nordic capitalists recognized the urgency to foster a culture of consensus-building and

[70] Diane Sainsbury, *Swedish Social Democratic Ideology and Electoral Politics 1944–1948* (Stockholm: Almqvist and Wiksell, 1980), 33. See also Henry Milner, *Sweden: Social Democracy in Practice* (Oxford: Oxford University Press, 1989), 59.

[71] Speech text and translation provided by Professor Mark Sandberg of the University of California, Berkeley.

[72] Martin Ericsson and Stefan Nyzell, "Anti-strikebreaker Protests and Collective Violence in Sweden, 1918–1939," in *Trade Union Activism in the Nordic Countries since 1900*, ed. Jesper Jørgensen and Flemming Mikketsen (Cham: Springer International Publishing, 2023), 111–132.

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establish power-sharing structures between capitalists and labor. This was not only to mitigate the brewing tensions but also to prevent further fueling of Marxist socialism.

The Middle Way?

US journalist Marquis W. Childs, in his seminal 1936 work *Sweden: The Middle Way on Trial*, introduced a global audience to Nordic capitalism (Prologue). Within it, Childs lauded Sweden and Denmark for their remarkable ability to temper "the rapacity of big business," whilst ensuring "decent living conditions for the working population," and fostering an innovative and efficient environment for industry.[73]

What particularly intrigued Childs was the democratic foundation of the Nordic variant of capitalism, exemplified in the flourishing cooperative movement where organizational structures for commerce were built upon democratic principles. His admiration extended to Danish educator and religious leader Grundtvig. In Childs's eyes, Grundtvig was "that extraordinary national hero" who had not only "taught the Danes cooperation," but had also "schooled them in the use of the instruments of democracy, both political and economic."[74]

After closely observing and understanding the Nordic model, Childs contrasted it with American capitalism. The latter, he felt, suffered from an overemphasis on the profit motive, that would eventually lead to "blind self-destruction."[75] By contrast, the Nordics offered a sense of balance and harmony. Childs observed that the state in Sweden was far more active than in the US, yet less invasive than Soviet socialism. This balanced approach earned Sweden the title of "the middle way" in his view.

World War II's impact on the Nordic region varied significantly, with Denmark and Norway under German occupation while Sweden maintained neutrality. The post-war reconstruction period saw these nations channel the lessons of wartime economic coordination toward civilian production and social welfare programs. Unlike America's maintained military-industrial focus, the Nordic countries developed robust public–private partnerships focused on domestic social development and civilian industrial policy.

[73] Marquis W. Childs, *Sweden: The Middle Way on Trial* (New Haven: Yale University Press, 1936).
[74] Childs, *Sweden*, 133. [75] Childs, *Sweden*, 161.

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1950s–1970: Commitment to Universalism

In the aftermath of Childs directing the global spotlight onto Nordic capitalism, a fascinating "second wave of Nordic welfare legislation" began to unfurl characterized by universalism. As Mary Hilson outlines in her book *The Nordic Model*, prior welfare expansions, while ambitious, were not always universal. The "wage-earner" model prevalent before the 1950s, tied social insurance eligibility to wage-earning employment, leaving many, such as home workers, small-business owners, seasonal workers, and numerous farmers, out in the cold.[76]

From the 1950s, the Nordic model underwent a significant shift, with universalism becoming the default. Universalism is today widely recognized as a defining characteristic of the Nordic model, credited with fostering social cohesion. Importantly, universal social programs avoided divisive "othering," such as the portrayal of one group burdened by another – think "rich paying for the poor." In this way, universalism reduced the impact of political whims on social programs, creating a shared project that all political parties and citizens could embrace.

The 1950s also saw the implementation of robust data-collection systems, which served as the keystone for evidence-based decision-making. Nordic healthcare systems provide a vivid example of individual-level data collection ensuring the quality and efficiency of care. This has led to the creation of high-quality longitudinal datasets dating back to the 1950s for every citizen, making Nordic societies known as an epidemiologist's dream.[77]

Over the decades, Nordic model builders proved themselves to be pragmatic above all else. Hugh Heclo and Henrik Madsen captured this essence with their characterization of the Swedish approach as "principled pragmatism."[78] This pragmatism shaped their approach to capitalism, pragmatically using markets where effective, but

[76] Hilson, *The Nordic Model*, 94–95.

[77] Morten Schmidt, Sigrun Alba Johannesdottir Schmidt, Kasper Adelborg et al., "The Danish Health Care System and Epidemiological Research: From Health Care Contacts to Database Records," *Clinical Epidemiology* 11 (2019): 563–591.

[78] Hugh Heclo and Henrik Madsen, *Policy and Politics in Sweden: Principled Pragmatism* (Philadelphia: Temple University Press, 1987).

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seeking alternatives where markets failed. It was evident in their approach to healthcare, where they opted for efficient, universal healthcare systems and education when market solutions fell short.

Meanwhile, across the Atlantic, in the US an ideological discourse around universal healthcare was emerging. In the 1960s, Ronald Reagan famously argued against the adoption of universal healthcare, claiming it would lead toward Soviet-style socialism and erode personal freedoms, reflecting the intense ideological debates of the period. Reagan offered a radio address in 1961 as a spokesperson for the American Medical Association, stating, "One of the traditional methods of imposing statism, or socialism, on a people has been by way of medicine."[79] He added, if universal healthcare became policy, "we will awake to find that we have socialism … and you and I are going to spend our sunset years telling our children, and our children's children, what it once was like in America when men were free."[80]

Nordic societies largely avoided ideological labeling, instead pragmatically evaluating policies and programs based on their effectiveness. The Nordic model's benefits were acknowledged across the political spectrum, with even Danish conservatives boasting about their role in the welfare state's expansion during the 1960s.[81] Although debates were common, the broad support for universal safety nets underscored the welfare state's practical benefits to Nordic societies. This pragmatic approach has been seen as a key factor in their success in recent generations.

1970s–1980s: The Nordic Model on Trial

By the 1970s, the mounting environmental costs of industrialization were too conspicuous to ignore in the Nordics, similar to elsewhere. Norwegian philosopher Arne Næss led a burgeoning environmental movement in the Nordics rooted in the concept of Deep Ecology,[82]

[79] By the 1960s, Ronald Reagan had entered the political sphere and would become governor of California by the end of the decade.
[80] Ronald Reagan, "Ronald Reagan Speaks Out against Socialized Medicine," *American Rhetoric*, 1961, accessed May 25, 2025, www.americanrhetoric.com/speeches/ronaldreagansocializedmedicine.htm.
[81] Henderson, *Reimagining Capitalism*, 237.
[82] Naess, "The Shallow and the Deep"; Witoszek, "Arne Naess and the Norwegian Nature Tradition."

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and the Nordic nations established national environmental protection agencies to address the mounting environmental crises (Chapter 2).[83]

The 1973–1974 oil crisis severely tested the Nordic model, particularly in Sweden. The country's response of raising tax rates to extreme levels (Astrid Lindgren famously faced a 102 percent rate) triggered high-profile exits, including IKEA founder Ingvar Kamprad, filmmaker Ingmar Bergman, tennis star Björn Borg, and members of the celebrated Swedish musical group ABBA.

In 1980, Childs authored *Sweden: The Middle Way on Trial*, revisiting the Nordic model as its imperfections were on full global display and leveraging the publicity of prominent figures like Astrid Lindgren and Ingmar Bergman. Childs critically addressed the stifling tax rates that undermined economic efficiency.[84] Like Childs, Staffan Marklund's *Paradise Lost* scrutinizes the Nordic region from the mid-1970s to the mid-1980s, charting its shift from an idealized beacon to a region grappling with real challenges. Marklund portrays not a collapse but a tempered view, recognizing significant flaws and the ongoing necessity for adaptation.[85]

Childs, revising his earlier, at times utopian portrayal of the Nordic model, adopts a more critical yet hopeful stance. While acknowledging issues, he remained optimistic about Sweden's capacity to address contemporary challenges. This sentiment is echoed in a contemporary review, suggesting, "if any country can solve these modern problems…then it will be Sweden."[86] The period invited more nuanced discussions of the Nordics, highlighting the achievements and the trials of the Nordic model.

1990s: Continued Challenges but Nordics Emerging Stronger

After recalibrating its tax levels to a more reasonable level, Sweden eventually bounced back in the 1990s to again be considered a

[83] Buns, "Making a Model"; Næss's thinking mirrors many longstanding Indigenous perspectives, such as those reflected in Robin Kimmerer's *Braiding Sweetgrass: Indigenous Wisdom, Scientific Knowledge and the Teachings of Plants* (Minneapolis: Milkweed Editions, 2013).

[84] Childs, *Sweden*.

[85] Staffan Marklund, *Paradise Lost? The Nordic Welfare States and the Recession 1975–1985* (Lund: Arkiv Förlag, 1988).

[86] Irene Scobbie, "Childs, Marquis W., *Sweden: The Middle Way on Trial* (Book Review)," *Scandinavian Studies* 53, no. 1 (1981): 98.

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successful system. However, it was not without a financial crisis, first coming in the early 1990s. The largest Nordic banks were shaken by a fundamental financial crisis, and Sweden and Finland were hit particularly hard, experiencing consecutive years of negative economic growth.

Nevertheless, by the mid 1990s, the Nordic model, although shaken, found its footing again and was increasingly hailed as a model of success. The continued strength of Nordic democracies has proven effective in recalibrating to achieve a "democratic balance of opinion," according to Peter Linder, after periods of disagreement and discontent.[87]

Flexicurity

"Flexicurity" – a term coined by Danish Prime Minister Poul Nyrup Rasmussen in the 1990s – represents a crucial innovation in democratic capitalism that directly supports sustainability transitions. The system combines labor market flexibility with comprehensive social security.

Flexicurity captures citizens' sense of security due to their ability to navigate the capricious global landscape. With universally available services such as lifelong education, training, and safety nets like universal healthcare, the fear of losing everything due to job loss is significantly mitigated. Flexicurity promotes adaptability and resilience, resulting in a broad sense of societal security. As market dynamics shift in Denmark, workers can easily enter or exit jobs. But, crucially, retraining and education are always there to prepare them for new opportunities.

While each Nordic nation has its unique set of policies, the overarching philosophy of flexicurity is common to all. This means people are less inclined to hold onto outdated jobs or succumb to anxiety about change. Instead, change is met with optimism, fostering a societal-level growth mindset.[88]

A central tenet of flexicurity, and the Nordic model as a whole, is the high labor participation rate. As economist Torben Andersen

[87] Peter H. Lindert, *Growing Public: Social Spending and Economic Growth since the Eighteenth Century* (Cambridge: Cambridge University Press, 2004), 291.

[88] Carol S. Dweck, *Mindset: The New Psychology of Success* (New York: Random House Digital, 2008); David S. Yeager, Paul Hanselman, Gregory M. Walton et al., "A National Experiment Reveals Where a Growth Mindset Improves Achievement," *Nature* 573, no. 7774 (2019): 364–369.

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succinctly puts it, "The Nordic model can also be characterized as an employment model." The financial stability of this system hinges upon people's ability to pay taxes, which in turn supports education, retraining programs, and social safety nets. This active labor policy helps create good jobs that pay well, reducing the prevalence of the working poor and fortifying the middle class.[89]

2000s On: The Next Supermodel

By the early 2000s, the Nordic model reemerged as a widely regarded example of economic and social success. In 2013, *The Economist* featured a special issue titled "The Nordic Countries: The Next Supermodel," underscoring how Nordic capitalism, deeply rooted in democratic principles, continues to promote shared prosperity.

Americans were introduced to the democratic underpinnings of Nordic capitalism as early as the mid twentieth century through Childs' seminal work, *Sweden: The Middle Way on Trial*. However, Childs' portrayal of Sweden as a compromise between American capitalism and Soviet socialism unintentionally reinforced a misconception that Nordic capitalism was merely a step toward Soviet-style centralization. This mischaracterization persists in some contemporary discussions, where Nordic countries are mistakenly labeled socialist states. In contrast, the role of the State in the Nordics is characterized by transparency, efficiency, and democratic accountability – distinct from the authoritarianism associated with the Soviet model.

Nordic capitalism exemplifies democratic principles through institutions designed to distribute power across society. Strong labor unions, robust cooperative movements, and inclusive social policies ensure that the state remains responsive to the democratic will of its citizens. However, this model did not emerge without tension. Facing the specter of socialist revolution, the Nordic economic elite was compelled to cede some of their power. Today, their descendants benefit from a more equitable and cohesive society – a testament to the strength of democratic capitalism in the Nordic context.[90]

[89] Torben M. Andersen, *Economic Performance in the Nordic World* (Madison: University of Wisconsin Press, 2021).
[90] Piketty, *Capital and Ideology*, 487.

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American Philanthropy and Nordic Taxes

The US and Nordic approaches to addressing societal issues reflect fundamentally different paradigms. The US system, through tax deductions for charitable giving, empowers private property owners to address social needs through philanthropy – exemplified by institutions like the Ford Foundation. Nordic societies, by contrast, fund comprehensive public services through higher taxation, as shown in Table 4.1. When these taxes deliver efficient services, Nordic citizens generally view them as worthwhile investments.[91]

Critics of capitalism, from Oscar Wilde to Martin Luther King Jr., have argued that philanthropy represents a fundamental flaw in capitalism rather than a virtue. Wilde contended that philanthropic remedies "merely prolong" rather than cure societal ills,[92] while King warned that philanthropy must not obscure "the circumstances of economic injustice which make philanthropy necessary."[93]

Policies and Stakeholder Capitalism

The call for stakeholder capitalism by the US CEOs of the Business Roundtable American business leaders is laudable but remains

Table 4.1 *Tax revenue as % of GDP*

	Tax revenues % 2017	Tax revenues % 2000
Denmark	46.0	46.9
Finland	43.3	45.8
Iceland	37.7	36.3
Norway	38.2	41.9
Sweden	44.0	49.0
US	27.1	28.2
France	46.2	43.4
OECD (average)	34.2	33.8

Source: Eric S. Einhorn, "Scandinavian Taxes and the Good Society," *Scandinavian Review* 106, no. 2 (Summer 2019): 38–47.

[91] Anu Partanen, "What Americans Don't Get about Nordic Countries," *The Atlantic*, March 16, 2016.
[92] Oscar Wilde, *The Soul of Man under Socialism* (Boston: J. W. Luce & Co., 1910).
[93] Martin Luther King Jr., *Strength to Love* (Boston: Beacon Press, 2019), 25.

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largely unsupported by necessary policy changes. As Anu Partanen suggested in her 2019 *New York Times* feature, Nordic business leaders have long embraced a stakeholder view of the firm that includes their longstanding support of policies related to robust universal public services. "What Nordic businesses do is focus on business – including good-faith negotiations with their unions – while letting citizens vote for politicians who use government to deliver a set of robust universal public services," Partanen wrote.[94]

In 2019, I was invited to testify at a US congressional hearing hosted by the Small and Medium-Sized Business Committee. The hearing centered on the Business Roundtable's recent endorsement of a stakeholder view of the corporation, signaling a departure from Milton Friedman's doctrine of corporate purpose as profit maximization for shareholders.

I recognized the promising change in the discourse by American business leaders. Yet, I stressed the need for impactful policy and practice changes to make the stakeholder concept a reality. Drawing upon Nordic nations' comprehensive social policies, including paid parental leave and accessible quality healthcare, and the Nordic business community's widespread support for them, I argued these Nordic policies could provide inspiration and good examples for successfully implementing a version of stakeholder capitalism in the US. This approach could allow US businesses, particularly small and medium-sized enterprises, to focus on their core activities without the burden of providing extensive employee benefits.[95]

My proposals, however, faced resistance. For instance, Representative Jim Hagedorn championed American capitalism as unrivaled, viewing any deviation as anti-capitalistic. "Now, Mr. Strand," he began, "I wanted to talk with you about your testimony because I was concerned that it was going against capitalism and undercutting some of the things that we've proven in the United States with our free enterprise capitalist system that really is – there is no better system." His counterpoint lauded American capitalism as superior on the global stage and crediting it for the majority of all global

[94] Partanen and Corson, "Finland Is a Capitalist Paradise."

[95] Statement of Dr. Robert Strand, presented to the U.S. House Committee on Small Business, Hearing on "Embracing Corporate Social Responsibility: Small Business Best Practice," December 4, 2019, accessed May 25, 2025, https://shorturl.at/emnUE.

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innovation and providing American citizens with cheap energy. He concluded, "If it weren't for the United States, which I would subscribe that we've done more for the world than the world has done for us, where would we be? And I think it's most all because of our system of free enterprise capitalism."[96]

Such viewpoints tend to disregard certain facts, such as the heavy subsidies granted to fossil fuel corporations in the US who also frequently pay no federal taxes,[97] and the significant negative externalities related to the production and consumption of fossil fuels that go uninternalized in the prices, making fossil fuel prices cheaper than the costs fossil fuels inflict on society and future generations of people not yet born.[98] It also overlooks the energy innovations from Nordic countries like Denmark, which has become a global leader in wind energy production.[99]

Despite these diverse perspectives, our shared global challenges provide a potential platform for unity. In retrospect, during my testimony, none of us could have predicted the imminent global Covid-19 pandemic or its potent demonstration of our global interdependence, and a Nordic innovation would prove central to saving millions of lives in the US and worldwide. The modern ventilator resulted from a series of Nordic innovations involving the medical innovation of pressure ventilation by Danish physician Bjørn Ibsen and its mechanization by the Swedish company Engström.[100] This case exemplifies how we benefit from innovations, regardless of their origin.

[96] Representative Jim Hagedorn, remarks during Embracing Corporate Social Responsibility: Small Business Best Practice, Hearing before the U.S. House Committee on Small Business, 116th Cong., 1st sess., December 4, 2019, accessed May 25, 2025, www.congress.gov/event/116th-congress/house-event/110289?s=1&r=9.

[97] David Coady, Ian Parry, Louis Sears, and Baoping Shang, "How Large Are Global Fossil Fuel Subsidies?" *World Development* 91 (2017): 11–27.

[98] Ben Machol and Sarah Rizk, "Economic Value of US Fossil Fuel Electricity Health Impacts," *Environment International* 52 (2013): 75–80.

[99] Rinie van Est, "The Success of Danish Wind Energy Innovation Policy," in *Successful Public Policy in the Nordic Countries: Cases, Lessons, Challenges*, ed. Caroline de la Porte, Guðný Björk Eydal, Jaakko Kauko et al. (Oxford: Oxford University Press, 2022), 45–65.

[100] Robert Strand, "The World Needs Nordic Innovation," *Nordic Kultur Magazine*, April 21, 2021, 27–28; Conor Friedersdorf, "The Doctor Who Had to Innovate or Else," *The Atlantic*, March 18, 2020.

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As debates around the future of capitalism evolve, Danish political leader Peter Hummelgaard's book *Den Syge Kapitalisme* (The Sick Capitalism) critically reflects on changes in the Nordic landscape. Hummelgaard offers a stark warning about the gradual adoption of American-style neoliberal policies that amount to what he terms "sick capitalism." He cautions that capitalism in Denmark is increasingly taking on the appearance of American capitalism with market deregulation and firms discussing profit maximization. This shift, he argues, poses significant risks to Denmark's traditionally inclusive and cooperative economic practices rooted in democratic principles. Hummelgaard emphasizes that a continued neoliberal trajectory could exacerbate socioeconomic inequality and concentrate power among a wealthy elite, thereby undermining the democratic foundations of Danish society that have been integral to the success of the Nordic model. His offerings align with broader concerns associated with oligarchic capitalism and advocate for a focus on strengthening democratic capitalism.[101]

The varieties of capitalism in practice throughout the world present a rich opportunity to learn from policy innovations irrespective of their origins. The rising interest in stakeholder capitalism in the US logically leads us to study the experiences of regions that have practiced stakeholder capitalism, like the Nordics.

Democracy: The Essential Foundation for Capitalism

The parallel histories of American and Nordic capitalism reveal a crucial lesson: capitalism requires robust democratic institutions and public accountability to function well. When democratic oversight erodes, capitalism often veers into dangerous territory – undermining human welfare, public trust, social stability, and the efficient functioning of markets.

Early American capitalism offers stark examples. Before democratic pressure led to federal regulation, profit-seeking behavior frequently endangered public health. In the late nineteenth century, milk sellers commonly adulterated spoiled milk with chalk or plaster of Paris to mask its condition – contributing to alarmingly high infant mortality rates in American cities. The horrific conditions in Chicago's

[101] Peter Hummelgaard, *Den Syge Kapitalisme: En Kritisk Analyse af Det Moderne Arbejdsliv* (Copenhagen: People's Press, 2018).

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meatpacking industry, exposed in Upton Sinclair's *The Jungle* (1906), revealed how unregulated capitalism prioritized profits over basic food safety. Public outrage prompted Congress to enact the Pure Food and Drug Act and the Meat Inspection Act in 1906, establishing the Food and Drug Administration – an institution born from democratic demands to hold markets accountable.

The tragedy of the Radium Girls in the 1920s further illustrates this dynamic. Factory workers who painted watch dials with radioactive paint were falsely assured the substance was safe, leading to devastating health consequences, including painful bone deterioration and fatal cancers. It was only through democratic action – spurred by investigative journalism, public outcry, and legislative intervention – that occupational safety standards were strengthened. In each case, it was not market forces but democratic institutions that corrected course. Significantly, these reforms did not impede capitalism but rather legitimized and stabilized it by aligning market activity with public welfare.

The Nordic countries, by contrast, embedded democratic accountability into their economic framework from the outset. Their experience demonstrates that capitalism need not be predatory when constrained and guided by democratic institutions. Strong labor unions, universal social systems, and stakeholder-oriented governance structures help ensure that market outcomes reflect broader societal interests. This democratic foundation has made Nordic capitalism both resilient and equitable, while still fostering economic dynamism.

Recent trends in American capitalism – marked by the oligarchic concentration of wealth and corporate power – underscore the ongoing importance of democratic guardrails. As public accountability weakens, familiar problems resurface: environmental degradation, unequal access to healthcare, and exploitative labor practices. The Nordic experience offers compelling evidence that capitalism functions best when tethered to democratic institutions capable of checking concentrated power and protecting the public interest.

Parting Reflections

American and Nordic capitalisms have distinct histories, illustrating the broad spectrum of possible capitalist systems. While both systems recognize private property rights as fundamental, they differ

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markedly in how these rights are balanced against broader societal interests. American capitalism has demonstrated a remarkable capacity for innovation and economic growth, but its tendency toward concentrated power and wealth increasingly threatens its democratic foundations. In contrast, Nordic capitalism disperses power more consistently with democratic ideals through structures like strong unions and universal social systems, exemplifying democratic capitalism.

A key lesson from Nordic capitalism is how it combines democratic deliberation with practical problem-solving: Government policies emerge through democratically rooted dialogue between diverse stakeholders and are continuously refined with attention to efficiency based on evidence rather than ideology. As *The Economist* emphasized in its 2013 special issue on the Nordics, "The main lesson to learn from the Nordics is not ideological but practical. The state is popular not because it is big, but because it works. A Swede pays taxes more willingly than a Californian because he gets decent schools and free health care."[102] This pragmatism has helped the Nordic nations consistently top global rankings, including the SDG Index. Though Nordic capitalism has faced challenges, its democratic foundations – built on structures and norms of cooperation and consensus-building – have repeatedly enabled successful adaptation to changing circumstances.

While Nordic capitalism is not yet sustainable, it possesses the essential ingredient to realize sustainable capitalism: a strong democratic foundation.

[102] "The Nordic Countries: The Next Supermodel," *The Economist*, February 2, 2013.

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PART II

Exploring Nordic Capitalism

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5 *Individual Level*
Nordic Leadership Is Cooperative Leadership

It has been claimed that there is a specific Nordic leadership style [characterized by] delegation of power and responsibility to employees, as well as a high degree of consensus-seeking where every employee's voice is important, [and] stresses the necessity of cooperation.

—Ulf Andreasson and Mikael Lundqvist, Nordic Council of Ministers, *Nordic Leadership*

This chapter examines how Nordic leadership norms at the individual level reflect and reinforce the cooperative underpinnings of Nordic capitalism. These Nordic leadership norms – characterized by cooperation, consensus-building, power-sharing, and collaborative decision-making – have proven more effective at addressing wicked problems like those represented by the Sustainable Development Goals. Moreover, these leadership norms are essential to the functioning of the Nordic tripartite model, where ongoing cooperation between labor, business, and government requires leaders skilled in building consensus across diverse stakeholder groups.

Individual-level analysis alone cannot explain societal-level outcomes. Subsequent chapters explore organizational-level and societal-level factors to paint a more complete picture of Nordic capitalism. By examining how individuals exercise leadership in the Nordic context, we gain crucial insights into how Nordic capitalism functions and how it has achieved its comparatively strong progress toward sustainable development.

What Is Leadership?

Leadership is often debated, and arriving at an agreed-upon leadership definition is not straightforward. Renowned leadership scholar Joseph Bass stated, "There are about as many different definitions

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of leadership as there are persons who have attempted to define the concept."[1] The proliferation of leadership definitions is partly because the word *leadership* has two distinct meanings: (1) a position of authority or a specific role at the top of a hierarchy (e.g., the "Leadership Team" composed of the CEO and C-suite) or (2) a process (i.e., something you do).[2]

This chapter focuses on leadership as a process. Anyone can exercise leadership; one need not be in a formal leadership position to practice the leadership process. Leadership scholar Joseph Rost provides a useful definition of leadership as a process. He defined leadership as "an influence relationship among leaders and followers who intend real changes that reflect their mutual purposes."[3] Rost's definition allows for a blurring of formal roles where, at any given time, a leader can become a follower, and a follower can become a leader.

Leadership is more commonly considered in terms of process in the Nordics rather than a position of formal authority, whereby Rost's definition provides a useful basis for defining leadership in the Nordic context. Nordic organizational hierarchies are generally flatter, formal roles are less pronounced, and individuals have a high degree of autonomy. In the book *Business Leadership and Culture*, Björn Bjerke wrote, "In Scandinavia, greater importance is attached to turning leadership into a process and a matter of cooperation, rather than a role or a quality."[4] Most everyone is expected to exercise leadership when the situation demands it, irrespective of their position.[5]

Rost's definition of leadership emphasizes the essential concept of mutual purpose. In this view, leadership is more than just influencing others; leadership involves fostering a shared sense of purpose. Such ideas of leadership directly connect to considerations of

[1] Joseph Bass, "Concepts of Leadership," in Bernard M. Bass with Ruth Bass, *The Bass Handbook of Leadership: Theory, Research & Managerial Applications* (New York: Free Press, 1990), 3–20.

[2] Brad Jackson and Ken Parry, *A Very Short, Fairly Interesting and Reasonably Cheap Book about Studying Leadership* (London: Sage Publications, 2007).

[3] Joseph C. Rost, *Leadership for the Twenty-First Century* (Westport: Greenwood Publishing Group, 1991).

[4] Björn Bjerke, *Business Leadership and Culture* (Cheltenham: Edward Elgar, 1999), citing Lars G. Lindkvist, *A Passionate Search for Nordic Management* (Copenhagen: Institut for Organisation, 1988).

[5] CEOs do not dine in separate lunch areas. Teachers and professors are called by their first names. Prime ministers are seen riding their bicycle to Parliament.

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leadership as "framing," as the leadership scholar Gail Fairhurst has developed.[6] Establishing a shared view of mutual purpose among many stakeholders involves leadership processes such as negotiation and consensus-building, which focus on clarifying the group's higher order purpose.

Much ink has been spilled considering whether Hitler, Stalin, or other nefarious figures throughout history demonstrated leadership. These individuals influenced millions of people. Does that represent leadership? These debates are effectively about purpose – whether purpose matters if we call something "leadership."

In my view, leadership is (i.e., descriptive) and should be (i.e., normative) rooted in ethical considerations.[7] I have been informed deeply by my experiences studying leadership across the Nordic context and through my ongoing conversations with Mads Øvlisen, the former CEO of Novo Nordisk. I would, therefore, categorize the actions of Hitler, Stalin, and others who pursue a purpose that harms the common good as *unethical coercion* – not leadership.

Therefore, the question is not merely "What is leadership?" but rather "What is *good leadership*?" Here, the word "good" has a dual meaning: (1) Effective and (2) Contributing to the common good. Figure 5.1 illustrates that good leadership requires both effectiveness and a purpose aligned with the common good.

The "common good" refers to conditions, outcomes, or resources that benefit members of a community or society, enhancing the well-being of individuals as a collective rather than focusing on the advantage of specific groups or individuals at the expense of others. The concept of the common good has its roots in ancient Greek philosophy. It has been a central theme in various ethical, social, and political discussions throughout history, from the works of Plato and Aristotle to contemporary debates. Balancing individual freedoms with the needs and well-being of the community or society is a key challenge in realizing the common good.[8]

[6] Gail T. Fairhurst, *The Power of Framing: Creating the Language of Leadership* (San Francisco: John Wiley & Sons, 2011).

[7] Many fruitful conversations with Mads Øvlisen, former CEO of Novo Nordisk and Chairperson of LEGO, have deeply influenced my thinking about Nordic leadership.

[8] For further considerations of the common good in a modern context, see Robert B. Reich, *The Common Good* (New York: Alfred A. Knopf, 2018).

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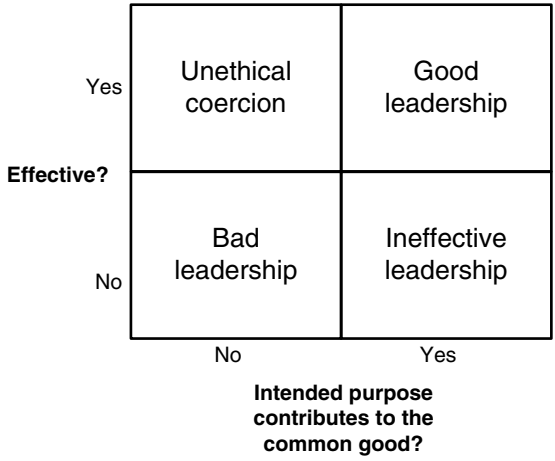


Figure 5.1 Good leadership?

In sum, we can define *good leadership* as an influence relationship between leaders and followers (where a follower can become a leader and vice versa) who intend to effect real changes that reflect their mutual purposes – and each purpose contributes to the common good.

Considering this leadership definition, we can prosperously use the Sustainable Development Goals as a "purpose compass" because each SDG represents a consideration for the common good. SDG #1 "No Poverty," SDG #3 "Good Health and Wellbeing," SDG #4 "Quality Education," SDG #13 "Climate Action," and so on, all the SDGs share the common feature that they are various expressions of the common good.

Therefore, aligning the purpose to the SDGs helps to ensure alignment with the common good. However, tensions can readily arise in the pursuit of the common good. Alignment to one SDG may conflict with another. The pursuit of SDG #8 "Decent Work and Economic Growth" could negatively impact SDG# 14 "Life Below Water" or SDG #15 "Life on Land" if the associated economic activities cause environmental harm. The common good is a concept subject to varying interpretations, where achieving it often involves navigating inherent tensions and disagreements among stakeholders with different values and priorities. Good leadership is necessary to address the tensions that can arise and build consensus about the actions to take.

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Wicked Problems

The SDGs share another feature: Each of the SDGs represents a wicked problem.

The concept of wicked problems was launched on the global stage by Horst Rittel and Melvin Webber, two University of California, Berkeley, professors, in their classic 1973 article, "Dilemmas in a General Theory of Planning."[9] A wicked problem is described as extremely difficult – if not nearly impossible – to solve because of its complexity, the uncertainty of potential solutions, the lack of a defined stopping point, the commingling of the wicked problem with other problems (which can be wicked problems in their own right), and the need for cooperation among actors who may have never collaborated before.

Wicked problems are often profoundly values-laden and situated within ongoing ethical debates contributing to their challenging nature. Some groups may have different beliefs about the problem because they subscribe to different values or schools of ethical thought that result in contrary opinions about what is "right" or "wrong."

As a result, wicked problems often involve disagreements about whether there is even a problem in the first place.[10] For example, SDG #5 "Gender Equality" has the mission statement to "Achieve gender equality and empower all women and girls." Iceland is routinely cited as achieving the world's highest levels of gender equality, topping WEF's Global Gender Gap Index in each of the seventeen years since the report's inception in 2009. Nevertheless, much work remains to

[9] H. W. Rittel and M. M. Webber, "Dilemmas in a General Theory of Planning," *Policy Sciences* 4, no. 2 (1973): 155–169. See Andrejs Skaburskis, "The Origin of 'Wicked Problems,'" *Planning Theory & Practice* 9, no. 2 (2008): 277–280. See also P. Tatham and L. Houghton, "The Wicked Problem of Humanitarian Logistics and Disaster Relief Aid," *Journal of Humanitarian Logistics and Supply Chain Management* 1, no. 1 (2011): 15–31; S. Jentoft and R. Chuenpagdee, "Fisheries and Coastal Governance as a Wicked Problem," *Marine Policy* 33, no. 4 (2009): 553–560; B. W. Head, "Wicked Problems in Public Policy," *Public Policy* 3, no. 2 (2008): 101; J. C. Camillus, "Strategy As a Wicked Problem," *Harvard Business Review* 86, no. 5 (2008): 98; and Jonathan Haidt, "Three Stories about Capitalism," *The Righteous Mind*, July 20, 2014, accessed May 25, 2025, https://righteousmind.com/three-stories-about-capitalism/.

[10] Consider SDG #10 "Reduced Inequalities." Some people may take great exception to growing economic inequalities on ethical grounds, whereas others may embrace inequalities as part of some natural order akin to only the strong survive.

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be done, even in Iceland, because women are measured at only 92.6 percent (2025) parity to men across a suite of dimensions, including economic empowerment.[11] However, some groups may deny that gender inequality is a problem in the first place. Similarly, the wicked problem of climate change, SDG #13 "Climate Action," is even more challenging as some groups deny it is a problem in the first place.[12]

Rittel and Webber contrast wicked problems with "tame problems." Tame problems are not necessarily easy to solve but they are solvable through proven means. Solving tame problems became central to modern management education following the Industrial Revolution – challenges suited to quantification, standardization, and efficiency. Optimizing factory production, streamlining logistics, or solving a complex equation are all tame problems. Even putting a person on the moon, while extraordinarily difficult, qualified as a tame problem because it could be addressed through scientific and technical methods with clear endpoints.

As industrialization advanced, the world's challenges were increasingly treated as tame problems – issues to be solved through rational planning, measurable outcomes, and techniques taught in industrial engineering and MBA programs. Henry Ford, widely celebrated as an American hero of efficiency, embodied this approach. His deployment of Taylorism remains a staple of management education and is still held up as a success story. Rittel and Webber wrote:

> During the industrial age, the idea of planning, in common with the idea of professionalism, was dominated by the pervasive idea of *efficiency*. Drawn from 18th-century physics, classical economics and the principle of least means, efficiency was seen as a condition in which a specified task could be performed with low inputs of resources. This has been a powerful idea. It has long been the guiding concept of civil engineering, the scientific management movement, much of contemporary operations research, and it still pervades modern government and industry.[13]

While important efficiency advancements of historic proportions were unquestionably being made, Rittel and Webber were troubled

[11] WEF, *Global Gender Gap Report 2025* (Geneva: WEF, 2025), accessed September 28, 2025, www.weforum.org/reports/global-gender-gap-report-2025/.
[12] Project Drawdown helps to tame climate change by offering solutions. See Hawken, ed., *Drawdown*.
[13] Rittel and Webber, "Dilemmas in a General Theory of Planning," 158.

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by what they felt was a growing arrogance among a professional class that believed that all problems could be solved through rationalization, planning, and more efficiency. Rittel and Webber utilized the problem of poverty as a different problem from the tame problems.

Poverty is a wicked problem made all the more wicked because it is commingled with other wicked problems. With a wicked problem, it is difficult to know where the problem starts and ends and even how to define the problems at hand. Poverty was a different kind of problem than what the efficiency professionals who emerged from the industrial revolution had grown accustomed to solving. Rittel and Webber wrote:

> Consider, for example, what would be necessary in identifying the nature of the poverty problem. Does poverty mean low income? Yes, in part. But what are the determinants of low income? Is it deficiency of the national and regional economies, or is it deficiencies of cognitive and occupational skills within the labor force? If the latter, the problem statement and the problem "solution" must encompass the educational process. But, then, where within the educational system does the real problem lie? What, then, might it mean to "improve the educational system"? Or does the poverty problem reside in the deficient physical and mental health?[14]

Today, we also know the problem of poverty as SDG #1 "No Poverty." Within this short excerpt, Rittel and Webb connect several SDGs, each of which is a wicked problem in its own right. They begin with SDG #1 "No Poverty." In discussing low income, they connect it with SDG #8 "Decent Work and Economic Growth." They then contact that wicked to education, thereby moving into the realm of SDG #4 "Quality Education." They also raise the specter of physical and mental health issues, which is SDG #3 "Good Health and Well-Being," as connected to poverty. Rittel and Webb demonstrate how the wicked problems represented by the SDG are deeply commingled and exceedingly difficult, if not impossible, to definitively "solve."

Wicked Problems Demand Cooperation

Leadership scholar Keith Grint provides crucial insights into how different types of problems demand different leadership responses. In his influential article "Problems, Problems, Problems: The Social

[14] Rittel and Webber, "Dilemmas in a General Theory of Planning," 161.

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Construction of Leadership," Grint categorizes problems as critical, tame, or wicked – each requiring a distinct approach. His central question is deceptively simply: What is good leadership for the problem at hand?[15]

Critical problems call for a commander response. These are urgent, high-stakes situations – the building is on fire – where there's no time for deliberation and the leader must provide a decisive answer for what to do.

Tame problems, Grint explains, are best addressed through management: planning, organizing, and applying proven solutions to well-defined challenges. Increasing factory production, creating transportation timetables, building bridges, and designing computers are all examples of tame problems – complex challenges that can be solved through technical expertise and established procedures. These are the problems that emerged alongside industrialization and respond well to Taylorism and the efficiency techniques taught in industrial engineering and MBA programs.

Wicked problems, by contrast, require a fundamentally different approach. These problems are deeply intertwined with other issues, shaped by conflicting values, and resistant to clear solutions. They demand leadership grounded in humility and cooperation. As Grint notes, the more wicked the problem, the greater the "requirement for collaborative resolution." Wicked problems may not have definitive solutions, but they can be approached constructively through asking better questions and engaging others in the search for shared, workable paths forward.

This distinction matters because leaders often misdiagnose the problem type. Too frequently, leaders default to a commander or management approach not because it is suited to the problem, but because it is the response they're most comfortable delivering. A leader who declares, "I have the answer," in the face of a wicked problem may be acting on preference, not accurate assessment. Treating wicked problems as tame or critical risks overconfidence – and poor outcomes. Progress on wicked problems requires the humility to admit no single actor holds the answer, and that constructive action depends on asking good questions and fostering real cooperation

[15] Keith Grint, "Problems, Problems, Problems: The Social Construction of Leadership," *Human Relations* 58, no. 11 (2005): 1467–1494.

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Nordic Leadership Norms: Cooperation at the Core

As we shift attention to leadership norms in the Nordic context, I detail how cooperation is at the core of Nordic leadership, supported by several closely related leadership norms. A norm is a shared rule about acceptable or unacceptable social behavior. Norms can be thought of as a tendency or a cultural default position.

I draw upon comparative leadership scholarship, including the Global Leadership and Organizational Behavior Effectiveness (GLOBE) study, and my own experiences and scholarship comparing leadership approaches in Nordic and US contexts. As will become apparent, norms of Nordic leadership are particularly well suited to addressing sustainability challenges given the "increasing requirement for collaborative resolution" to address wicked problems.

Norms of Cooperation

Leadership scholarship is performed by management scholars studying organizations. Given that expectations for cooperation so deeply permeate Nordic culture, it feels odd to call it out as a norm unique to the act of leadership. But on a comparative level, like the Nordics vis-à-vis the US, expectations for cooperation is readily apparent defining aspect of Nordic leadership.

Expectations for cooperation permeate all facets of Nordic society, evident from the youngest ages. Children are taught in childcare about democratic principles and resolving conflicts by leveraging cooperation and consensus-building. In grown-up venues, like negotiations between employers and labor unions, cooperative relationships are built upon trust and long-term mutual interests.[16] Perhaps not surprisingly, individuals from the Nordics are routinely sought on the global stage as effective and trustworthy peace brokers, able to establish a cooperative posture between various actors in the most conflict-ridden circumstances.

[16] Nordic countries are widely recognized for their skillful leadership to foster cooperation between stakeholders and are commonly sought as trusted partners to negotiate peace in global conflicts. The Nobel Peace Institute in Norway is a physical testament to the longstanding Nordic promotion of peace. See Archer and Joenniemi, *The Nordic Peace*; and P. V. Jakobsen, "Small States, Big Influence: The Overlooked Nordic Influence on the Civilian ESDP," *Journal of Common Market Studies* 47, no. 1 (2009): 81–102.

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In the book *Return of the Vikings*, Chris Shern and Henrik Jeberg emphasize the central role of cooperation throughout Nordic life, drawing upon their comparative experiences, each working and living in the Nordics and the US. They offer that "collaboration and cooperation are effective in the workplace and in coalition politics in the Nordics because they come naturally. This way of thinking and acting is what people have known all their lives."[17] The authors contrast US norms, describing how competition is routinely celebrated and embraced.

Bjerke emphasizes that Nordic cooperation is achieved through consensus-building and effective negotiation: "The typified Scandinavian business leader is a *negotiator*. Scandinavian top managers stress that their most important ability is to obtain results in cooperation with the employees, combined with their ability to negotiate."[18] Bjerke further describes, "They are not autocratic, but use a delegating and participatory style; use power if necessary, but then based on legitimacy; consult their subordinates; look for cooperation, compromises, and consensus; are collective individuals."[19] This seemingly contradictory idea of "collective individuals" took my American mind a long time to grasp.

Individuals throughout the US and Nordics value individual freedom and autonomy. Still, the Nordics maintain that individual freedom is more effectively achieved by considering the collective We, whereas the US embraces the Me as the means.

Like many cross-cultural leadership writings, the *Nordic Leadership* report relies heavily on the work of social psychologist Geert Hofstede. Hofstede constructed the masculine–feminine cultural dimension against which tendencies for (or against) cooperation and consensus-building are measured.[20] The Nordic nations were deemed the most feminine societies globally. The US resides in the masculine zone.[21]

[17] Chris Shern and Henrik Jeberg, *Return of the Vikings: Nordic Leadership in Times of Extreme Change* (Virum: Dansk Psykologisk Forlag, 2018), 31.
[18] Bjerke, *Business Leadership and Culture*, 213.
[19] Bjerke, *Business Leadership and Culture*, 217.
[20] Geert Hofstede, *Culture's Consequences: Comparing Values, Behaviors, Institutions, and Organizations across Nations* (London: Sage Publications, 2001).
[21] The masculine–feminine dimension is often critiqued for perpetuating gendered stereotypes. In my view, *nurturing* is a more suitable term for Hofstede's *feminine* label, expressing the overall intent of this cultural

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The *Nordic Leadership* report provides this useful characterization of Hofstede's masculine–feminine cultural dimension:

> Masculinity represents a preference in society for performance, heroism, determination, and materialistic rewards for success. Femininity stands for a preference for cooperation, modesty, care of the weak, and quality of life. These opposing pairs can also be described such that society, in the first case, is more inclined to competition or, in the second case, is more oriented to consensus.[22]

In *Sustainability Leadership*, Henrik Henriksson and Elaine Weidman Grunewald connect cooperation and consensus-building across Nordic societies to the global sustainability leadership role the Nordics has assumed, emphasizing the important role of leadership to establish a mutual purpose, and steering activities toward addressing that purpose.[23]

Norms of Modesty

Modesty is one of the more immediately observable norms of Nordic leadership. The need for "saving face" is rejected as a conspicuous act of self-promotion. In the Nordics, effective leadership requires leaders to look a bit foolish from time to time – not have all the answers – and to be able to laugh at themselves in a self-deprecating manner. The GLOBE study is arguably the most extensive cross-cultural comparative leadership study ever undertaken. Leadership norms related to modesty are discussed within comparisons of self-protective leadership:

dimension without reinforcing gendered stereotypes. However, I am not entirely sure *masculine* should be discarded altogether, as the expression *toxic masculinity* remains a helpful descriptor for the dark side of hypercompetitive cultures of bravado and chauvinism. Nordic societies are frequently described as among the most nurturing societies in the world. University of California, Berkeley, Professor Dacher Keltner has championed the expression "survival of the best nurtured" as a better-informed descriptor than the competitively minded "survival of the fittest." See Dacher Keltner, *Born to Be Good: The Science of a Meaningful Life* (New York: W. W. Norton & Company, 2009).

[22] Ulf Andreasson and Mikael Lundqvist, *Nordic Leadership*, Analysis Report No. 02/2018 (Copenhagen: Nordic Council of Ministers, 2018), 29.

[23] Henrik Henriksson and Elaine Weidman Grunewald, *Sustainability Leadership: A Swedish Approach to Transforming Your Company, Your Industry and the World* (London: Palgrave Macmillan, 2020).

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It is apparent that the Nordic Europe cluster is characterized by its extremely low ranking for Self-Protective leadership. Being self-centered, status conscious, face saving, and inducing conflict are attributes seen as extremely inhibiting to effective leadership.[24]

When discussing the norm of modesty in Nordic leadership, individuals commonly reference *Janteloven* – a term derived from Aksel Sandemose's 1933 satirical novel *En flyktning krysser sitt spor* (*A Fugitive Crosses His Tracks*). Originally conceived as a critique of small-town social control mechanisms, with the core principle "you're not to think you are more important than anybody else," *Janteloven*'s cultural interpretation has evolved. While Sandemose intended to illuminate the oppressive aspects of social conformity, contemporary Nordic discourse has reframed *janteloven* more positively as an expression of social solidarity and collective responsibility.

Contemporary scholarship discusses *Janteloven*'s paradoxical role in Nordic organizational culture. While potentially constraining individual excellence through what has been termed "tall-poppy syndrome," the norm simultaneously facilitates cooperation by suppressing displays of individual superiority that might impede collective action.[25] Organizational behavior research suggests that reduced status differentiation enhances information sharing and trust formation, critical components for effective stakeholder cooperation.

The norm of modesty (not worrying about "saving face") is essential to effectively tackle wicked problems since these problems come with far more questions than answers. Revisiting Grint's figure, we see that the more wicked a problem is, the more uncertainty about its solution. Asking questions is essential to better understanding potential courses of action. If concerned about saving face, one will be less likely to expose one's lack of an answer by asking questions – and ultimately less likely to act.

[24] P. W. Dorfman, P. J. Hanges, and F. C. Brodbeck, "Leadership and Cultural Variation: The Identification of Culturally Endorsed Leadership Profiles," in *Culture, Leadership, and Organizations: The GLOBE Study of 62 Societies*, ed. Robert J. House, Paul J. Hanges, Mansour Javidan, Peter W. Dorfman, and Vipin Gupta (Thousand Oaks: Sage Publications, 2004), 689–690.

[25] Cornelius Cappelen and Stefan Dahlberg, "The Law of Jante and Generalized Trust," *Acta Sociologica* 61, no. 4 (2018): 419–440.

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Norms of Humanism

Ideals of humanism run deep in Nordic culture and are readily apparent in Nordic leadership. Humanism is "a democratic and ethical life stance that affirms that human beings have the right and responsibility to give meaning and shape to their own lives. Humanism stands for building a more humane society through an ethics based on values in a spirit of reason and free inquiry through human capabilities."[26]

Humanism has not been explicitly called out as a leadership norm in prior scholarship, to my knowledge, but it is merited. In their report, *The Nordic Perspective*, the Nordic Council of Ministers wrote, "Compassion, tolerance, and conviction about the equal value of all people" are central to a Nordic approach to the world.[27]

When studying leadership in the Nordics, I saw individuals like Marianne Barner of IKEA and Mads Øvlisen of Novo Nordisk practice a humanistic leadership approach. Barner was the key architect and implementer of the humanistic policies IKEA established for its supply chain in the 1990s–2000s, including "what is in the best interest of the child" if one ever encountered the potential for child labor in a supply chain.[28] At the time, many American-based firms facing pressures to address child labor in their supply chains adopted a rather simplistic compliance approach of dropping a supplier if child labor allegations arose for fear of consumer backlash and potential boycotts. However, as described in *What Works for Working Children*, this reaction can result in worse working conditions for a child laborer, including child prostitution.[29]

Through Barner's leadership, IKEA developed procedures and a code of conduct to address the root causes of child labor and take

[26] Humanists International, "What Is Humanism?" accessed May 25, 2025, https://humanists.international/what-is-humanism/.

[27] Nordic Council of Ministers, *The Nordic Perspective: Strategy for International Branding of the Nordic Region 2015–2018*, ANP 2015:708 (Copenhagen: Nordic Council of Ministers, January 28, 2015), doi.org/10.6027/ANP2015-708.

[28] Robert Strand, "Scandinavian Cooperative Advantage: The Case of IKEA," in *World Humanism: Cross-Cultural Perspectives on Ethical Practices in Organizations*, ed. S. Khan and W. Amann (London: Palgrave Macmillan, 2014), 63–80.

[29] Jo Boyden, Birgitta Ling, and William Myers, *What Works for Working Children* (Stockholm: Save the Children, 1998).

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action in the child's best interest, resulting in the IWAY (for "IKEA Way") standard of requirements for environmental, social, and working conditions. *Harvard Business Review* has since featured Barner as the protagonist of one of the most well-known Harvard case studies of responsible business leadership challenges. The case demonstrates how deep-seated reverence for humanism was embedded in the leadership shown by Barner and IKEA.[30]

Norms of Democracy

The Nordic region demonstrates a long-standing commitment to the ideals of democracy. Democratic ideals can be found in every aspect of society, including leadership. Democracy is fundamentally about the dispersion of power; the Nordic leadership norm of democracy is directly related to the norm to disperse power throughout the organization. Bjerke referred to this leadership approach in the Nordics as "non-authoritative" leadership.

The Nordic leadership norm of democracy and embracing the stakeholder approach are two sides of the same coin. The stakeholder approach represents an effort to extend democratic participation and disperse power. Swedish management scholar Eric Rhenman, a longtime champion of industrial democracy, was an originator of the stakeholder concept.

The first time "stakeholder" appeared in management literature anywhere in the world was in Rhenman's classic 1968 book *Industrial Democracy and Industrial Management*.[31] Rhenman connected the practice of democratic leadership with improved efficiency and greater equality of opportunities for employees:

> First, it is expected that democratic measures will arouse the employee's interest and cooperation. Secondly, it is hoped that if employees have a greater part in running the business, it will be easier to tap their resources

[30] C. A. Bartlett, V. Dessain, and A. Sjöman, "IKEA's Global Sourcing Challenge: Indian Rugs and Child Labor," Harvard Business School Case Study #9–906–414, November 14, 2006.

[31] Eric Rhenman, *Industrial Democracy and Industrial Management: A Critical Essay on the Possible Meanings and Implications of Industrial Democracy* (London: Tavistock Publications, 1968). The Swedish version was first published in 1964 and used the Swedish word *intressent* – somebody with an interest.

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of experience, knowledge and ideas. In the long run, this should provide the employees themselves with greater opportunities for personal development and education.[32]

Rhenman connected his prescriptions for power dispersion to the broader debate between capitalism versus communism. He critiqued Marx's assertion that capital owners and laborers were necessarily in conflict: "From the early days of industrialization and of the labor movement, conflict between employer and employee has been a marked social phenomenon … In his criticism of eighteenth-century capitalism, Marx was one of a motley company of writers, all extreme as himself, who in their different ways regarded conflict as something fundamental and explosive."[33]

In *Management in Scandinavia*, authors Jette Schramm-Nielsen, Peter Lawrence, and Karl Henrik Sivesind described how the Nordic leadership norm of democracy is a product of culture and policy.[34] They summarize Nordic leadership as "characterized by informality, equality, and restraint" that takes a "consensual, participative, and inclusive approach to decision making and change implementation." The authors emphasize that Nordic leadership involves "a reluctance by most managers to articulate their power, an inclination to reasonableness and quiet persuasion, rather than to charismatic dominance."[35] They further connect the Nordic leadership democracy norm with efficiency, stating that the Nordics "have developed a management style which is extraordinarily participative and process-oriented without losing the battle for efficiency."[36]

Norms of Pragmatism, Critical Thinking, Systems Thinking, and Stewardship

While the following norms of pragmatism, critical thinking, systems thinking, and stewardship are not well established in the leadership

[32] Rhenman, *Industrial Democracy and Industrial Management*.
[33] Rhenman, *Industrial Democracy and Industrial Management*, 33.
[34] Jette Schramm-Nielsen, Peter Lawrence, and Karl Henrik Sivesind, *Management in Scandinavia: Culture, Context and Change* (Glos: Edward Elgar Publishing, 2004).
[35] Schramm-Nielsen, Lawrence, and Sivesind, *Management in Scandinavia*, 181.
[36] Schramm-Nielsen, Lawrence, and Sivesind, *Management in Scandinavia*, 1.

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scholarship, through my own experiences, I am convinced of their importance to more fully describe Nordic leadership.

Pragmatism is deeply embedded in Nordic leadership. A pragmatic approach involves collecting and considering empirical evidence (data) to determine what works, then adjusting as needed to do more of what works and less of what does not. Bjerke summarized this approach as "rational and practical": "Scandinavians prefer systematic, rational, and detailed problem-solving, where decisions may not necessarily come fast, but where problems are well penetrated when decisions are taken."[37]

Nordic governmental agencies demonstrate "a voracious appetite for data,"[38] and Nordic companies can say the same. In the Nordics, leadership depends heavily upon the merits of the rational argument and its supporting facts. Nordic leadership is strikingly less charismatic than in the US, where showmanship is more greatly valued. In the Nordics, facts and data matter most in influencing others to take action.

The pragmatic leadership approach often leads to cooperation that spans traditional boundaries when such partnerships are of mutual benefit. Strong engagement and cooperation can be readily observed among Nordic companies, labor unions, government, universities, and research institutions.[39] The collaborative relationships between company management and labor unions are essential in a Nordic context and directly supported by the pragmatism leadership norm.[40]

Critical thinking is pervasive in Nordic culture and, in my view, represents a unique Nordic leadership norm. Critical thinking is "the systematic evaluation or formulation of beliefs, or statements, by rational standards,"[41] and therefore related to pragmatism. Nordic educational systems emphasize critical thinking through specific pedagogical practices, including mandatory oral examinations where

[37] Bjerke, *Business Leadership and Culture*, 204.
[38] Bjerke, *Business Leadership and Culture*, 207. See also Peter Lawrence and Tony Spybey, *Management and Society in Sweden* (London: Routledge, 1986), 21–22.
[39] Bjerke, *Business Leadership and Culture*, 217.
[40] Largely due to the structuring of Nordic labor unions, to which a majority of individuals belong. "We are all in the same boat" is the mantra of labor unions and management, a pragmatic approach to determining how best to work together.
[41] Lewis Vaughn, *Concise Guide to Critical Thinking* (Oxford: Oxford University Press, 2017), 2.

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students must defend their analytical positions and extensive use of problem-based learning approaches.[42]

When I began teaching business school students in the Nordics, I was caught a bit off guard by many of my students' capacity and predisposition for critically examining the readings I had assigned. While my US students were more likely to treat my assigned readings, from the *Harvard Business Review*, as a suite of "facts," my Nordic students, by contrast, often picked apart the arguments within the articles, suggesting they were not sufficiently supported with sound empirical evidence or appropriate logic. Perhaps not surprisingly, Nordic countries perform conspicuously well in country-level measurements of critical thinking, like the Media Literacy Index that assesses a populace's potential for resilience to "post-truth" politics and "fake news."[43]

I am unaware of any formal cross-cultural academic study that draws out Nordic leadership as demonstrating comparatively more substantial critical thinking. However, when I encountered Donald Schön's book *The Reflective Practitioner*,[44] I found that he described what I had observed in the Nordics. The reflective practitioner exercises critical thinking as a central component of leadership, emphasizing the ability to reflect critically on one's actions to engage in continuous learning. Critical thinking is a fundamental aspect of Nordic leadership.

[42] When students leave compulsory school in Sweden, they should, across all subjects, be able to "make use of critical thinking and independently formulate standpoints based on knowledge and ethical considerations." See Skolverket, *Curriculum for the Compulsory School, Preschool Class, and the Recreation Centre* (Stockholm: Ordförrådet AB, 2011), 15, cited in Thomas Nygren, Jesper Haglund, Christopher Robin Samuelsson, Åsa Af Geijerstam, and Johan Prytz, "Critical Thinking in National Tests across Four Subjects in Swedish Compulsory School," *Education Inquiry* 10, no. 1 (2019): 56–75. In Denmark, when you see a green tablecloth on a classroom table, you know it is exam time. For students in ninth grade all the way through university, the oral examination is a common format in which students sit across from their teachers to reflect critically upon reading materials. Such assessment and encouragement of critical thinking are difficult to achieve through multiple-choice standardized tests.

[43] Marin Lessenski, "Just Think about It: Findings of the Media Literacy Index 2019," *Policy Brief 55* (Sofia: Open Society Institute, November 2019).

[44] Donald A. Schön, *The Reflective Practitioner: How Professionals Think in Action* (New York: Basic Books, 1983).

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Through my Nordic experiences, I became aware of the capacity to identify systemic problems and address them with effective systems. In contrast, I came to recognize a tendency in the US to push systems-level problems down to the individual in a reductionist approach. I found systems thinking to be a dominant leadership approach in the Nordics.

The reductionist approach that can be witnessed in the US arguably stems from a school of management developed and deployed in the Industrial Revolution; problems were considered solvable through rational means that involved reducing a problem to its elements and solving each more minor problem. Rittel and Webber poked holes in this "one-size-fit-all" approach by claiming that while a reductionist approach might work well to solve tame problems, wicked problems are different and require a view toward the overall system, to consider the "whole."

Nordic educational systems connect directly to systems thinking and committed consideration for the whole. Denmark, with its traditions of the *folkehøjskole* (folk school) centering on the philosophical idea of *Bildung*, is a good example (Chapter 4).[45] In 2020, David Brooks wrote in the *New York Times* about the Nordic approach of educating the whole person:[46]

> They look at education differently than we do. The German word they used to describe their approach, *Bildung*, doesn't even have an English equivalent. It means the complete moral, emotional, intellectual and civic transformation of the person. It was based on the idea that if people were going to be able to handle and contribute to an emerging industrial society, they would need more complex inner lives …
>
> … The idea was to create in the mind of the student a sense of wider circles of belonging – from family to town to nation – and an eagerness to assume shared responsibility for the whole.

The world is a system, and everything is connected – sustainability challenges are interconnected with other challenges.

The Nordic leadership norm, stewardship, serves as a helpful summation of all the Nordic leadership norms. Stewardship implies a

[45] Andersen and Björkman, *The Nordic Secret*; Vicky Eiben, "A Brief History of Folk Schools," Folk School Alliance / Folk Education Association of America, Spring 2015, accessed February 1, 2020, www.folkschoolalliance.org/a-brief-history-of-folk-schools.

[46] Brooks, "This Is How Scandinavia Got Great."

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self-imposed responsibility to care for something or someone for a considerable time. A stewardship approach focuses on value creation. In contrast, an extractive approach happens when one extracts as much value as possible. For a manager, this may mean extracting as much time and effort as possible from their direct reports. For a CEO or influential shareholder, this may mean extracting as much financial profit as possible from their company. An extractive approach tends to have a short-term perspective, whereas a stewardship approach emphasizes the longer term.

I realized stewardship was a fundamental norm of Nordic leadership through my engagements with Mads Øvlisen of Novo Nordisk. Øvlisen led the initiative during his tenure as CEO to change Novo Nordisk's articles of association to explicitly express a corporate purpose "to conduct its activities in a financially, environmentally, and socially responsible way" consistent with a stewardship approach.[47] I saw this tendency to embrace a stewardship approach with many Nordic leaders who worked hard to establish the structures to ensure better long-term success for their organizations.

Can Nordic Leadership Solve Every Problem?

Nordic leadership norms are well suited to tackle wicked problems like those of the SDGs. But that does not mean command and management responses are less important.

The video "Swedishness," shown at the 2013 Eurovision Contest in Malmö, Sweden, humorously depicts what could happen if a "typical" Nordic leadership response of cooperation and consensus-building was applied to a critical problem. The scene begins with the commander of a Swedish battalion calling upon his troops to attack, but the situation quickly devolves:

Battle scene. Tanks. Fire.

NARRATOR: What's interesting is, the Swedes are an extremely equal people. There are no hierarchies here. The Swedes prefer a so-called flat organization. [*Pans to soldiers in the middle of a war scene.*]

COMMANDER: We attack on my command!

SOLDIER (UNNAMED): Yes, Captain!

[47] Novo Nordisk, "Articles of Association 2021," accessed May 25, 2025, https://shorturl.at/Yul0l.

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COMMANDER: That is, if you feel like it. I mean, I don't have to decide everything all the time. Do you want to make a decision?
SOLDIER (UNNAMED): Oh, maybe it's Ingrid's turn. [*Turns to another soldier.*] Ingrid! Ingrid! Do you want to attack? [*Bomb goes off; everyone covers heads.*] Do you want to attack?
SOLDIER (INGRID): I think we should have a group discussion about this.
COMMANDER: That's a good idea!
SOLDIER (UNNAMED): We should bring in Lars, then.
COMMANDER: Yes.
SOLDIER (UNNAMED): Lars? Do you want to attack? [*Covers head as a bullet flies by.*]

This scene humorously highlights that while Nordic leadership thrives in cooperative settings, some urgent situations may require a more decisive, top-down commander approach. In keeping with Grint's leadership offerings, the problem must first be considered to determine the most appropriate leadership response.

Nordic leadership will not solve every problem. Nevertheless, it presents a compelling alternative to the dominant top-down, command-style leadership models that dominated twentieth-century US management teachings to address complex, interconnected challenges more effectively.

Nordic Leadership in the World

Nordic leadership norms are increasingly recognized beyond the Nordic region as offering a compelling alternative to the leadership models traditionally taught in many American business schools. As calls grow to reorient management education toward societal stewardship and stakeholder engagement rather than solely focusing on shareholder primacy, Nordic business schools are uniquely positioned to lead this shift. They draw upon leadership styles long promoted in a Nordic context emphasizing trust, collaboration, and long-term responsibility, and are now moving to articulate these approaches more explicitly. One such effort is the *Nordic Nine*, developed by Copenhagen Business School, where I completed my PhD.

The *Nordic Nine* outlines a set of leadership capabilities that reflect Nordic commitments to cooperation, modesty, stewardship, critical thinking, and democratic engagement. One of these capabilities – "*You are competitive in business and compassionate in society*" – captures the dual commitment to individual performance and collective

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well-being that defines Nordic leadership. Others emphasize ethical reflection, responsibility toward future generations, and learning as a mutual process.[48]

In this sense, the *Nordic Nine* responds to American business school critiques from Andrew Hoffman at the University of Michigan, who argues that business education is "broken" and must shift to train "stewards of the market." Hoffman's leadership vision aligns closely with the leadership norms promoted in Nordic societies and explicitly advanced by Copenhagen Business School through the *Nordic Nine*, which seeks to cultivate leaders capable of engaging complexity with humility, shared purpose, and a long-term view of value creation.[49]

In 2024, several practitioners and scholars of Nordic leadership penned the "Nordic Leadership Manifesto," a compelling call that underscores the significant potential Nordic leadership offers to the world. The manifesto criticizes traditional management models rooted in Taylorism, as put into practice by Henry Ford, which tend to treat individuals solely as means in an assembly-line approach and prioritize profit maximization. Instead, the Nordic Leadership Manifesto advocates for the dispersion of power and top-down control, aligning more closely with democratic ideals and leadership approaches in the Nordic context. Drawing upon the philosophical groundwork laid by Grundtvig, whose ideas of "nation building from below" emphasized the cultivation of a well-informed and engaged citizenry, the manifesto calls for leadership to be reconceived as a collective practice rooted in community. By emphasizing the cooperative and consensus-driven norms of Nordic leadership, the manifesto proposes that the Nordics can become the epicenter for a global management revolution, effectively rethinking leadership to tackle global challenges represented by the SDGs and to shape a sustainable and hopeful future.[50]

[48] Copenhagen Business School, "Nordic Nine," accessed May 24, 2025, www.cbs.dk/en/nordic-nine.

[49] Andrew J. Hoffman, "Business Education Is Broken: Here Are Strategies to Fix It," *Inspiring Minds*, May 9, 2024, Harvard Business Publishing, accessed May 9, 2024, https://hbsp.harvard.edu/inspiring-minds/business-education-is-broken; Andrew J. Hoffman, *Business School and the Noble Purpose of the Market: Correcting the Systemic Failures of Shareholder Capitalism* (Palo Alto: Stanford University Press, 2025).

[50] Christian Bason, Stina Vrang Elias, Roxana Kia et al., "Fremtidens ledere skal tro på håb og kærlighed" [Future leaders must believe in hope and love], *Mandag Morgen*, December 11, 2024, accessed May 25, 2025, www.mm.dk/artikel/fremtidens-ledere-skal-tro-paa-haab-og-kaerlighed.

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Parting Reflections

Nordic leadership, deeply embedded in cooperation and consensus-building, more effectively addresses wicked problems like those represented by the SDGs. The Nordic leadership approach contributes to the Nordic region's strong performance in meeting these goals and offers good examples whose potential application transcends regional boundaries. This approach is consistent with democratic ideals, distributing power widely across society to enhance responsiveness and accountability.

Leaders (and anyone practicing leadership) worldwide can adopt Nordic leadership principles, regardless of their cultural context. Many leaders have a default style that shapes their response to challenges; however, Nordic leadership emphasizes the importance of adapting one's approach by carefully considering the problems at hand. This flexibility is crucial, not just for the SDGs, where cooperation and consensus are often more effective than top-down directives, but also in urgent global crises.

The Danish response to the Covid-19 pandemic illustrates how Nordic leadership norms can facilitate swift, decisive action based on established trust and collective agreement. Under Prime Minister Mette Frederiksen, Denmark's early and comprehensive measures – closing borders, shutting schools, prohibiting large gatherings, and implementing supportive financial packages – demonstrated how effectively such leadership can minimize the impact of crises.

As wicked problems like those posed by the SDGs grow more urgent, so does the need for leadership to evolve into a process that mobilizes cooperation, builds consensus, and enables decisive action. The capacity to forge deep trust among stakeholders before crises arise is essential for rapid and effective responses. Nordic leadership offers pivotal lessons for navigating complex challenges and achieving more sustainable outcomes.

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6 *Company Level*
Nordic Cooperative Advantage

By pitting individuals [and companies] against one another within the survival-of-the-fittest atmosphere, narrators of the traditional approach to capitalism foster the notion of competition as a prerequisite to capitalist society … The focus on competition rather than cooperation is mistaken.

—R. Edward Freeman, stakeholder theorist, *Stakeholder Theory*

Great problems demand great solutions, rationally achieved by cooperation.

—E. O. Wilson, biologist, *The Social Conquest of Earth*

Nordic companies demonstrate a distinct approach to stakeholder cooperation that has proven effective in addressing complex sustainability challenges. The cooperative Nordic business ethos forms the foundation of what R. Edward Freeman and I term the "Nordic cooperative advantage" – defined as the "general tendency for companies in a Nordic context to implement a value-creating strategy based on cooperating with their stakeholders that results in robust value creation for the companies and their stakeholders."[1]

Tackling sustainability challenges like those represented by the SDGs demands effective stakeholder engagement, and the willingness and ability of Nordic companies to cooperate with their stakeholders has produced remarkable results in sustainability performance.

An earlier version of this material informed the development of Robert Strand, "Global Sustainability Frontrunners: Lessons from the Nordics," *California Management Review* 66, no. 3 (2024): 5–26. That article was adapted from preliminary drafts of this chapter and is reprinted with permission. The author retains all rights.

[1] Updated here from definition first published in Robert Strand and R. Edward Freeman, "Scandinavian Cooperative Advantage: The Theory and Practice of Stakeholder Engagement in Scandinavia," *Journal of Business Ethics* 127, no. 1 (2015): 65–85, doi.org/10.1007/s10551-013-1792-1.

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Denmark-based firms have been recognized as the "World's Most Sustainable Company" five times between 2005 and 2024 in the Global 100 list – more than any other nation, despite Denmark's small size.[2] The 2024 *Time* and Statista list included 12 percent Nordic-based companies versus 23 percent US-based firms in its top 500. Adjusted for size, Nordic companies were over five times more likely to be recognized for their sustainability performances.[3]

The Nordic approach distinguishes itself by embedding cooperation into corporate practice rather than treating stakeholder engagement as merely additive to strategy. This distinction, rooted in unique historical and institutional developments, produces comparatively strong sustainability outcomes.

Theoretical Foundations: The Rhenman Stakeholder Framework

The Swedish Institute for Administrative Research (SIAR) formalized the theoretical foundations of Nordic stakeholder engagement in the early 1960s, articulating principles embedded in Nordic business culture.[4] Under Eric Rhenman's leadership, SIAR developed conceptions of cooperative business-society relationships taught across the Nordic region and beyond. The institute's influence attracted global thought leaders like Henry Mintzberg, who later described this period as "a kind of golden age in Swedish management writing."[5]

Rhenman's 1964 work *Företagsdemokrati och Företagsorganisation* introduced the Swedish term *interessent* (meaning "somebody having an interest").[6] When this work was translated and published in English in 1968 as *Industrial Democracy and Democracy Management*, *interessent* was explicitly translated to "stakeholder,"

[2] Strand, "Global Sustainability Frontrunners."
[3] Alana Semuels, "World's Most Sustainable Companies of 2024," *Time*, accessed October 3, 2024, https://time.com/collection/worlds-most-sustainable-companies-2024/.
[4] Jan Lind and Eric Rhenman, "The SIAR School of Strategic Management," *Scandinavian Journal of Management* 5, no. 3 (1989): 167–176.
[5] Henry Mintzberg, "Foreword," in Richard Normann, *Reframing Business: When the Map Changes the Landscape* (Chichester: John Wiley and Sons, 2001), ix–xi.
[6] Eric Rhenman, *Företagsdemokrati och företagsorganisation* (Stockholm: Bokförlaget PAN/Norstedts, 1967; originally published 1964).

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marking the first appearance of the term. "Stakeholder" appeared in management literature accessible to scholars worldwide, predating any American publications.[7]

The Rhenman Stakeholder Framework

Rhenman's stakeholder framework departed from the corporate-centric view of business by conceptualizing the firm as a network of mutually dependent relationships. His stakeholder map – first published in Swedish in 1964 (see Figure 6.1) and translated into English in 1968 (see Figure 6.2) – was the first visualization of a stakeholder map to appear in management literature worldwide.

Rhenman's stakeholder maps depicted the company and its stakeholders through a series of overlapping ellipses, visually emphasizing the interdependence and mutual interests between the firm and its stakeholders. Rather than placing the corporation at the center of a hub-and-spoke model, as most subsequent visualizations would do, Rhenman's framework portrayed an interconnected network where the company existed as one node within a broader web of relationships.

This visualization reflected core Nordic cultural values, emphasizing cooperation and mutual interdependence over hierarchy and

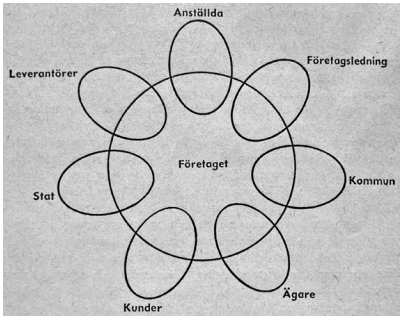


Figure 6.1 Stakeholder map (Rhenman, 1964).
Source: Eric Rhenman, *Företagsdemokrati och företagsorganisation* (Stockholm: Bokförlaget PAN/Norstedts, [1964] 1967), 36. Figure reproduced following good-faith efforts to obtain permission from Norstedts Förlagsgrupp; the rights holder could not be confirmed.

[7] Strand and Freeman, "Scandinavian Cooperative Advantage."

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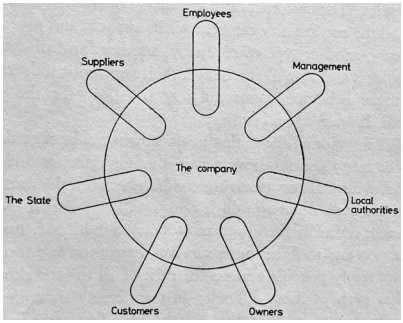


Figure 6.2 Stakeholder map (Rhenman, 1968).
Source: Eric Rhenman, *Industrial Democracy and Industrial Management* (London: Tavistock Publications, 1968), 25. Figure reproduced following good-faith efforts to obtain permission; the book is out of print and the rights holder could not be confirmed.

competition. Throughout the 1960s, 1970s, and 1980s, Rhenman's stakeholder framework achieved what scholars have termed "hegemonic status" in Nordic management academia, fundamentally shaping how Nordic companies approached stakeholder relationships.[8] Rhenman's theoretical contributions emerged from and reinforced distinctly Nordic cultural values prioritizing cooperation over competition.

The 1979 publication of Porter's "Five Forces" model highlighted the stark contrast between Nordic and American approaches. While Rhenman emphasized cooperation and mutual value creation, Porter's deeply influential framework cast stakeholders as competitive threats to be managed. This fundamental difference shaped how managers viewed relationships with suppliers and employees – as either cooperative partners or sources of competitive tension.

This stark contrast in approaches reflected deeper cultural and philosophical differences in how businesses understood their stakeholder relationships. While Porter's model reinforced an adversarial mindset, Rhenman's framework suggested that stakeholder relationships represent opportunities for collaborative problem-solving and shared value creation.

[8] Juha Näsi, "A Scandinavian Approach to Stakeholder Thinking: An Analysis of Its Theoretical and Practical Uses, 1964–1980," in *Understanding Stakeholder Thinking*, ed. Juha Näsi (Helsinki: LSR-Julkaisut Oy, 1995), 97–115; "What Is Stakeholder Thinking? A Snapshot of the Social Theory of the Firm," in *Understanding Stakeholder Thinking*, ed. Näsi, 19–32.

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Nordic versus US Corporate Models: Key Structural Differences

The Nordic cooperative advantage stems from institutional structures and cultural norms that differ from the US model in power distribution, long-term orientation, and stakeholder relations. These differences explain why voluntary US commitments to stakeholder capitalism often fail.

While US governance concentrates power in shareholders and executives, Nordic structures distribute it across stakeholders through three mechanisms: enterprise foundations buffering market pressures, codetermined governance giving labor formal voice, and institutionalized stakeholder engagement processes.

The long-term orientation between these corporate models reveals another crucial distinction. US companies operate under intense capital market pressures for quarterly performance metrics, leading to what management scholars have termed "short-termism." In contrast, Nordic companies benefit from institutional structures – particularly enterprise foundations – that buffer against such short-term pressures. These foundations, holding majority voting rights in perpetuity, enable corporate governance oriented toward long-term value creation and sustainable business practices. This institutional protection, combined with cultural expectations of corporate stewardship, facilitates the pursuit of ambitious sustainability initiatives that short-term market pressures might otherwise curtail.

The models further diverge in their fundamental conceptualization of stakeholder relationships. US companies, influenced by Porter's competitive forces framework, traditionally approach stakeholder relationships through a lens of power dynamics and potential conflict. Nordic companies, drawing from Rhenman's theoretical foundations, institutionalize stakeholder cooperation through formal mechanisms and cultural norms that emphasize mutual value creation. This orientation toward cooperative stakeholder engagement helps explain the documented outperformance of Nordic companies on quantitative sustainability metrics compared to their US counterparts.

Nordic Companies: Stakeholder Approach in Practice

The theoretical principles of the Nordic cooperative advantage – institutional support for stakeholder engagement, cultural norms

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favoring cooperation, and structures enabling long-term thinking – manifest distinctly in corporate practice. The following case studies illustrate how these principles translate into organizational behavior and strategic decision-making. Each case demonstrates different aspects of how Nordic institutional structures and cultural norms enable companies to pursue stakeholder cooperation more effectively than their global counterparts. Particularly noteworthy is how these companies connect stakeholder engagement to concrete sustainability outcomes aligned with the SDGs.

The case selection reflects three key considerations: sector diversity and associated sustainability challenges, distinctive manifestations of stakeholder cooperation, and contributions to specific SDGs. We begin with Ramboll, which exemplifies the core elements of Nordic capitalism discussed throughout this book. The subsequent cases then explore specific aspects of the Nordic cooperative advantage in greater detail.

Rambøll

Denmark-based Ramboll exemplifies Nordic stakeholder cooperation through both structure and practice. The company is almost entirely owned by the Ramboll Foundation, an enterprise foundation ownership model common across the Nordic region that supports long-term value creation anchored in ethical commitments. As the Ramboll Foundation affirms in Our Legacy, it is "deeply rooted in the Nordic tradition," a tradition of social cohesion, equality, trust, and respect for human dignity. These values reflect the humanistic outlook of Ramboll's founders, Børge Johannes Rambøll and Johan Georg Hannemann, who believed business should serve society and its employees.[9] Through an approach of "purposeful ownership," the Ramboll Foundation safeguards the company's long-term orientation while embedding it in a higher-order purpose of responsibility, providing an archetypal example of the Nordic cooperative advantage.[10]

[9] Rambøll Fonden (Ramboll Foundation), *Our Legacy* (Copenhagen: Rambøll Fonden, 2016), accessed September 30, 2025, www.rambollfonden.com/en-us/current-publications.

[10] Ramboll, "The Many Benefits of Foundation Ownership" (Copenhagen: Rambøll Fonden), accessed September 30, 2025, www.ramboll.com/en-us/people-stories/the-many-benefits-of-foundation-ownership.

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Ramboll's ownership structure through the Ramboll Foundation enables the patient capital and long-term orientation characteristic of Nordic firms. The foundation describes this as "purposeful ownership," which helps buffer against short-term market pressures, allowing Ramboll to make decisions aligned with its expressed purpose of creating "sustainable societies where people and nature flourish." The foundation structure supports Ramboll's commitment to reinvesting profits into research, employee welfare, and sustainability initiatives rather than maximizing short-term shareholder returns.[11]

Democracy is embedded in Ramboll's governance structure, with employees having direct representation on the board through democratic elections. This reflects the Nordic understanding that capitalism functions better when power is distributed throughout an organization rather than concentrated at the top. Through this democratic structure, employees have a meaningful voice in strategic decisions that affect both their work and the company's broader societal impact.

The company's approach to sustainability exemplifies how democratic capitalism can effectively address complex challenges through stakeholder cooperation. Rather than treating sustainability as an add-on CSR initiative, Ramboll has embedded sustainability throughout its business model and operations through four "Unifying Sustainability Themes": decarbonization for net zero, resilient societies and livability, resource management and circular economy, and biodiversity and ecosystems. These themes directly support multiple SDGs, including SDG #11 "Sustainable Cities and Communities," SDG #13 "Climate Action," and SDG #15 "Life on Land." Its "Partner for Sustainable Change" strategy demonstrates how companies can systematically engage stakeholders to drive progress on these sustainability goals while maintaining business success. For example, Ramboll actively works to decarbonize industries, improve infrastructure resilience, and restore ecosystems while generating strong financial returns.

[11] Ramboll Foundation, "The Many Benefits of Foundation Ownership"; Ramboll, "Our Strategy: The Partner for Sustainable Change" (Copenhagen: Rambøll Fonden), *c.* February 23, 2022, accessed September 28, 2025, www.ramboll.com/en-us/our-strategy.

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Ramboll's humanistic leadership approach manifests in how it engages employees and broader society. The company emphasizes creating an inclusive workplace with a sense of belonging that reflects its commitment to society. This approach connects to Nordic leadership norms of cooperation, democracy, and power-sharing. Ramboll's Nordic-rooted approach and structure are emerging as a source of inspiration beyond the region, showing how principles of cooperation, inclusivity, and long-termism – reinforced by the enterprise foundation ownership model – can inform firms globally. While grounded in the Nordic tradition, these values and this ownership model can be adapted and applied in diverse contexts around the world.[12]

The company's success – growing to over 18,000 employees while maintaining its Nordic values – demonstrates how stakeholder-centered Nordic capitalism can scale internationally while advancing sustainable development. As we examine other Nordic companies, Ramboll provides a compelling example of how Nordic cultural values, ownership structures, and leadership practices combine to enable both business success and societal progress.

IKEA

While Rambøll demonstrates the comprehensive integration of Nordic stakeholder principles, IKEA shows how these principles can be applied to specific global challenges. The company's evolution illustrates three key manifestations of the Nordic cooperative advantage: Its flat-pack design innovation (1956), its systematic approach to addressing child labor through stakeholder partnerships, and its circular economy initiatives developed through collaborative innovation.[13]

In the 1990s, when confronting the potential of child labor supply chains, IKEA recognized it lacked the competencies and credibility to address this challenge alone. It initiated cooperative partnerships with NGOs like Save the Children, governmental agencies like UNICEF, and suppliers. The Harvard case study "IKEA's Global Sourcing Challenge" documents how IKEA tackled these issues

[12] Ingvild Reine Assmann, Søren Staugaard Nielsen, and Robert Strand, "The Nordic Business Model: Can Long-Termism Drive Sustainable Change?," Ramboll, March 24, 2025, accessed September 30, 2025, https://shorturl.at/r6N0E.

[13] John Brownlee, "The Man Behind IKEA's World-Conquering Flat-Pack Design," *Fast Company*, March 15, 2016.

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through its commitment to stakeholder cooperation. Its efforts directly support SDG #8 "Decent Work and Economic Growth."

Facing criticism about throwaway culture in the 2010s, IKEA committed to full circularity by 2030, partnering with the Ellen MacArthur Foundation and launching its Buy Back & Resell program. This transformation extends to responsible sourcing: as a founding member of the Forest Stewardship Council (FSC), IKEA achieved 98 percent FSC-certified or recycled wood usage by 2020. These initiatives directly support SDG #12 "Responsible Consumption and Production" and SDG #13 "Climate Action."[14]

LEGO

Founded in 1932 in Billund, Denmark, LEGO revolutionized toy manufacturing with the introduction of its interlocking brick system in 1958, for which the US patent is shown in Figure 6.3, a system that remains compatible across generations.

LEGO was born out of a broader Nordic cultural tradition that places high value on childhood as a protected and formative stage of life. Across the Nordic region, play is recognized as a vital foundation for cognitive, social, and emotional development. This ethos is

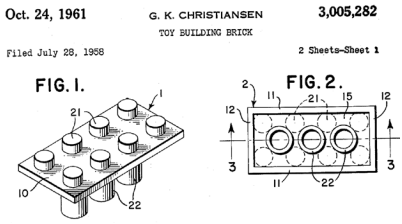


Figure 6.3 LEGO US Patent.
Source: U.S. Patent No. 3,005,282, filed July 28, 1958, and issued October 17, 1961, accessed May 25, 2025, https://shorturl.at/VL2NA.

[14] IKEA, "A Circular IKEA – Making the Things We Love Last Longer," accessed May 25, 2025, https://shorturl.at/Fq5Tq; Matt Mace, "IKEA Launches Circular Economy Strategic Partnership with Ellen MacArthur Foundation," Edie.net, June 1, 2020, accessed May 25, 2025, https://shorturl.at/rGHhG; as part of these efforts, in late 2020, IKEA opened its first secondhand IKEA store in Eskilstuna, Sweden, as a pilot project with ambitions to expand. See Anna Ringstrom, "IKEA Opens Pilot Second-Hand Store in Sweden," *World Economic Forum*, October 30, 2020, accessed May 25, 2025, https://shorturl.at/cOSGk.

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embedded in LEGO's very name – *leg godt*, meaning "play well" – and is aligned with Nordic ideals of supporting a good childhood.[15]

LEGO's approach to innovation and stakeholder engagement reflects core elements of Nordic business culture. This is particularly evident in three key areas: its child-centered development philosophy, its open approach to innovation, and its engagement with critics as partners. The Mindstorms case exemplifies this approach to stakeholder engagement.

When LEGO launched its Mindstorms robotics series in 1998, a hacker cracked the console's code and posted it, prompting negative commentary on LEGO's online platform. Rather than issuing lawsuits and shutting down its online platform, LEGO engaged with stakeholders – hackers and customers alike – to create value together.[16] LEGO adopted an approach of Open Innovation, where external contributors are invited into the innovation process through cooperative engagement and mutual value creation.[17] This catalyzed a dynamic ecosystem of user-generated content, educational tools, and entrepreneurial activity – and contributed to significant successes for the company.[18]

LEGO products have since become foundational in many schools and learning environments, reinforcing the company's alignment with SDG #4: Quality Education. In 2020, Forbes declared, "LEGO is probably the biggest education company on Earth,"[19] and LEGO consistently ranks at the top of corporate responsibility rankings.[20]

[15] LEGO, "The LEGO Group History," accessed May 25, 2025, www.lego.com/en-us/aboutus/lego-group/the-lego-group-history/; U.S. News & World Report, "Best Countries to Raise a Family," accessed May 25, 2025, www.usnews.com/news/best-countries/best-countries-to-raise-a-family; Johanna Einarsdottir and John A. Wagner, eds., *Nordic Childhoods and Early Education: Philosophy, Research, Policy and Practice in Denmark, Finland, Iceland, Norway, and Sweden* (Charlotte: Information Age Publishing, 2006); Max J. Friedman, "The Nordic Childhood," *Scandinavian Review* 107, no. 1 (2020): 8–27.

[16] Ulrik Pilegaard and Mike Dooley, *Forbidden LEGO: Build the Models Your Parents Warned You Against!* (San Francisco: No Starch Press, 2007).

[17] Henry W. Chesbrough, *Open Innovation: The New Imperative for Creating and Profiting from Technology* (Boston: Harvard Business School Press, 2003).

[18] David Robertson and Bill Breen, *Brick by Brick: How LEGO Rewrote the Rules of Innovation and Conquered the Global Toy Industry* (New York: Crown Business, 2013).

[19] Derek Newton, "LEGO Is Probably the Biggest Education Company on Earth," *Forbes*, February 8, 2020.

[20] LEGO, "The LEGO Group Is Ranked First Place in Reputation Institute's 2019 Global Corporate Responsibility Study," September 23, 2019, accessed May 25, 2025, https://shorturl.at/YEEcp.

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Norsk Hydro

Founded in 1905, Norsk Hydro exemplifies the transformation of potentially adversarial relationships into partnerships addressing complex challenges. Operating in regions with significant human rights challenges, the company rejected the typical Western extractive approach in favor of a sustainable operating model emphasizing community engagement.

In 2002, Rolf Lunheim, Norsk Hydro Vice President of Corporate Social Responsibility (CSR), established an innovative partnership with Amnesty International. These organizations shared the goal of improving human rights conditions within the communities in which Norsk Hydro operates. Amnesty International offered Norsk Hydro its expertise by training employees on effectively handling human rights dilemmas in these communities.

Respecting human rights cuts across virtually all the SDGs,[21] and Norsk Hydro's partnership with Amnesty International ensures it holds itself accountable to these goals. The current Norsk Hydro CEO describes Amnesty International as a "sparring partner" with whom the company "can discuss the dilemmas we face in a constructive way."[22]

Coop Danmark

Established in 1896, Coop Danmark has become Denmark's largest consumer goods retailer, serving one-third of Danish households as members. Its cooperative structure embeds stakeholder principles through democratic ownership and control, with employees frequently participating as members.

Since the mid 1800s, cooperatives have been widely used across the Nordics to organize for-profit companies. The success, scale, and pervasiveness of Nordic cooperatives were the focus of US authors Frederic Howe in *Denmark: A Cooperative Commonwealth* (1921) and *Denmark: The Coöperative Way* (1936), and Childs in *Sweden: The Middle Way* (1936; Chapter 4). Howe remarked that

[21] UN Office of the High Commissioner for Human Rights, "Human Rights and the SDGs: A Simple Guide for Practitioners," *c.* 2019–2020, accessed May 25, 2025, www.ohchr.org/Documents/Publications/Session5_OHCHR_SDG_HR_Table.pdf.

[22] Norsk Hydro, "Hydro Continues Cooperation with Amnesty International Norway," *Norwegian American*, December 11, 2009; Hydro, "Hydro on the Dow Jones' Sustainability Indices for the 21st Consecutive Year," Hydro.com, September 15, 2019, accessed May 25, 2025, https://tinyurl.com/488zuekm.

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"power is diffused" in Denmark and attributed cooperatives' pervasiveness as a fundamental reason. He contrasted this to the US with its ever-increasing number of large corporations, accumulating increased concentrations of power and operating in an extractive manner to maximize shareholder profits.[23] Upon reading Childs's book, US President Franklin D. Roosevelt sent a presidential commission to the Nordics in 1936 to study cooperatives' role and draw potential lessons to inform American capitalism. Roosevelt was concerned about the growing concentration of power among a few large US corporations. He saw the cooperative structure as a promising means to disperse power throughout society consistent with democratic principles.[24]

Coop Danmark's cooperative approach with suppliers challenges traditional extractive relationships. While Western corporations typically source raw materials cheaply from developing regions and perform profitable value-added activities in their home countries, Coop Danmark seeks to create value with supplier communities. This represents a fundamental shift from extractive to cooperative supply chain relationships. In 2011, it began piloting several initiatives in partnership with raw material suppliers – farmers and small-scale cooperatives – in various locations across Africa to determine how it could encourage more value-added activities "at the source." Coop Danmark recognized the power dimensions of the supply chain where the small farmers had little to no power compared to the large multinational corporations that were purchasing their raw materials. As a democratically organized cooperative, Coop Danmark wanted to address this and support the communities from which their products originated. It also desired to shorten its value chains, increase quality, and strengthen supplier relations through heightened cooperation.

In 2015, Coop Danmark established the African Coffee Roasters organization in collaboration with Kenyan coffee cooperatives, local NGOs, the Danish Embassy, and the Industrialization Fund for Developing Countries. In 2016, this organization built its first

[23] Frederic C. Howe, *Denmark: The Coöperative Way* (New York: Coward-McCann, 1936), xi.

[24] Mary Hilson, "Consumer Co-operation and Economic Crisis: The 1936 Roosevelt Inquiry on Co-operative Enterprise and the Emergence of the Nordic 'Middle Way,'" *Contemporary European History* (2013): 181–198.

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roasting facility and began commercial production as Kenya's certified organic coffee roasting facility. As of 2018, this facility represented $8 million of value-added activities performed in Kenya, directly supporting SDG #8 "Decent Work and Economic Growth."[25]

After facing significant financial challenges, in 2024, Coop Danmark restructured its ownership in partnership with OK amba, another Danish cooperative. OK became the majority shareholder while Coop Danmark retained its cooperative character through shared governance with Coop amba. This alliance secured the necessary capital for Coop Danmark to continue its operations while maintaining its commitments to democratic ownership and stakeholder engagement.

Carlsberg

Carlsberg is a Danish brewery founded near Copenhagen in 1847 by J. C. Jacobsen. Named for Jacobsen's son Carl, Carlsberg has become the world's fourth-largest beer company.[26] Innovation, cooperation, and openness are keys to its success. In 1883, Emil Christian Hansen, head of the Carlsberg Research Laboratory's physiology department, made a groundbreaking discovery that led to radical innovations in the brewing industry. Previously, brewing beer often resulted in undrinkable concoctions due to a certain amount of wild yeast in the pitching yeast. Hansen developed a method to isolate a single cell of good yeast and propagated it to make quality beer from every brew. This process would become known as Saccharomyces Carlsbergensis. Beer sickness was a widespread problem, and Carlsberg elected to give away the pure yeast to other local brewers. (This openness directly benefited the launch of new technology in a completely different field: insulin production.)

But Carlsberg did not rest on its laurels of scientific advancement. In 1909, Danish chemist Søren Peter Lauritz Sørensen developed the pH scale, which measures whether a substance is acidic or basic, at Carlsberg Laboratory. A phenomenal development to ensure beer consistency and quality, Carlsberg elected to share the pH scale with

[25] Thomas Roland, "Coop Denmark Presentation: Savannah Project and African Coffee Roasters," presented at the UN Forum on Business and Human Rights, Geneva, Switzerland, June 12, 2018.

[26] Dylan Roach, "These 5 Beer Makers Own More than Half of the World's Beer," *Business Insider*, February 9, 2016.

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the world.[27] It did not have a business case for doing so – sharing would not lead to more profits in the foreseeable future or provide a competitive advantage – but Carlsberg recognized the significant societal benefits elsewhere, so it shared its scientific development. While making a business case would likely not have been possible then, Carlsberg Laboratory has since become world renowned, attracting the best scientific talent globally.

Presently, Carlsberg continues to innovate in the same spirit of cooperation. In 2015, Flemming Besenbacher, Chairman of the Carlsberg Foundation, publicly announced at the WEF in Davos that Carlsberg would attempt to develop a fully biodegradable paper beer bottle. Carlsberg knew that 40 percent of its carbon footprint was related to packaging materials and that incremental changes to existing packaging would not significantly reduce it. Besenbacher displayed a pilot fiber bottle at the WEF to make a public commitment without knowing how Carlsberg would produce a market-ready bottle – he just knew they had to do it. Facing numerous innovation challenges in developing such a package to ensure food safety, shelf life, withstanding pressure, and biodegradability,[28] Carlsberg looked for partners.

Carlsberg is not alone in having the bulk of its carbon footprint from packaging, which directly relates to SDG #12 "Responsible Consumption and Production" and SDG #13 "Climate Action." Instead of looking to "own" resultant innovations, Carlsberg desired to lead the development of a sustainable package that could be used across the entire industry. Therefore, Carlsberg invited worldwide collaboration partners to help create a new sustainable bottle in the spirit of Open Innovation.[29]

Open Innovation is contrasted with the competitive "go it alone" approach characterized by many corporate R&D departments and associated laboratories shrouded in secrecy. Carlsberg developed a partnership with innovation experts ecoXpac and Danish Technical

[27] Carlsberg, "The Discovery of the pH Scale Happened at Carlsberg," *Home of Carlsberg*, accessed May 25, 2025, https://tinyurl.com/yjvzfzun.

[28] Henry W. Chesbrough, Marcel Bogers, and Robert Strand, *Sustainability through Open Innovation: Carlsberg and the Green Fiber Bottle*, Berkeley Haas Case Series (Berkeley: Haas School of Business, University of California, October 1, 2018).

[29] Chesbrough, *Open Innovation*.

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University, supported by Innovation Fund Denmark. Soon after, packaging company BillerudKorsnäs joined the efforts, resulting in the paper bottle company Paboco® – a joint venture between BillerudKorsnäs and bottle-manufacturing specialist Alpla. Paboco® enabled more partners to join the efforts, including The Coca-Cola Company, The Absolut Company, and L'Oréal, thus significantly increasing the potential impact.[30]

Chesbrough, Marcel Bogers, and I coauthored a case study using the Carlsberg example to define the concept of "Sustainable Open Innovation."[31] Maximizing profits was not a primary driver behind Carlsberg's efforts to develop the green fiber bottle. Instead, the company adopted a long-term stewardship approach. Carlsberg is a publicly traded corporation with a unique governance structure in which the associated Carlsberg foundation holds majority voting rights in perpetuity. The Carlberg foundation ownership structure enables Carlsberg to take a much longer-term view than typical US public corporations.[32]

Novo Nordisk

Novo Nordisk, the world's largest insulin producer, emerged from the 1989 merger of two Danish firms established in the 1920s. Now headquartered near Copenhagen, the company leads in diabetes care and stakeholder engagement. In 2012, Corporate Knights named it the most sustainable company in the world.[33]

Novo Nordisk's work with the innovative Cities Changing Diabetes took the stakeholder approach to a new level. Rather than focusing solely on treatment, the company partnered with cities to prevent diabetes before it occurs. Cities Changing Diabetes is a

[30] Carlsberg, "Green Fibre Bottle," accessed May 25, 2025, www.carlsberg.com/en/green-fibre-bottle/.

[31] Chesbrough, Bogers, and Strand, "Sustainability through Open Innovation"; Marcel Bogers, Henry W. Chesbrough, and Robert Strand, "Sustainable Open Innovation to Address a Grand Challenge: Lessons from Carlsberg and the Green Fiber Bottle," *British Food Journal* 122, no. 5 (2020): 1505–1517.

[32] Steen Thomsen, Thomas Poulsen, Christa Børsting, and Johan Kuhn, "Industrial Foundations as Long-Term Owners," *Corporate Governance: An International Review* 26, no. 3 (2018): 180–196; Steen Thomsen, *The Danish Industrial Foundations* (Copenhagen: Djøf Forlag, 2017).

[33] "Global 100 Most Sustainable Corporations Announced in Davos," Corporate Knights, January 24, 2012, accessed May 25, 2025, www.corporateknights.com/wp-content/uploads/2014/07/January24_2012.pdf.

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global partnership initiated by Novo Nordisk that brings together city governments, public health institutions, and community organizations to address the root causes of chronic diseases like type 2 diabetes. Rather than focusing solely on treatment, the initiative targets social and environmental factors that shape urban health outcomes and supports lifestyle changes through measures like healthier food options and increased opportunities for physical activity.

A company operating under a shareholder-centric model would likely avoid such efforts, fearing they could undermine short-term profitability, as Novo Nordisk makes the bulk of its profits selling insulin. However, by adopting a stakeholder approach, Novo Nordisk focuses on how its core competencies can create value for stakeholders first. In doing so, it fosters stronger collaborations with stakeholders that present the potential to realize new business opportunities in the future as a service provider for better health rather than solely a product seller.

In 2024, Cities Changing Diabetes was renamed Cities for Better Health to mark the program's ten-year anniversary and to reflect its expanded focus beyond diabetes to broader chronic disease prevention and health equity in urban communities.

A majority of Novo Nordisk's voting rights are held in perpetuity by an associated enterprise foundation, the Novo Foundation, as is the case with Carlsberg. Such a structure to enable longer-term thinking by protecting against the ills of short-termism enable these companies to experiment with approaches that may not have clear immediate term business cases. In its 2024 article, "Why Are Nordic Companies So Successful?" *The Economist* identified the enterprise foundation ownership model as a primary reason for Novo Nordisk and other Nordic firms' success it makes it easier for management to invest in their respective companies' long-term success.[34]

Novo Nordisk's A shares carry ten times the voting rights of B shares; the Novo Nordisk Foundation holds 75 percent of the company's voting rights and 28 percent of its market value, giving it majority control. The company remains accountable to the stock market while benefiting from a stable, long-term owner. The Foundation's mission is to provide "a stable basis" for Novo Nordisk, protecting

[34] *The Economist*, "Why Are Nordic Companies So Successful?" December 30, 2024.

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management from the ills of short-termism and enabling greater discretion to pursue initiatives that serve the long-term interests of both the company and society.

Ørsted

The Danish-based energy company Ørsted is a global leader in renewable energy. Ørsted was named the world's most sustainable company in 2020 by Corporate Knights Global 100,[35] and it regularly ranks as the most sustainable energy company. Ørsted is the first energy company globally to have its net-zero greenhouse gas (GHG) commitment validated by the Science Based Targets initiative.[36]

Ørsted reduced GHG emissions by 96 percent by 2023 compared to the base year 2006.[37] In Denmark alone, Ørsted accounts for more than half of the country's GHG emission reductions from 2006 to 2018.[38] Ørsted directly supports Denmark's strong national-level performances in SDG #7 "Affordable and Clean Energy," which aims to ensure access to affordable, reliable, sustainable, and modern energy for all, and directly supports its efforts in SDG #13 "Climate Action" focusing on climate action.

Ørsted's rapid sustainability transition is nothing short of revolutionary. It demonstrates what can be achieved by a company in relatively short order when a commitment is made, and a good strategy is developed and executed. Former Ørsted CEO Mads Nipper remarked, "In the late 2000s we were one of the most coal intensive power generators in Europe with an expanding oil and gas production business. But we took a strategic decision to become a green energy company, as we were convinced it was the right approach strategically, financially and environmentally."[39]

[35] "2020 Global 100 Ranking," Corporate Knights, January 21, 2020, accessed May 25, 2025, https://shorturl.at/21lhp.

[36] "Ørsted Becomes the First Energy Company in the World with Long-Term Science-Based Net-Zero Target," *Ørsted*, October 2021, accessed May 25, 2025, https://orsted.com/en/media/news/2021/10/13634593.

[37] Science Based Targets Initiative, "Ørsted: A Science-Based Approach to Achieving Net-Zero," accessed May 25, 2025, https://sciencebasedtargets.org/companies-taking-action/case-studies/orsted.

[38] Science Based Targets Initiative, "Net-Zero Case Study – Ørsted," *c.* 2018, accessed May 25, 2025, https://shorturl.at/7iZNS.

[39] Ørsted, *Our Green Business Transformation: What We Did and Lessons Learned*, White Paper, 2021, accessed January 1, 2022, https://shorturl.at/UkDuz.

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Ørsted put its money where its sustainability mouth was. It phased out all capital expenditures (CAPEX) funds in legacy business investments in fossil fuel-based energy production. CAPEX is the money a company deploys to acquire, upgrade, and maintain its physical assets, including property, plants, buildings, technology, and equipment. Ørsted committed itself to a strategic path where CAPEX is now nearly 100 percent invested in renewable energy production. As direct result, Ørsted's carbon efficiency gains are dramatic: from 462 grams CO_2 per kWh in 2006 to 58 grams in 2021, with a projected 10 grams by 2025 – representing a 98 percent reduction in emissions per energy unit.[40]

The largest source of greenhouse gas emissions from human activities is burning fossil fuels, with energy production and consumption accounting for 73 percent of the world's GHG emissions (industry 24 percent, buildings 18 percent, transport 16 percent).[41] Ørsted's dramatic efficiency improvements directly address the need for a significant worldwide reduction in CO_2.

When Ørsted embarked upon its green energy transition almost two decades ago, it had to take a leap of faith and commit to a revolutionary transition without knowing how to achieve it. In 2021, Ørsted published the White Paper *Our Green Business Transformation: What We Did and Lessons Learned*.[42] It includes seven key lessons.

Lesson number one is: "Confront your reality." Ørsted embraced that the world is changing and needs changing; therefore, Ørsted must change. Ørsted defined a sustainable vision, engaged and cooperated with its many stakeholders, achieved alignment around its sustainable vision, and mobilized action. Considering Porter's Five Forces terminology, Ørsted did ***not*** approach its "buyers" or "suppliers" or any of its other many stakeholders primarily as competitors. Instead, Ørsted's approach was firmly rooted in cooperation consistent with the Nordic cooperative advantage.

The Danish government established smart policy Ørsted describes as vitally important for its transition to green energy. The policies

[40] Ørsted, *Our Green Business Transformation*.
[41] Our World in Data, "Greenhouse Gas Emissions by Sector," June 2020, accessed May 25, 2025, https://ourworldindata.org/emissions-by-sector.
[42] Ørsted, *Our Green Business Transformation*.

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enacted in Denmark created the markets that encouraged innovation and future-oriented technologies and drove efficiencies that fueled Ørsted's transition from its fossil-fuel past. Markets are not immutable natural laws like gravity (Chapter 3), but are constructed through policies and reflections of the actors in society with the power to influence such policies. From Ørsted's reflections on lessons learned:

> Ørsted was able to undergo its green transformation, and learn these lessons, partly due to the existence of a supportive policy environment. In particular, there was sufficient visibility and certainty of offshore wind policy support and capacity volumes to allow investment and innovation at scale, which led to a virtuous cycle of technology maturity and reducing costs. The success of such an 'ambition loop' is an additional policy learning that could be applied to other technologies and industries.[43]

The Danish government needed to institute smart policies that established the markets necessary to drive innovations and efficiencies. Today, Ørsted is positioned as the global leader in green energy production. As the world of ESG (environmental, social, and governance) investing continues to mature, Ørsted will enjoy significant profits as a by-product of its sustainability commitments. The strategic decision to transition to green energy production was a long-term play for Ørsted. Attention to short-term profit maximization would have prevented Ørsted from making the long-term investments necessary to achieve its status as a global sustainability leader.

Volvo

Swedish automotive company Volvo pioneered safety innovations, including the three-point seatbelt, as shown in the original US patent in Figure 6.4. This innovation is considered the world's most important traffic safety development and is estimated to have saved more than one million lives since its launch in 1959.[44] Volvo immediately realized the potential societal benefits of its innovation if it were rapidly adopted across the automobile industry. So, rather than

[43] Ørsted, *Our Green Business Transformation: What We Did and Lessons Learned* (Fredericia: Ørsted, April 2021), 14, https://shorturl.at/ugor7.

[44] Volvo Buses, "The Three-Point Seat Belt – An Innovation That Saved over 1 Million Lives," *Volvo Buses*, July 15, 2019, accessed December 1, 2023, https://shorturl.at/9BMHx.

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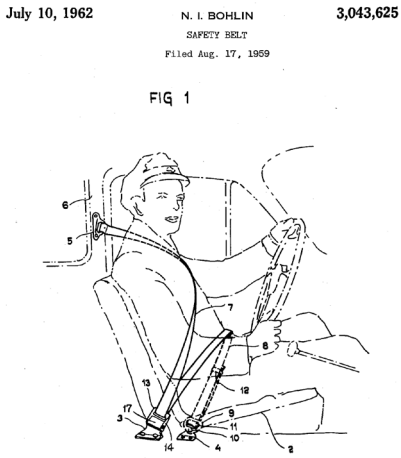


Figure 6.4 Volvo 3 Point Seatbelt US Patent.
Source: U.S. Patent No. 3,043,625, filed July 10, 1959, and issued July 10, 1962, accessed June 22, 2025, https://patents.google.com/patent/US3043625A.

consider its innovation a "competitive advantage," Volvo shared it with all automakers (similar to Carlsberg with the PH scale).

While Volvo typically protects its innovations, it determined that the societal benefits of the three-point seatbelt were too significant to restrict. By forgoing potential short-term competitive advantages and profits, Volvo demonstrated a cooperative approach that ultimately enhanced its global reputation as a leader in safety. This decision has contributed to both the company's market position and its organizational culture, where safety innovation remains a source of pride among employees.

… and Many, Many More

Many more compelling Nordic companies exist dedicated to a stakeholder approach and demonstrating strong sustainability performances. Danish-based Vestas is the world's largest wind turbine company and was named the world's most sustainable company in 2022 by Corporate Knights, just ahead of Ørsted at #2. Danish-based Chr. Hansen Holding – producer of natural solutions for food, beverage, nutritional, pharmaceutical, and agricultural industries – held the distinction of Corporate Knights most

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sustainable company in 2019,[45] and took second place in 2020. Neste (Finland), always near the top of the Corporate Knights list, has developed renewable diesel fuel reducing GHG emissions by about 90 percent, and sustainable aviation fuel reducing GHG emissions by about 80 percent compared to fossil fuels. Skandinavisk (Denmark), a certified B Corp in the fragrance and personal care industry, is another standout. Skandinavisk's vision reads as an ode to the Nordic region – describing it as a place where trust, equality, respect, life balance, and "everyday moments of shared happiness" reflect a deliberate way of living in harmony with nature and with one another.[46] EQT (Sweden) similarly expresses how its Nordic heritage has shaped its stewardship approach to business, unique for the private equity industry with a reputation for being extractive corporate raiders. Grundfos (Denmark), Houdini (Sweden), Ericsson (Sweden), MAX Burgers (Sweden), Novonesis (Denmark), Storebrand (Norway), Tetra Pak (Sweden), and Too Good to Go (Denmark) are further examples of leading Nordic companies worthy of further exploration, among so many more.[47]

These company examples reveal several consistent patterns in how Nordic institutional structures enable superior stakeholder engagement and sustainability performance. First, they show how enterprise foundations enable longer-term strategic horizons. Second, they demonstrate how institutionalized stakeholder engagement processes lead to more innovative solutions to complex challenges. Third, they illustrate how distributed power structures facilitate more effective cooperation with diverse stakeholder groups.

The success of these approaches raises important questions about the role of language and cultural frameworks in enabling stakeholder cooperation. While institutional structures provide the foundation, the way organizations conceptualize and discuss stakeholder relationships plays a crucial role in enabling effective cooperation.

[45] "2019 Global 100 Results," Corporate Knights, January 22, 2019, accessed May 25, 2025, www.corporateknights.com/reports/2019-global-100/2019-global-100-results/.

[46] Skandinavisk, "About Us," Skandinavisk, accessed June 5, 2025, www.skandinavisk.com/en-us/about-us.html.

[47] … and Landsvirkjun (Iceland), BillerudKorsnas (Sweden), UPM-Kymmene (Finland), Equinor (Norway), Atlas Copco (Sweden), Stora Enso (Finland), Svenska Cellulosa (SCA) (Sweden), Coloplast (Denmark), and the list goes on.

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Language and Metaphors

Nordic companies' language reflects cultural norms that shape corporate behavior. While American firms default to competitive and military metaphors, Nordic companies distinguish when cooperation or competition serves best. For sustainability challenges requiring collaboration, they typically refer to industry players as "peers" rather than "competitors," revealing a distinct conception of business relationships.[48]

Metaphors We Live By shows how such language choices shape thinking and action. While warfare metaphors foster adversarial mindsets toward stakeholders, cooperative language creates institutional environments that favor collaboration, enabling more effective responses to sustainability challenges.[49]

Beyond Corporate Social Responsibility

The Nordic stakeholder approach fundamentally differs from American CSR. Where CSR often serves as a voluntary add-on, the Norwegian concept of *samfunnsansvar* embeds stakeholder engagement within core institutional structures, revealing how context shapes corporate responsibility.

The distinction emerges clearly in the Norwegian concept of *samfunnsansvar*, which offers important theoretical insights into how institutional contexts shape corporate responsibility. The following analysis of this concept, drawing from my ongoing conversations with Norsk Hydro's Vice President of Corporate Social Responsibility, Rolf Lunheim, while I was a US Fulbright Scholar to Norway in 2005–2006, illuminates the crucial differences between US and Nordic approaches to corporate responsibility.

Rolf told me about the traditional Norwegian expression, *samfunnsansvar*, used before the CSR expression started to gain traction in the Nordics. He translated *samfunnsansvar* as "the responsibility of business in society."[50] He explained to me Norsk Hydro's

[48] Strand and Freeman, "Scandinavian Cooperative Advantage."

[49] George Lakoff and Mark Johnson, *Metaphors We Live By* (Chicago: University of Chicago Press, 1980); Luc K. Audebrand, "Sustainability in Strategic Management Education: The Quest for New Root Metaphors," *Academy of Management Learning & Education* 9, no. 3 (2010): 413–428.

[50] Literal translation: *samfunns* means societal, and *ansvar* means responsibility.

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cooperative partnership with Amnesty International to tackle human rights challenges and how this helped fulfill the company's societal responsibility. *Samfunnsansvar* was not like CSR in the US, he said, which he described as most often a sideshow to how a company goes about making its money. Rolf said US CSR often focuses on philanthropy, like when an oil company donates to the local youth soccer league or organizes a volunteer effort to clean up a park. He explained that the ongoing cooperation with Amnesty International changed how Norsk Hydro did business and engaged with stakeholders, allowing it to serve societal interests better.

Samfunnsansvar is about a company's commitment to ongoing stakeholder engagement. It establishes the structures and processes to *disperse power*. According to Rolf, it is not fully democratic, yet it represents a significant step toward operating more democratically than the usual American approach.

The academic article, "Ye Olde CSR: The Historic Roots of Corporate Social Responsibility in Norway," by Øyvind Ihlen and Heidi von Weltzien Hoivik supports Rolf's offerings.[51] The authors document that the expression CSR was not explicitly mentioned in a Norwegian newspaper until 1999. *Samfunnsansvar* remains a better descriptor for how Norwegian companies consider their role in society than CSR. The authors explain how Norwegian companies see themselves as situated within society amongst a constellation of stakeholders. They contrast the Nordic approach with a US tendency for companies and business leaders to discuss the business sector as somehow operating separately from society. In the US, discussions are often framed as *business and society*, which implies a separation, in contrast to Nordic discussions framed as *business in society*. The authors highlight how the language differs: "One can distinguish between countries when looking at how companies view their interdependence, either as 'business in society' or 'business and society.'"

Samfunnsansvar rejects the separation thesis at the societal level. The separation thesis has been traditionally discussed between the individual and organizational levels, rejecting the idea that

[51] Øyvind Ihlen and H. von Weltzien Hoivik, "Ye Olde CSR: The Historic Roots of Corporate Social Responsibility in Norway," *Journal of Business Ethics* 127, no. 1 (2015): 109–120.

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individuals can somehow detach their ethics from what they do at the organizational level – that is to say, the companies at which they work. *Samfunnsansvar* moves it to the societal level, rejecting the separation between business and society.[52] This is reflected in how Nordic companies see themselves as situated within society amongst a constellation of stakeholders. They contrast with the US tendency for companies and business leaders to discuss the business sector as somehow operating separately from society. In the US, discussions are often framed as *business and society*, which implies a separation, in contrast to Nordic discussions framed as *business in society*.

Samfunnsansvar extends far beyond US philanthropic CSR, encompassing fundamental business responsibilities like "responsible tax." The Nordic expectation that companies pay their fair share – backed by public pressure – starkly contrasts with US corporate tax practices and illustrates deeper differences in how business responsibility is conceived.

Large corporations in the US frequently pay no taxes with relatively little public outcry. For example, despite posting substantial profits, Amazon, Chevron, General Motors, Haliburton, and IBM paid $0 in federal taxes in 2018. Years of lobbying efforts by US big business interests, like the Business Roundtable, have successfully slashed taxes paid. Many self-described capitalists in the US maintain that low to no taxes are a hallmark of capitalism.[53]

US corporations show off their corporate philanthropic acts. However, these donations are significantly less than the taxes they would pay if they were paying even what an individual would pay commensurate with their earnings. In his book *Supercapitalism*, Robert Reich suggests determining how responsible a company is by paying attention to its public policy and lobbying efforts – not its CSR efforts. Many US companies direct their lobbying efforts to reduce or eliminate taxes paid.[54] Furthermore, US philanthropy has

[52] R. Edward Freeman, "Business Ethics at the Millennium," *Business Ethics Quarterly* 10, no. 1 (2000): 169–180.

[53] Matthew Gardner and Steve Wamhoff, *Corporate Tax Avoidance Remains Rampant under New Tax Law* (Washington, DC: Institute on Taxation and Economic Policy, April 11, 2019), accessed May 25, 2025, https://shorturl.at/dNqBH.

[54] Robert B. Reich, *Supercapitalism: The Transformation of Business, Democracy and Everyday Life* (New York: Vintage, 2008).

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no democratic accountability because executives and their associated foundations direct the money to their choosing. As Rolf pointed out to me, these are not democratically elected public officials, and the democratic deficit in society grows, the more philanthropy is relied upon to serve the public's needs.[55]

Structuring the Stakeholder Approach

When the most influential voices of American capitalism called for US companies to shift from the shareholder to the stakeholder approach in 2019 at the Business Roundtable, they were essentially calling for US companies to act more like Nordic companies. But polite requests to change behavior are not enough. The Nordic experience demonstrates that achieving stakeholder capitalism requires both cultural and structural changes.

Many well-intentioned US business leaders committed to stakeholder-driven companies ultimately failed. O'Toole chronicles these stories in *The Enlightened Capitalists*, where "Strong ethical compasses guided their decision making with regard to meeting the diverse needs of their constituencies: customers, employees, shareholders, suppliers, host communities, the broader society and the natural environment." For US companies, O'Toole argues, attempting to serve stakeholders beyond shareholders is like swimming upstream – American capitalism's current eventually pulls most toward shareholder primacy.[56]

Patagonia is widely heralded as an exceptional case of a stakeholder approach in US business. Its environmental stewardship

[55] These discussions relate directly to implicit and explicit CSR as articulated in Dirk Matten and Jeremy Moon, "'Implicit' and 'Explicit' CSR: A Conceptual Framework for a Comparative Understanding of Corporate Social Responsibility," *Academy of Management Review* 33, no. 2 (2008): 404–424.

[56] James O'Toole, *The Enlightened Capitalists: Cautionary Tales of Business Pioneers Who Tried to Do Well by Doing Good* (New York: HarperCollins, 2019), xx. Others have also concluded that good intentions alone will not achieve the stakeholder approach en masse. See also Robert B. Reich, *The System: Who Rigged It, How We Fix It* (New York: Vintage, 2021); and David Vogel, *The Market for Virtue: The Potential and Limits of Corporate Social Responsibility* (Washington: Brookings Institution Press, 2007).

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and comprehensive employee benefits – from paid parental leave to childcare to assurances of living wages – demonstrate stakeholder commitment in practice.[57]

Patagonia's founder, Yvon Chouinard, is a primary reason why Patagonia is a stakeholder company. His book, *The Responsible Company: What We've Learned from Patagonia's First 40 Years*, with coauthor Vincent Stanley, chronicles Patagonia's efforts to adhere to a stakeholder approach (Chapter 4).[58] Patagonia has voluntarily assumed greater responsibilities for its stakeholders, which includes assuming short-term financial burdens to protect the natural environment and offering benefits to employees that bring high costs. Under Chouinard's watch, Patagonia became the exceptional fish swimming upstream against the current of American capitalism.

But why must a company swim against the current to be a stakeholder company? In its 2019 declaration that the corporation's purpose must change from shareholder primacy to the stakeholder approach, the Business Roundtable's association of US CEOs acknowledged that a change is needed (Prologue, Chapters 2–4).[59]

To realize sustainable capitalism, the company's purpose must be to create value for its stakeholders in a manner that supports sustainable development, which means meeting the needs of the present without compromising the ability of future generations to meet their own needs. Realizing sustainable capitalism involves practicing stakeholder capitalism.

We have a choice ahead to achieve that necessary shift of corporate purpose. We can hold up a company like Patagonia as an example of a stakeholder company and attempt to convince US companies to swim upstream against the current of American capitalism. However, as O'Toole chronicled, we are not likely to achieve stakeholder capitalism en masse; with history as our guide, most companies will

[57] Frederic Laloux, *Reinventing Organizations: A Guide to Creating Organizations Inspired by the Next Stage in Human Consciousness* (Brussels: Nelson Parker, 2014); Jason Seawright, "The Case for Selecting Cases That Are Deviant or Extreme on the Independent Variable," *Sociological Methods & Research* 45, no. 3 (2016): 493–525; Strand, statement to the U.S. House Committee on Small Business.

[58] Yvon Chouinard and Vincent Stanley, *The Responsible Company: What We've Learned from Patagonia's First 40 Years* (Ventura: Patagonia, 2013).

[59] Business Roundtable, "Business Roundtable Redefines the Purpose of a Corporation."

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ultimately fail. Or, we can focus on the current of the stream. Rather than expend efforts to get every fish to be that exceptional case, like Patagonia, we can consider why the current flows in the direction of shareholder capitalism. Why not direct the stream's current toward stakeholder capitalism, whereby every fish follows a stakeholder approach by default?

The stakeholder approach is not achieved in the Nordics through volunteerism and philanthropy but, instead, it is structured. Policy changes are necessary for structuring the stakeholder approach – and here, the Business Roundtable and US business leaders can look to the historical developments of the Nordics. Throughout the twentieth century, Nordic business leaders and pro-business conservatives have been champions of stakeholder capitalism, actively working to ensure fair wages are paid to employees and systems are in place to support the well-being of all Nordic citizens. Nordic business leaders were initially pressured by threats of socialism in the late 1800s, into the early 1900s. They would realize for themselves the benefits that come from being part of building a society that works for everyone, not just the powerful few. In her 2020 book, *Reimagining Capitalism*, Henderson highlights successes in Denmark and lessons for the US, particularly emphasizing the active role that Danish business leaders played in supporting the stakeholder approach, including strong labor unions and democratic principles.[60]

Yes, you read that correctly: *Big business in Denmark actively worked to help establish a strong and effective organization for labor unions*. The result was the national collective bargaining system that has served business interests well across the Nordics through an efficient structuring of conflict resolution. Furthermore, the Danish business community and conservatives saw the benefits of a well-functioning, educated labor pool and not tying healthcare to employment. Labor economist and historian Walter Galenson's book, *The World's Strongest Trade Unions: The Scandinavian Labor Movement*, documented the benefits of trade unions to Nordic societies.[61] Galenson noted in 1998 that approximately 90 percent of Swedish employees were members of a labor union, compared with 15 percent in the US.

[60] Henderson, *Reimagining Capitalism*.
[61] Galenson, *The World's Strongest Trade Unions*.

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Nordic business leaders have worked to avoid saddling Nordic companies with demands that would take attention away from their core business activities. Furthermore, Nordic policymakers desired a more flexible workforce where laborers were not at risk of clinging to a job for "benefits" but were continually training and could change employers or become entrepreneurs without fear of losing benefits. Stakeholder capitalism in the Nordics works so well, thanks to the ongoing support of Nordic business leaders. Anu Partanen and Trevor Corson made this point in their 2019 *New York Times* special feature "Finland Is a Capitalist Paradise" (Chapter 4):[62]

> The Nordic nations as a whole, including a majority of their business elites, have arrived at a simple formula: Capitalism works better if employees get paid decent wages and are supported by high-quality, democratically accountable public services that enable everyone to live healthy, dignified lives and to enjoy real equality of opportunity for themselves and their children. For us, that has meant an increase in our personal freedoms and our political rights – not the other way around.

If US companies and their leaders supported paying their fair share of taxes – rather than evading and fighting taxes at every turn – and demanded efficient public services for those precious tax dollars, US society could benefit dramatically. Writing of the importance of paying one's fair share of taxes, Ørsted CEO Mads Nipper offered:

> 5,340,426,528 DKK (~$850 million). This is the corporate tax paid by Ørsted in Denmark in 2019. Let there be no doubt that the single most important contribution of our company is to be a global catalyst for a world that runs entirely on green energy, but one of the many other important societal contributions of companies like ours is tax.[63]

These essential words by a Nordic business leader to advocate for simply paying one's fair share of taxes would be near revolutionary for a US business leader to proclaim.

Nordic leadership in sustainability is supported through the efficient delivery of universal programs directly addressing many SDGs. Universal access to healthcare directly supports SDG #3 "Good Health and Well-Being." Universally subsidized childcare and universal access

[62] Partanen and Corson, "Finland Is a Capitalist Paradise."
[63] Mads Nipper, LinkedIn post, accessed May 25, 2025, www.linkedin.com/feed/update/urn:li:activity:6776063489032163329/.

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to education through university directly supports SDG #4 "Quality Education." Importantly, these universal programs depend on the vibrant Nordic economies and availability of good jobs, directly tied to SDG #8 "Decent Work and Economic Growth."

The success of the Nordic model stems from companies and their business leaders acknowledging their civic duties, including paying their fair share of taxes. This reciprocal relationship strengthens the Nordic social contract: Businesses invest in the society that nurtures them, while the society creates an environment where businesses can thrive sustainably.

The Nordic model features uniquely cooperative labor relations, with about 70 percent union membership reflecting deep-rooted collective bargaining culture. Unlike contentious US labor relations, Nordic unions and employers maintain continuous dialogue and mutual respect, ensuring more equitable distribution of prosperity.

The enterprise foundation ownership model is a vital element of Nordic stakeholder capitalism, providing structural support for long-term thinking and stakeholder orientation. This ownership structure, where foundations hold majority voting rights in perpetuity, creates systematic insulation from short-term market pressures. Controlling over 70 percent of Denmark's stock exchange capitalization and extending to private firms, these foundations enable companies like Novo Nordisk, Carlsberg, and Ramboll to prioritize long-term stakeholder interests over short-term financial pressures. This institutional feature directly contributes to Nordic companies' superior sustainability performance.

Parting Reflections

The Nordic cooperative advantage demonstrates that effective stakeholder capitalism requires both structural foundations and cultural support. The contrast between American capitalism's profit maximization and Nordic companies' stakeholder orientation reveals three key insights:

First, meaningful stakeholder cooperation demands robust democratic structures, not just good intentions. Nordic companies engage with stakeholders through formalized dialogue processes and governance structures, including employee board representation and enterprise foundation ownership. These structures also buffer against

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the ills of short-termism, which can prevent meaningful stakeholder engagement. This stakeholder cooperation fundamentally depends on dispersed power. The Nordic cooperative advantage emerges from business environments where power is distributed through strong labor unions and universal social safety nets, where employees are not dependent on employers for basic needs like healthcare. This balanced distribution of power creates conditions for constructive cooperation.

Second, language reflects and also profoundly shapes business behavior and culture. American business discourse centers upon hypercompetitive language, including a prevalence of warfare metaphors that depict the world as a series of zero-sum affairs, needlessly emphasizing conflict. Nordic companies tend to frame interactions through cooperative paradigms, such as discussing industry peers and employer–labor union relationships framed in a cooperative spirit. Sustainability challenges demand effective cooperation, which the cooperative language and cooperative strategic posture of Nordic companies help facilitate.

Third, the purpose of the firm has fundamentally different definitions in American versus Nordic capitalism. The so-called Friedman doctrine, which defines the firm's purpose solely as maximizing profits for shareholders, has been a cornerstone of American capitalism rooted in neoliberalism since the 1980s. In Nordic capitalism, the firm's purpose is to create value for its stakeholders.

Corporations are a primary tool of capitalism, and Nordic companies corporations offer a compelling benchmark for their American counterparts. Yet they, too, must continue to evolve to meet the lofty demands of realizing sustainable capitalism. While the Nordic stakeholder-oriented approach moves us closer to that goal, fully realizing sustainable capitalism requires an even more ambitious definition of the firm's purpose: to create value for its stakeholders within planetary boundaries. This definition aligns with the dual imperatives of sustainable development – meeting the needs of the present while safeguarding the ability of future generations to meet their own needs.

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7 *Societal Level*
Is the American Dream the Nordic Reality?

I feel that the American Dream can be achieved best in the Nordic countries, where every child, no matter their background or the background of their families, can become anything.

—Finnish Prime Minister Sanna Marin,
"Finland's Prime Minister Sanna Marin Says the
American Dream is Best Achieved in Nordic Countries"

We can have democracy in this country, or we can have great wealth concentrated in the hands of a few, but we can't have both.

—Louis Brandeis, U.S. Supreme Court Justice, attributed

Having explored Nordic capitalism at the individual level (Chapter 5) and organizational level (Chapter 6), this chapter shifts to the societal level through the lens of the American Dream – an ideal rooted in freedom, equal opportunity, and upward mobility.[1] Finnish Prime Minister Sanna Marin's striking claim that the American Dream may be "achieved best in the Nordic countries" invites us to examine how American and Nordic capitalism translate shared aspirations into very different realities. In doing so, we explore contrasting views of freedom, the role of public institutions, and what it takes to make opportunity real for all.

Isaiah Berlin's distinction between negative and positive freedom is central to understanding these differences. This framework helps

[1] The epigraph quote "We can have democracy in this country, …" is commonly attributed to U.S. Supreme Court Justice Louis D. Brandeis. Although it does not appear *verbatim* in his writings, it effectively summarizes the central argument of *Other People's Money – and How the Bankers Use It* (New York: Frederick A. Stokes Company, 1914) regarding the fundamental tension between concentrated wealth and democratic governance.

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us analyze how different forms of capitalism balance individual liberty and societal well-being. Negative freedom refers to "freedom from" – the absence of interference, particularly from government regulation or taxation. Positive freedom, by contrast, is "freedom to" – the ability to access opportunities or essential services such as healthcare, paid parental leave, or affordable education.

In his 2024 book *On Freedom*, Timothy Snyder observes, "Negative freedom is our (American) common sense."[2] Nordic societies, by contrast, prioritize expanding positive freedoms.[3]

Conflicts between negative and positive freedoms arise when expanding one requires limiting the other. For instance, ensuring universal access to clean water – a positive freedom – may require regulations restricting businesses' negative freedom to operate without interference. Similarly, funding universal healthcare through taxation requires balancing the negative freedom from taxation with the positive freedom of universal access to care.

Examining how American and Nordic societies navigate the balance between negative and positive freedoms – and whose freedoms take precedence in moments of conflict – offers a powerful lens for understanding the defining characteristics of American and Nordic capitalism, respectively. This theoretical framework of negative and positive freedoms has been widely applied in political philosophy and institutional analysis,[4] providing a useful conceptual framework for comparing different varieties of capitalism.

The American Dream

Few expressions are as widely known, frequently invoked, and open to interpretation (and exploitation) as the "American Dream." It has been a central theme in some of the most impactful pieces of American rhetoric, from Martin Luther King Jr.'s impassioned "Letter from

[2] Timothy Snyder, *On Freedom* (New York: Crown, 2024), xiii.
[3] Bo Stråth, "The Cultural Construction of Equality in Norden," in *Egalitarianism in Scandinavia*, ed. Synnøve Bendixsen, Mary Bente Bringslid, and Halvard Vike (London: Palgrave Macmillan, 2018), 47–64.
[4] Amartya Sen, *Development as Freedom* (New York: Knopf, 1999); Martha C. Nussbaum, *Creating Capabilities: The Human Development Approach* (Cambridge: Harvard University Press, 2011).

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Birmingham Jail,"[5] to the speeches of President Reagan.[6] "Has the American Dream Been Achieved at the Expense of the American Negro?" served as the title for the legendary 1965 debate between James Baldwin and William F. Buckley.[7] This question underscores the deep complexities and varied interpretations of the American Dream, highlighting its role as both an aspirational ideal and a subject of scrutiny.

The expression "American Dream" is not confined to the US, as indicated by the Finnish Prime Minister's opening quote, but its definition is subject to debate. Insofar as the American Dream represents the promise of a good quality of life for current and future generations, it is consistent with sustainable development. However, the American Dream has many different connotations.

So, what exactly is the American Dream?

Jim Cullen describes the American Dream as the US "national motto" – a set of ideals promising that anyone, regardless of background, can realize their potential through hard work. At its heart are freedom, upward mobility, and equal opportunity.[8]

The expression American Dream was first penned in 1931 by James Truslow Adams. He described it as "life should be better and richer and fuller for everyone, with opportunity for each according to ability or achievement."[9] Adams continued, describing how the American Dream was a worldwide source of inspiration, stating, "a better, richer, and happier life for all our citizens of every rank, which is the greatest contribution we have made to the thought and welfare of the world. That dream or hope has been present from the start [of the US]."[10]

[5] "One day the South will know that when these disinherited children of God sat down at lunch counters, they were in reality standing up for what is best in the American dream …," Martin Luther King Jr., "Letter from Birmingham Jail," *UC Davis Law Review* 26 (1992): 835–851.

[6] Ronald Reagan, "Address to the Nation on the Economy," October 13, 1982, Ronald Reagan Presidential Library & Museum, accessed May 25, 2025, www.reaganlibrary.gov/archives/speech/address-nation-economy-october-1982.

[7] Gabrielle Bellot, "The Famous Baldwin–Buckley Debate Still Matters Today," *The Atlantic*, December 2, 2019.

[8] Cullen, *The American Dream*, 5.

[9] James Truslow Adams, *The Epic of America* (Piscataway: Transaction Publishers, 2012), xvi.

[10] Adams, *The Epic of America*, xx.

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Inherent to the American Dream is a sense of optimism – a profound hope that has deep historical roots. Within his famed *Democracy in America* manuscript from the 1830s, the Frenchman Alexis de Tocqueville wrote "the charm of anticipated success" was a central quality of the young US. While the American Dream as a term did not rise in popularity until a century later, Tocqueville had tapped into the "can do" spirit of the American ethos that he did not experience in Europe at that time where monarchies and aristocracies predetermined the lot in life at birth for most people.[11]

According to Cullen, the "major moral underpinning" of the American Dream is that "everyone is eligible … At some visceral level, virtually all of us need to believe that equality is one of the core values of everyday American life, that it promises to extend to everyone."[12] "Everyone is eligible" does not require equality of outcome.[13] Instead, it means *equality of opportunity* for everyone to flourish and realize their full potential.

U.S. Treasury Secretary Scott Bessent challenged a more recent conflation of consumerism with the American Dream in a 2025 speech on trade policy. "Access to cheap goods is not the essence of the American Dream," he declared. "The American Dream is rooted in the concept that any citizen can achieve prosperity, upward mobility, and economic security."[14] His statement emphasized that upward mobility – not consumer access – defines the American Dream's core promise.

This focus on social mobility aligns with WEF's Global Social Mobility Index, which measures precisely what the American Dream promises: equality of opportunity. The index evaluates how effectively different nations deliver "equally shared opportunities" and ensure "an equal and meritocratic footing irrespective of socio-economic background, geographic location, gender or origin."[15] The WEF's Global Social Mobility Index could justifiably be called the American

[11] Cullen, *The American Dream*, 5. [12] Cullen, *The American Dream*, 108.
[13] Also called "equality of condition."
[14] Jeff Cox, "Treasury Secretary Bessent Says the American Dream Is Not about 'Access to Cheap Goods,'" CNBC, last modified March 6, 2025, accessed March 7, 2025, D:\CUPBOOK\Strand_9781009646529\Strand_9781009646529\www.cnbc.com\2025\03\06\treasury-secretary-bessent-says-the-american-dream-is-not-about-access-to-cheap-goods.htmlhttps://shorturl.at/r8HTJ.
[15] WEF, *Global Social Mobility Index 2020*, 5.

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Table 7.1 *Global Social Mobility Index 2020*

Rank	Country	Score
1	Denmark	85.2
2	Norway	83.6
3	Finland	83.6
4	Sweden	83.5
5	Iceland	82.7
6	The Netherlands	82.4
7	Switzerland	82.1
…		
26	Lithuania	70.5
27	US	70.4
28	Spain	70.0

Dream Index – yet ironically, the Nordic countries top the list, with the US ranked 27th, between Lithuania and Spain.

In the WEF's 2020 report, all five Nordic countries claimed the top spots, with Denmark, Norway, Finland, Sweden, and Iceland ranking first through 5th, respectively, as shown in Table 7.1. The US, by contrast, ranked 27th.[16] These findings are reinforced by researchers Mattia Fochesato and Samuel Bowles, who conclude that "in terms of economic and social success, it matters less who your parents are in the Nordic economies" – suggesting that Nordic capitalism may be more effective than American capitalism at delivering on the American Dream's central promise of opportunity for all.[17]

While equality of opportunity is the focus of the American Dream – *not* equality of outcome – the two are related. When power and wealth become hyper-concentrated in society, and the gulf between rich and poor widens beyond a reasonable range, equality of opportunity can become compromised, and the American Dream is not a reality for everyone.

What is a reasonable range of economic inequality? When researchers Michael Norton and Dan Ariely presented actual

[16] WEF, *Global Social Mobility Index 2020*.
[17] Mattia Fochesato and Samuel Bowles, "Nordic Exceptionalism? Social Democratic Egalitarianism in World-Historic Perspective," *Journal of Public Economics* 127 (2015): 30–44.

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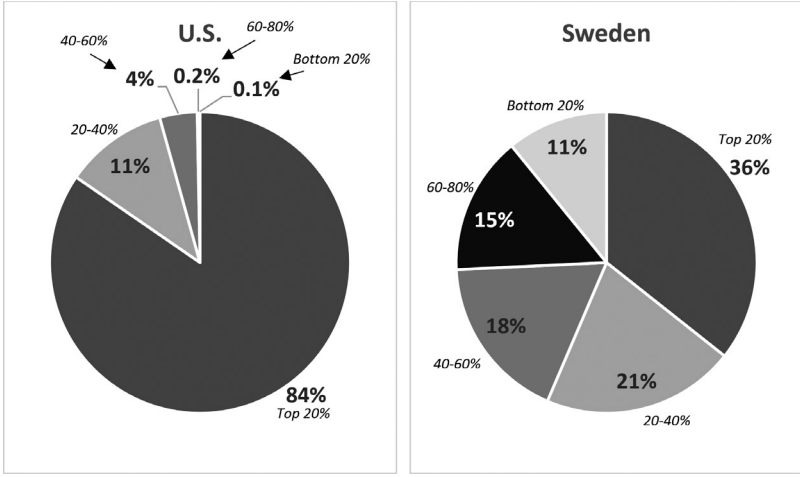


Figure 7.1 Share of wealth by quintile: US and Sweden.

levels of wealth inequality by country to US residents, as depicted in Figure 7.1, but without revealing the country's name. Of the respondents, 92 percent expressed preference for the level of wealth inequality that corresponded to Sweden. Only 8 percent expressed a preference for a level of wealth inequality in the US.[18] Their 2011 study, published in *Perspectives on Psychological Science*, represented the first large-scale empirical investigation of Americans' preferences regarding wealth distribution compared to actual levels of inequality.

In an *Atlantic* article titled "Americans Want to Live in a Much More Equal Country (They Just Don't Realize It),"[19] Ariely explained how the vast majority of people in the US, regardless of political affiliation, income, and gender, prefer a distribution of wealth that "is very different from what we have and from what we think we have." He writes:

[18] Michael I. Norton and Dan Ariely, "Building a Better America – One Wealth Quintile at a Time," *Perspectives on Psychological Science* 6, no. 1 (2011): 9; Norton and Ariely define wealth as: "Wealth, also known as net worth, is defined as the total value of everything someone owns minus any debt that he or she owes. A person's net worth includes his or her bank account savings plus the value of other things such as property, stocks, bonds, art, collections, etc., minus the value of things like loans and mortgages."

[19] Dan Ariely, "Americans Want to Live in a Much More Equal Country (They Just Don't Realize It)," *The Atlantic*, August 2, 2012.

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Americans are actually in agreement about wanting a more equal distribution of wealth. In fact, the vast majority of Americans prefer a distribution of wealth more equal than what exists in Sweden, which is often placed rhetorically at the extreme far left in terms of political ideology – embraced by liberals as an ideal society and disparaged by conservatives as an overreaching socialist nanny state.

The US and Sweden each have significant levels of inequality, but strikingly different is that the bottom half of US citizens have virtually nothing. In contrast, the bottom half of Swedish citizens are doing okay. Norton and Ariely's figure above shows that the bottom 40 percent of US citizens hold 0 percent of the nation's wealth.

Extreme inequality in the US is not by accident but is the result of deliberate policy choices. During the Reagan administration, US tax rates were slashed in the 1980s, disproportionately for the wealthiest US citizens. The result is that the middle and lower economic classes paid a much more significant percentage of taxes in the US than before.

The neoliberal ideology presented a promise of "trickle-down economics," implying that cutting taxes for the richest will spur economic growth, boost employment, and therefore flow down to the benefit of many people. However, the promise is proven untrue. In their 2022 *Socio-economic Review* paper "The Economic Consequences of Major Tax Cuts for the Rich," David Hope and Julian Limberg show that in OECD nations from 1965 to 2015, tax cuts for the wealthiest lead to higher income inequality in the short and medium term, and do not have a significant effect on spurring economic growth or reducing unemployment as promised. They summarize, "Our results therefore provide strong evidence against the influential political–economic idea that tax cuts for the rich 'trickle down' to boost the wider economy."[20]

In the US, tax policies have increasingly been shaped by wealthy interests operating outside democratic accountability. Through strategies like "Buy, Borrow, Die" and specialized loopholes, wealthy individuals can leverage tax-advantaged investments and asset-based borrowing to reduce their tax rates to near zero, facilitating massive wealth transfer across generations. This system, designed through

[20] David Hope and Julian Limberg, "The Economic Consequences of Major Tax Cuts for the Rich," *Socio-economic Review* 20, no. 2 (2022): 539–559.

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lobbying and political influence rather than democratic deliberation, undermines both economic efficiency and democratic governance.[21]

US tax policies have created numerous loopholes that enable wealth concentration and intergenerational transfer with minimal taxation. A striking example is Harold Hamm, who in 2022 transferred over $11 billion to his children largely tax-free through carefully structured transactions that avoided the 40 percent estate tax.[22] Such legal maneuvers, available only to the wealthiest, demonstrate how US tax policy undermines equality of opportunity.

The American Dream narrative is powerful – and one many US residents hold as central to the American identity. However, it can be exploited by a powerful few who leverage it as mythology without supporting it with the concrete actions necessary to make it a reality for every American.

"If Americans want to live the American Dream, they should go to Denmark," remarked Richard Wilkinson, summarizing the data he and Kate Pickett analyzed for their book, *The Spirit Level: Why Greater Equality Makes Societies Stronger*.[23] Whether in Denmark, Sweden, or anywhere else in the Nordics, the evidence is compelling that most people in the US prefer the Nordic reality – they do not know it.[24]

[21] Rachel Louise Ensign and Richard Rubin, "Buy, Borrow, Die: How Rich Americans Live Off Their Paper Wealth," *Wall Street Journal*, July 8, 2021, accessed May 25, 2025, https://shorturl.at/D1h76; Jesse Eisinger, Jeff Ernsthausen, and Paul Kiel, "The Secret IRS Files: Trove of Never-Before-Seen Records Reveal How the Wealthiest Avoid Income Tax," *ProPublica*, June 8, 2021, accessed May 25, 2025, https://shorturl.at/l4jHN; Talmon Joseph Smith, "The Greatest Wealth Transfer in History Is Here, with Familiar (Rich) Winners," *New York Times*, May 14, 2023, updated May 23, 2023, accessed May 25, 2025, www.nytimes.com/2023/05/14/business/economy/wealth-generations.html; Morris Pearl, Erica Payne, and the Patriotic Millionaires, *Tax the Rich!: How Lies, Loopholes, and Lobbyists Make the Rich Even Richer* (New York: New Press, 2021).

[22] David Wethe, "Shale King Harold Hamm Is Passing Billions to His Heirs Tax-Free," Bloomberg, February 14, 2022, accessed May 25, 2025, https://shorturl.at/Bwfk6.

[23] Richard Wilkinson, "How Economic Inequality Harms Societies," TED Talk, July 2011; Richard Wilkinson and Kate Pickett, *The Spirit Level: Why Greater Equality Makes Societies Stronger* (New York: Bloomsbury Publishing, 2011).

[24] The 2018 OECD report *A Broken Social Elevator? How to Promote Social Mobility* reinforces these findings and adds a tangible generational aspect: "it would take only about two generations for children from the bottom earnings

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Freedom

"The American Dream is closely bound up with freedom," wrote Cullen.[25] The expression "Land of the Free" is enshrined in the US national anthem, followed immediately by "and the home of the brave," indicating that freedom and the courageous fight go hand in hand. In the US, freedom is commonly discussed in terms of freedom from some enemy – whether that enemy is represented by a foreign threat or domestic intrusion.

In the Nordics, however, freedom is not often discussed in terms of fighting and achieving freedom from some imagined enemy; rather, it is more commonly discussed in terms of freedom to do something. That is not to say Nordic nations do not understand the reality of bloodshed. During the twentieth century, roughly the same number of Finns died fighting the Soviet Union as US citizens died fighting in Korea and Vietnam (and Finland is only one-sixtieth the population of the US).[26] However, freedom is more likely discussed in the Nordics as something enabled through systems like universal education, healthcare, paid parental leaves, and support for older adults, which represent foundational elements of the Nordic model.

The Nordic approach to freedom is perhaps best illustrated through the considerations of children. Children in Nordic societies often experience a significantly higher level of freedom and independence than their counterparts in the US, reflected in various aspects of their daily lives and the social policies that support these freedoms. Children across Nordic societies commonly have the freedom to walk or bike to school and play outside unsupervised from a young age. These freedoms are enabled by safe, well-planned urban

decile to attain the level of mean earnings in the Nordic countries, but between four to six generations in Continental European countries." In contrast to the Nordic countries' "high" social mobility across generations in earnings, the US was assessed as "medium," alongside other European countries like Italy and Ireland. See OECD, *A Broken Social Elevator? How to Promote Social Mobility*, June 2018, 16, accessed May 25, 2025, https://shorturl.at/jehoT.

[25] Cullen, *The American Dream*, 9.

[26] "Our nation fought three brutal wars against socialism in the twentieth century to protect our freedom, independence, and free-market system," offers Partanen, capturing the deeply ingrained American resistance to anything perceived as socialist – even when Nordic systems achieve results many Americans desire. See Anu Partanen, *The Nordic Theory of Everything* (New York: Harper, 2017), 54.

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environments with bicycle lanes separate from car lanes. In contrast, concerns about safety and a more car-centric culture in the US often mean children are less likely to experience these freedoms. Nordic countries provide heavily subsidized childcare and preschool programs to ensure all children can access early childhood education. Relatedly, Nordic countries are known for their generous parental leave policies, allowing parents to spend significant time with their children during the early years without risking financial instability. Nordic countries' comprehensive social welfare systems provide a safety net that includes healthcare, education, and social services that contribute to a society where children, regardless of their family's financial status, can access services that ensure their well-being and development.

Ensuring the freedoms of future generations demands we consider future generations as part of the "We." Nordic pro-business politicians and business leaders embrace the responsibility to consider future generations. Danish parliamentary and cabinet member Marie Bjerre, member of the pro-market, pro-business political party Venstre, stated in 2022, "I believe fighting for the climate is core to [pro-market, pro-business] politics. Because fighting for a better climate is part of a freedom agenda. It is about fighting for freedom and giving the same possibilities we had to the next generation. Also, it is our duty to not leave a heavy climate debt to the next generation."[27]

Former Swedish Prime Minister Olof Palme (1969–1976, 1982–1986) emphasized that expanding freedom for every member of society was the foundational rationale for building the Nordic model. While speaking at Stanford University in the US in 1977, he explained:

> I am speaking here today as a Swedish social democrat … We regard ourselves as a freedom movement … To us freedom means the removal of obstacles for the individual to develop her or his personality, the removal of injustices that quench our best yearnings for a better future, to quote one of my predecessors. We stress common responsibility and a sense of community above egoism and rugged individualism.[28]

[27] ALDE Party, www.aldeparty.eu/marie_bjerre_op, accessed *c.* January 1, 2022. This page is no longer available online.

[28] Olof Palme, "Social Justice and Individual Freedom," speech at Stanford University, Palo Alto, CA, November 1, 1977. Transcript provided by Barbro Osher.

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Freedom is not just an American ideal but also a Nordic one. However, views on how freedom is best enabled are dramatically different in the US than in the Nordics.

Nordic Theory of Love

Freedom is necessary to experience authentic love and friendship. This idea is the heart of the Nordic Theory of Love, a concept first articulated by Swedish scholars Lars Trägårdh and Henrik Berggren as the Swedish Theory of Love and later expanded by Anu Partanen to the Nordic Theory of Love (Chapters 4 and 6).[29] Trägårdh and Berggren's Swedish Theory of Love argues that Swedes, while fiercely individualistic, achieve freedom through state support rather than family dependency.[30]

Freedom is not achieved alone; we almost always depend upon support from elsewhere to secure freedom. Trägårdh and Berggren's theory is that Swedes achieve individual freedom by combining the individual and State. This "statist individualism" can be seen in the State programs – healthcare, education, and so on – that Nordic countries hold as freedom enablers for the individual.

US citizens, by contrast, commonly achieve freedom through their families. Accessing healthcare and education in the US is often secured through one's family, such as getting healthcare through a parent or spouse's healthcare plan or relying upon a parent to pay tuition. In the States, women's freedoms are also diminished by tending disproportionately to the home and childrearing; in the process, women become increasingly financially dependent on the men in their families. We could extend Trägårdh and Berggren's nomenclature to call the US approach "familistic individualism," where the individual secures freedom through one's family.

Living in the US shaped Trägårdh's view that the absence of social safety nets makes many US residents excessively dependent upon their families – parents, husbands, or rich uncles. Trägårdh

[29] Partanen, *The Nordic Theory of Everything*, 50.

[30] Henrik Berggren and Lars Trägårdh, *The Swedish Theory of Love: Individualism and Social Trust in Modern Sweden*, trans. Stephen Donovan (Seattle: University of Washington Press, 2022); Originally published in Swedish as Henrik Berggren and Lars Trägårdh, *Är Svensken Människa?: Gemenskap Och Oberoende i Det Moderna Sverige* (Stockholm: Norstedts Förlag, 2015).

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and Berggren stress how freedom-limiting the US approach is for individuals, particularly those who do not win the birth lottery.[31]

"Americans talk so much about freedom but have such little idea how little freedom they actually have," a Danish exchange student told me at Copenhagen Business School. She was struck by how US students needed parental permission to change majors because their families paid tuition. "I can make my own choices without asking permission," she noted, acknowledging that while Danes pay higher taxes for universal education, the freedom it provides is worth the cost. This contrast became vivid when I advised a UC Berkeley student to take the History of American Capitalism course. I said I thought he would appreciate the professor, who had authored the book *Accounting for Slavery: Masters and Management*.[32] He replied that the course sounded fascinating, but "My dad pays my tuition, and he would never let me take it."

Before 1970, in-state students paid no tuition at University of California, Berkeley.[33] Fast forward fifty years, and four years of in-state tuition costs over $60,000.[34] UC Berkeley is a public university, but the financial burden has shifted to individual students paying increasingly higher tuition and widespread reliance upon philanthropic endeavors. (Reflecting upon her experiences as Chancellor of University of California, Berkeley, outgoing Chancellor Carol Christ remarked, "In the 1970s at Berkeley, there was no expectation that the chancellor was involved significantly in fundraising. Generally, we were generously supported by the state. Now, fundraising is probably the biggest part of my job."[35]) For most students, increased tuition means increased dependence on their families. For prospective students whose families cannot provide the necessary support, the choice is to either take on significant debt or forego attending a university altogether.

[31] Berggren and Trägårdh, *The Swedish Theory of Love*.
[32] Caitlin Rosenthal, *Accounting for Slavery: Masters and Management* (Cambridge: Harvard University Press, 2018).
[33] "The History of UC Tuition since 1868," *Daily Californian*, December 22, 2014, accessed May 25, 2025, www.dailycal.org/2014/12/22/history-uc-tuition-since-1868/.
[34] "Cost of Attendance," UC Berkeley Admissions, 2024–2025 Academic Year, accessed 28 May, 2025, https://admissions.berkeley.edu/cost.
[35] Edward Lempinen, "Carol Christ: Years of Challenge, Years of Historic Progress," *Berkeley News*, May 28, 2024, accessed June 2, 2024, https://shorturl.at/hYZk9.

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When parents fund their adult children's education and expenses, the relationship transforms from one of guidance to patronage, often extending into middle age. This financial dependency, coupled with potential future inheritance, can turn family relationships into transactional negotiations. Whether one acknowledges it or not, the freedom achieved through dependency upon family charity is a reality of US life. In contrast, the Nordic focus has been on expanding freedom for everyone, irrespective of family, and honestly acknowledging that we do not secure freedom entirely by ourselves.

Freedom: Positive and Negative

Few thinkers have contributed more to ideas about freedom than Latvian-born theorist Isaiah Berlin. Berlin's family moved to Saint Petersburg, Russia, in 1909 when he was six. Witnessing the events of the 1917 October Revolution from their apartment window and feeling increased oppression as the Bolsheviks ascended to power, Berlin's family later left for England in 1921.

As discussed earlier, Berlin's distinction between negative and positive freedom provides a valuable lens. The Nordic model's expansion of positive freedom – access to education, healthcare, childcare, and the natural world – underscores its alignment with Berlin's trajectory of positive liberty.[36] The continued expansion of positive freedoms is the foundation of the Nordic model. The "core of Nordic modernity," wrote Bo Stråth in *Egalitarianism in Scandinavia*, "mainly follows Berlin's trajectory of positive freedom."[37]

Through democratic processes, Nordic societies establish and maintain efficient universal systems that ensure citizens' access to essential services such as medical care and education. These systems are funded through income taxes supported by vibrant market economies, demonstrating how democracy and capitalism can work hand in hand. Democratic oversight helps keep these systems efficient and accountable while expanding positive freedoms for all citizens. This practical coupling of democratic processes with market dynamics makes Nordic societies powerful examples of democratic capitalism in action, increasing the likelihood that more citizens can flourish.

[36] Isaiah Berlin, *Liberty*, ed. Henry Hardy (Oxford: Oxford University Press, 2002).
[37] Stråth, "The Cultural Construction of Equality in Norden," 47–64.

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Positive freedom extends into property rights in the Nordics. Given how central property rights are to capitalism, this merits particular attention. *Allemansrätten* (Swedish) or *Allemannsretten* (Norwegian) translates to "everyman's right," referring to laws across the Nordics that ensure everyone has the freedom to hike, camp, and forage for berries and mushrooms on all lands, including privately owned (provided you stay five hundred feet from anyone's home).

Also known as freedom-to-roam laws, the official website of Visit Norway explains, "The main rules are easy: Be considerate and thoughtful. Don't damage nature and other surroundings. Leave the landscape as you would want to find it." to roam represents "a traditional right from ancient times, and from 1957 it has also been part of the Outdoor Recreation Act. It ensures that everybody gets to experience nature, even in larger privately owned areas."[38] In 2017, Sweden listed the entire country on Airbnb – bookable without fee – thanks to its constitutional right to roam. This stands in sharp contrast to US signage threatening violence against trespassers, revealing radically different views on property and public access.[39]

The expansion of the freedom for everybody to roam entails a reduction of negative freedom for landowners whose freedom from having people roam on their land.[40] The tradeoff that Nordic societies have accepted is that the expansion of positive freedoms for everybody is worth a reasonable reduction of negative freedoms for property owners. In stark contrast, Walmart sells signs in the US stating, "No Trespassing. No Soliciting. Violators will be shot,"[41] and "Private Property. No Trespassing. We do not call 911," with an image of a gun, heavily implying that property owners have the freedom to shoot (and kill) anyone who comes onto their property.[42]

[38] "Right of Roam," VisitNorway.com, accessed May 25, 2025, www.visitnorway.com/plan-your-trip/travel-tips-a-z/right-of-access/.

[39] "Sweden Lists Entire Country on Airbnb," Airbnb Newsroom, May 22, 2017, accessed May 25, 2025, https://news.airbnb.com/sweden-lists-entire-country-on-airbnb/.

[40] The laws require people to keep a respectful distance from dwellings; however, landowners may still encounter others mushrooming or berry-picking on their property under right-of-access norms.

[41] "No Trespassing No Soliciting Violators Will Be Shot 9x6 Metal Sign," Walmart.com, accessed May 25, 2025, https://shorturl.at/RTjlM.

[42] "Retro Metal Aluminium Sign Sheet Warning: 'We Don't Call 911,'" Walmart.com, accessed May 25, 2025, D:\CUPBOOK\Strand_9781009646529\

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Such signs would be absurd in the Nordics and considered a gross violation of custom and law.[43]

In contrast, the US has focused primarily on expanding negative freedoms throughout its history. Freedom in the US is frequently prioritized for individuals with power and property. Stråth writes, "the American dream of a society of equals often came close to the negative freedom as defined by Berlin … negative freedom is the freedom to do whatever one wants and becomes in the end a question of power."[44] In Berlin's words, "freedom for the wolves has often meant death to the sheep."[45]

There's US history to consider, where the freedom to own another human being as property represented one of the most egregious examples of expanding negative freedom for a powerful few. When slavery was legal in the US, slavery advocates argued that abolishing slavery violated slaveholders' freedom. The pro-slavery position supported the expansion of negative freedom for owners of slaves, advocating that they should have freedom *from* being interfered with by others to own human beings as property (consistent with the proprietarian ideology laid out in Chapter 4). Of course, such a position required a complete disregard for the freedoms of enslaved people.[46] Tocqueville observed the propensity in the young US to grant an expansion of negative freedom for the powerful few, even at the cost

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[43] Jared Yates Sexton's book makes the vital point that negative freedoms for the powerful have been steadily expanding through the systematic suppression of both negative and positive freedoms for those without power. See Jared Yates Sexton, *American Rule: How a Nation Conquered the World but Failed Its People* (Westminster: Penguin, 2020). Relatedly, Dorothy A. Brown's book demonstrates how American tax policy has historically entrenched racial inequality. Tax structures have consistently privileged influential, wealthy white Americans at the expense of Black Americans and other marginalized groups. See Dorothy A. Brown, *The Whiteness of Wealth: How the Tax System Impoverishes Black Americans – and How We Can Fix It* (New York: Crown Publishing Group, 2021).

[44] Stråth, "The Cultural Construction of Equality in Norden," 50.

[45] Isaiah Berlin, *Four Essays on Liberty* (Oxford: Oxford University Press, 1990), xlv.

[46] The well-worn expression "Your freedom to extend your fist ends where my nose begins" illustrates the conflict between freedoms, where society must decide what to do when one person's freedom encroaches on another's.

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of eradicating freedoms for others: "They want equality in liberty, and if they cannot have it, they still want it in slavery."[47]

When assessing the claim that the US is the freest nation in the world, one could also ask freedom *for whom*?

Returning to the contentious matter of guns, Adults in the US have considerable freedom to own military-grade assault weapons, like the AR-15. Gun rights advocates in the US often frame the issue in terms of freedom from a tyrannical government, invoking an excerpt from the Second Amendment, "the right of the people to keep and bear arms, shall not be infringed." Upon turning eighteen, the age of adulthood in the US, the Uvalde killer legally purchased two AR-15-style weapons that he used in the killings just two days later.

Adults in Nordic nations have the freedom to own guns – just not military-grade weapons. Finland routinely ranks among the highest levels of gun ownership in the world, with 32 guns per 100 people. Norway is close behind with 29 guns per 100 people. (The US consistently ranks first in the world with 120 guns per 100 people.[48]) However, civilian ownership of military-grade weapons is illegal across all Nordic nations. Therefore, adults in the Nordic nations have comparatively less freedom than their American adult counterparts to own and shoot military weapons as civilians.

However, concerning children, given the comparatively few military-grade weapons in circulation among Nordic citizens, children in Nordic nations enjoy greater freedom to go to school without fear that military-grade weapons could be present. The concept of freedom for children in a school setting usually involves a safe environment for learning and personal growth. Therefore, children in the US enjoy comparatively less freedom in this regard. Active shooter drills are now commonplace across US schools, resulting in increased anxiety, stress, and depression among children.[49] In this

[47] Alexis de Tocqueville, *Democracy in America* (Washington, DC: Regnery Publishing, 2003).

[48] Small Arms Survey, "Estimating Global Civilian-Held Firearms Numbers," Briefing Paper, June 2018, accessed January 6, 2024, www.smallarmssurvey.org/database/global-firearms-holdings.

[49] Mai ElSherief, K. Saha, P. Gupta et al., "Impacts of School Shooter Drills on the Psychological Well-Being of American K–12 School Communities: A Social Media Study," *Humanities and Social Sciences Communications* 8, no. 315 (2021), doi.org/10.1057/s41599-021-00993-6.

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case of considering freedom *for whom*, the US appears to effectively prioritize the freedom of adults to own military-grade assault weapons, and the Nordics appear to effectively prioritize the freedom of children to live without fear of encountering military-grade assault weapons.

Leaky Buckets: Reducing Negative Freedom

Taxes represent a reduction in negative freedoms, as they are mandatory, reducing one's freedom from coercion. Economists have long used a "leaky bucket" metaphor as a visual for how collecting taxes addresses issues of inequality, implying that all efforts to address inequality inevitably result in inefficiencies.

According to Arthur Okun (Chapters 2 and 3), efficiency is reduced when individuals receive universal benefits because they now have reduced incentives to work. The individuals paying increased taxes have reduced incentives to work since high taxes mean they keep less money. Additionally, administrative efforts must collect the taxes and direct the collected tax revenues wherever they go. According to Okun, collecting taxes to address inequality will always reduce efficiency, just as water is continuously lost from a leaky bucket.[50]

The leaky bucket metaphor has had significant staying power, influencing how US economists think about inequality and the role of taxes in the US.

Efficient Hand Pumps: Increasing Positive Freedom

The leaky bucket metaphor fails to acknowledge that inequalities, when allowed to grow excessively, can impose their own efficiency costs on society. Trickle-down economics has also been extensively evaluated and found unsupported by empirical evidence. As Robert Reich summarizes, "Trickle-down economics is a cruel hoax."[51]

[50] Arthur Okun's metaphor of the leaky bucket was originally applied to government tax-and-redistribute policies, but is frequently extended to universal programs like education and healthcare, often presumed to result in efficiency loss.

[51] Robert B. Reich, "Trickle-Down Economics Doesn't Work but Build-Up Does – Is Biden Listening?" *The Guardian*, December 20, 2020.

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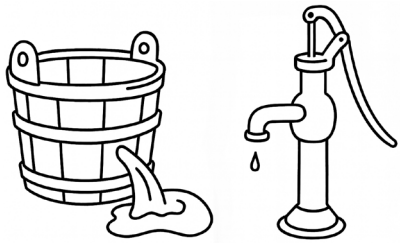


Figure 7.2 Leaky bucket versus efficient hand pump.

An "efficient hand pump" is a counter-metaphor to the leaky bucket, and this one is more suitable for describing the Nordics. A leaky bucket implies a subservient relationship, where the poor continually depend upon the rich to bring them water (and much water will be spilled along the way). In contrast, an efficient hand pump represents a commitment to increasing the freedom of individuals who can pump their water without dependency upon others. Installing and maintaining efficient hand pumps throughout society increases freedom for individuals who work hard to get their own water. The efficient hand pump metaphor aligns with insights from institutional economics, which demonstrate that well-designed universal systems can improve efficiency across society. Figure 7.2 contrasts two metaphors – the leaky bucket and the efficient hand pump.[52]

This metaphor can be extended further: Imagine if every individual had to dig their own well and install their own handpump to access water. Some would succeed through tremendous individual effort, while others might fail despite working equally hard due to hitting bedrock or lacking proper tools. Meanwhile, some individuals inherit fully functioning wells from their families, allowing them to access water with minimal effort. Those with inherited wells might look down on others struggling to build theirs, labeling them as lazy or undeserving – ignoring the vast difference in starting positions.

[52] Douglass C. North, *Institutions, Institutional Change and Economic Performance* (Cambridge: Cambridge University Press, 1990); Daron Acemoglu and James A. Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* (New York: Crown Business, 2012).

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This scenario mirrors how many Americans access essential services, such as healthcare and education. Some must build their access from scratch, often facing nearly insurmountable obstacles, while others inherit access through family wealth and connections. The resulting system is not only deeply inefficient at a societal level – with countless individuals expending enormous effort to duplicate infrastructure – but it also undermines the American Dream's promise of equal opportunity. Just as it would be more efficient to build a water system serving everyone, universal access to education and healthcare through public systems represents a more efficient approach than requiring each individual or family to secure access independently.

When the expressed purpose for collecting taxes is to expand positive freedoms for all citizens to access such essential services as medical care and education, and taxes are used efficiently to achieve said purposes, the overall societal-level efficiencies can be increased.[53] In these cases, a society may willingly choose a reasonable reduction in negative freedom (paying higher taxes) to secure a meaningful increase in positive freedoms (access to medical care and education).

Nordic citizens expect the value of the services they access will outweigh the taxes they pay. Nordic societies are responsive to citizens. Should citizens reject "leaky hand pumps" (i.e., if a service or program were inefficient), it must be improved or eliminated.

Universal access to education through university for all Nordic citizens has proven an efficient hand pump. Universal access to quality healthcare paid parental leave, and subsidized childcare ensures every child gets a good start, expanding their positive freedoms. Access to medical care – including preventative care – is an efficient hand pump to ensure sustained health that will serve the individual well into the future. (Finland's under-five child mortality rate is 1.7 per 1,000 live births – the lowest in the world; the US is 6.53.[54])

[53] Where, for example, the value of medical care and education provided exceed the cost of the tax revenues collected.

[54] Annie Fadely, "Finland's Government Gifts All New Parents a 60-Item Baby Starter Kit," BusinessInsider.com, February 20, 2020, accessed March 1, 2022, https://shorturl.at/BNksz. In addition to health and parental services, for seventy-five years Finland's famed "babybox" has been sent to all new parents by the Social Insurance Institution, Kela. It includes essential items and the box doubles as a bed to give Finnish babies a healthy start to life. Parents have

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The Nordic model can be seen as a collection of efficient hand pumps positioned throughout society that all citizens have the right to access. Nordic societies' universal services result in efficiency gains at the societal level.

In the Nordics, the State is expected to expand the positive freedoms of every citizen. The state is discussed as an extension of the Nordic people, a mechanism for coordinating efforts and establishing efficient systems to address problems more significant than any individual or local group can effectively address. In the US, the State is characterized as the enemy, which has the impact of diminishing the negative freedoms of its citizens.

I have realized that many people in the US do not realize how inefficient US society is. US citizens often accumulate overwhelming out-of-pocket costs in the march toward paying fewer taxes. People still need healthcare and education, and US citizens pay for these services at levels higher than citizens of other nations pay in taxes. Partanen summarized:

> All this talk of tax rates is primarily meaningless unless we spell out what people get in return for their money. The very high-quality and reliable services that Nordic citizens get in return for their taxes – including: universal public healthcare, affordable day care, universal free education, generous sick pay, year-long paid parental leaves, pensions, and the like – can easily incur additional tens of thousands, if not hundreds of thousands, of dollars in after-tax expense for Americans.
>
> Bottom line: For middle-class people, the amount of disposable income you end up with in the United States versus in a Nordic country can be very similar in the end, or even turn out to be a better deal in a Nordic country.[55]

Partanen's words echo those of Olof Palme, who contrasted Swedish experiences with the US while speaking at Stanford University in the 1970s.

> We pay very high taxes, much higher than in the US. But when I hear what you have to pay to keep your children in college or for a hospital bill, I sometimes wonder whether the difference is so large, after all. It is easy to claim that taxes are a limitation of personal freedom. But again, you face the question of whose freedom? In order to answer that question, you have to investigate for what purposes the revenue is used.[56]

the freedom to instead accept a cash grant, but 95 percent opt for the box. See Helena Lee, "Why Finnish Babies Sleep in Cardboard Boxes," BBC.com, June 4, 2013, accessed May 25, 2025, www.bbc.com/news/magazine-22751415.

[55] Partanen, *The Nordic Theory of Everything*, 254.

[56] Palme, "Social Justice and Individual Freedom."

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Public Libraries as Efficient Hand Pumps

Public libraries offer a clear example of an efficient hand pump – modest public investments that yield substantial returns while expanding positive freedom. A meta-analysis of library valuation studies found that every dollar invested in public libraries returns approximately four dollars in benefits.[57] Capital investments in libraries have also been associated with measurable improvements in children's reading achievement in nearby schools, representing a cost-effective means of supporting literacy and educational development.[58]

Public libraries help fulfill the American Dream by offering universal access to books, the Internet, and educational resources – giving individuals the chance to put in the hard work of learning and take greater ownership of their future.

Nordic countries lead the world in public library investment, with Finland and Denmark routinely topping international rankings. "Scandinavian libraries are in a league of their own," one journalist observed.[59] Helsinki's Oodi Library exemplifies how such investments advance positive freedom. Situated directly across from the Finnish Parliament, Oodi offers books, recording studios, maker spaces, meeting rooms, and exhibition galleries – freely accessible to all. It functions as both a civic commons and a cultural hub: an open, democratic space where citizens of all backgrounds can access tools for learning, creativity, and community engagement.

While bicycling through Copenhagen with Danish Minister of Transportation Benny Engelbrecht in 2022, we passed a local library where he paused to reflect on his childhood. Raised in a family of modest means, he recalled spending countless hours inside, reading everything he could. That library, he said, opened up his world and set him on the path to becoming a Minister in the Danish Parliament. His story is one of many that illustrate how public

[57] Svanhild Aabø, "Libraries and Return on Investment (ROI): A Meta-Analysis," *New Library World* 110, no. 7/8 (2009): 311–324.

[58] Gregory Gilpin, Ezra Karger, and Peter Nencka, "The Returns to Public Library Investment," *American Economic Journal: Economic Policy* 16, no. 2 (May 2024): 78–109.

[59] Arne Olav Hageberg, "Finland Spends Six Times as Much as Germany on Public Libraries," *Bok og Bibliotek*, February 1, 2023, accessed May 25, 2025, https://shorturl.at/ybwXh.

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libraries function as efficient hand pumps – institutions that offer every child, regardless of background, the opportunity to explore, learn, and imagine new possibilities. Nordic societies invest heavily in universal access to institutions like public libraries that advance the promise of the American Dream for more children and citizens.

Beyond demonstrating the efficiency of public investment, libraries also challenge the notion that state involvement inevitably crowds out private enterprise. Though publicly funded, Nordic libraries have not diminished private book ownership or undermined the publishing industry. On the contrary, Nordic households are often filled with books, and the region's publishing sector remains robust. Public libraries ensure universal access while preserving individual choice – citizens can rely on public services and build personal collections, while the private publishing market thrives.

This familiar example of library access illustrates the pragmatic blend of public and private efforts in Nordic universal healthcare. Just as individuals may borrow books from a public library while purchasing their own for their private collection, Nordic citizens have access to publicly funded healthcare and the option to buy supplemental private insurance. Universal access coexists productively with choice in the marketplace, establishing a shared foundation for all while allowing individuals to tailor services, whether in literature or healthcare, to their personal needs and preferences.

Corrosion of an Efficient Hand Pump: Public Universities in the US

Public universities are American Dream factories. Built through democratically accountable investments, public universities expanded opportunity for millions of Americans and generated the research that made the US a global innovation powerhouse in the twentieth century. Institutions like the University of California, Berkeley, and the University of Wisconsin–Madison became global talent magnets – educating millions while producing groundbreaking discoveries that shaped the world. These universities anchor larger public university systems – the University of California with ten campuses and the University of Wisconsin with thirteen – together educating millions who have realized the American Dream of upward mobility. I am one such beneficiary – a University of Wisconsin–Madison graduate who, now at the University of California, Berkeley, sees firsthand the opportunities these great public universities continue to provide.

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Landmark research analyzing data from over 30 million college students found that public universities such as University of California, Berkeley, and University of Wisconsin–Madison rank among the most effective institutions for intergenerational economic advancement in US history.[60] The University of California, Berkeley, is a standout American Dream factory, enrolling large numbers of low-income and first-generation students and routinely welcoming community college transfers – a stark contrast to its private peers in the Ivy League. At the most elite private universities in the US, legacy status – often tied to parental alumni connections and financial contributions – increases an applicant's odds of admission by more than threefold.[61] Public universities like UC Berkeley explicitly prohibit such practices, reinforcing their role as meritocratic engines of social mobility in contrast to the legacy preferences and donor-driven advantages that shape admissions at many elite private American universities.

Moreover, the research of public universities directly contributes to economic progress, creating conditions in which more individuals can realize the American Dream. A particularly striking example is UC Berkeley: Its innovations in science and technology were indispensable to the emergence of Silicon Valley as a global hub of innovation. Silicon Valley as we know it today could not have emerged without UC Berkeley.[62]

Yet the efficient hand pumps of America's public university systems are corroding, as decades of state disinvestment have forced many universities to rely increasingly on private funding and tuition hikes. In recent years, many US universities have also faced heightened federal political pressure that threatens to further erode what made the US a global innovation powerhouse and talent magnet.

Summer Job Tuition Index: A Measure of Social Mobility

In 1960, a student could pay for four years at the University of Wisconsin–Madison with just two summers of full-time

[60] Raj Chetty, John N. Friedman, Emmanuel Saez, Nicholas Turner, and Danny Yagan, *Mobility Report Cards: The Role of Colleges in Intergenerational Mobility*, NBER Working Paper No. 23618 (Cambridge: National Bureau of Economic Research, 2017), www.nber.org/papers/w23618.

[61] Michael Hurwitz, "The Impact of Legacy Status on Undergraduate Admissions at Elite Colleges and Universities," *Economics of Education Review* 30, no. 3 (2011): 480–492.

[62] *Mike Alvarez Cohen, Startup Campus: How UC Berkeley Became an Unexpected Leader in Entrepreneurship and Startups* (Berkeley: University of California Press, 2025).

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Table 7.2 ***Summer Job Tuition Index***

University of Wisconsin	1960	1970	1995	2020
Tuition/year	$220	$508	$3,070	$10,766
Tuition/year × 4 years	$880	$2,032	$12,280	$43,064
$/hour (min. wage)	$1.00	$1.45	$4.25	$7.25
$/summer job (12 weeks × 40 hours)	$480	$696	$2,040	$3,480
Summer Job Tuition Index (# of summers)	2	3	6	12

minimum-wage work. By 1970, it required three. When I attended in the mid 1990s, it took six summers – still within reach, as I worked full-time each summer from age sixteen through graduation and earned a degree with little debt. By 2020, however, the figure had doubled to twelve summers, as shown in Table 7.2, often resulting in dependence on one's family or assuming significant debt. If current trends continue, by 2045, it will take twenty-four summers of minimum-wage work to cover the cost of four years of tuition.

The steady rise of the Summer Job Tuition Index – the number of full-time summers at minimum wage required to pay for four years of in-state tuition – reveals the erosion of educational opportunity at America's public universities and the narrowing of freedom for those without wealth.

As a student, I cleaned pit toilets at a Wisconsin state park during summer. It was unappealing work, but I chose it willingly because it allowed me to pay my tuition. A few years later, I was working as an industrial engineer at IBM. I was realizing the American Dream. That trajectory reflected the American promise: That hard work leads to upward mobility. Today, no amount of pit-toilet cleaning over summer breaks could generate enough income to cover tuition at most public universities.

By contrast, the Summer Job Tuition Index in the Nordic countries is effectively zero because public universities are fully funded through taxation. One can debate whether zero tuition is appropriate in the US context, but it is indisputable that access to public university education has become out of reach for many Americans.

Restoring credibility to the promise that hard work enables upward mobility requires lowering this index to a more reasonable level.

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This could be achieved through a combination of reduced tuition and higher wages. Had the minimum wage kept pace with US productivity growth from the 1960s to 2020 – as it had from the 1930s through the 1960s – it would have reached $21.45/hour by 2020 (see Chapter 3). The Summer Job Tuition Index would fall to four summers at that wage level. Combine that with a 50 percent reduction in tuition, and we would return to the two-summer level seen in 1960.

In recognition of the unsustainable nature of the current path, the University of Wisconsin introduced a tuition-free program in 2018 for students from families with annual incomes of less than $56,000. The initiative highlights key contrasts between American and Nordic approaches to higher education. Eligibility is based on family income rather than individual status, reflecting the US expectation that even adult students remain financially tied to their families. The program is also means-tested rather than universal – a model the Nordic countries abandoned in the 1950s to reduce stigma and protect social programs from political volatility. Finally, it is funded through philanthropy rather than public taxation, whereas Nordic nations treat higher education as a publicly funded good.[63]

Deliberately Corroding Public Universities

The University of Wisconsin system illustrates the growing role of private funding in public higher education – and the corresponding erosion of democratic practices. Following political contributions from John Menard Jr. to Wisconsin Governor Scott Walker's 2011 campaign, Walker enacted significant tax cuts that benefited Menard while sharply reducing public funding for the University of Wisconsin system. Soon after, the Menard Family Foundation and the Charles Koch Foundation emerged as major donors to the university. This sequence effectively transformed personal tax savings into privately directed university funding, accompanied by conditions that included influence over faculty hiring, curriculum content, and student data collection. These arrangements gave private donors unprecedented influence over academic discourse and institutional governance, further concentrating power in society.[64]

[63] Todd Richmond, "UW-Madison: Free Tuition for Families Making Less Than $56K," AP News, February 8, 2018; University of Wisconsin–Madison, "Tuition Promise," accessed May 25, 2025, https://financialaid.wisc.edu/types-of-aid/tuition-promise/.

[64] Michael Isikoff, "Secret $1.5 Million Donation from Wisconsin Billionaire Uncovered in Scott Walker Dark-Money Probe," *Yahoo News*, March 23,

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The weakening of the University of Wisconsin system exemplifies how American capitalism is devolving into oligarchic capitalism, where wealthy private interests systematically undermine democratic institutions while expanding their control. This erosion is especially tragic given that public universities have long served as engines of social mobility.

A broader pattern emerges: private wealth first weakens public institutions through political influence and then reasserts control through philanthropic intervention. The cycle is instructive. Billionaire Menard used his wealth to influence political power by funding Governor Walker's campaign. Walker, in turn, enacted tax cuts that favored Menards Corporation while slashing state support for public universities – a textbook case of concentrated wealth shaping public policy to entrench itself. Menard, alongside the Charles Koch Foundation, then returned as a philanthropist, offering a fraction of his tax savings back to the now-underfunded university system – but with strings attached. These included influence over curriculum and programming, shifting public universities further from their democratic mission.

The establishment of the Menard Center for Constitutional Studies at the University of Wisconsin–Eau Claire in 2020 exemplifies this dynamic. Through the donation, Menard gained significant influence over the university's academic programming. His stated intent was "to create new speaker forums and series that provide multiple points of view."[65] Yet university officials are left to interpret the subtext: continued funding likely depends on ensuring that these "multiple views" align with the ideological preferences of major donors such as Menard and Koch. While no explicit quid pro quo is proven, the University of Wisconsin–Eau Claire awarded Menard its first-ever honorary doctorate for "lifetime achievement" – a gesture that raises serious questions about the growing entanglement of donor influence.[66]

2015; Nico Savidge, "Changes to Tenure, Budget and Regents Show Extent of Scott Walker's Impact on UW," *Wisconsin State Journal*, March 27, 2016.

[65] Evan Hong, "Menard Family Gifts $3 Million to UW–Eau Claire," WQOW News 18, September 17, 2020, accessed November 1, 2020, https://shorturl.at/KdFqO.

[66] Carly Swisher, "John Menard Jr. Awarded First Ever UW-Eau Claire Honorary Doctorate for Lifetime Achievement," WQOW.com, May 25, 2019, accessed November 1, 2020, https://shorturl.at/nfhiv; Menard has been

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Similarly, the Menard Center for the Study of Institutions and Innovation was established at the University of Wisconsin–Stout in 2019, again funded jointly by Menard and the Charles Koch Foundation. In 2022, the Center launched a system-wide survey on "First Amendment Free Speech Rights, Viewpoint Diversity, and Self-Censorship," illustrating how privately funded initiatives can shape the terms of academic debate. Academic critics argued that the survey's design appeared intended to produce findings that would justify further privatization of public education – culminating in the resignation of the University of Wisconsin–Whitewater's chancellor in protest.[67]

This incident reflects a broader pattern documented by scholars: Private funding of public universities often comes with conditions that shape faculty hiring, curriculum design, and institutional governance.

The divergent trajectories of American and Nordic capitalism are on full display. While American capitalism has increasingly evolved into an oligarchic model, where private wealth exerts growing influence over public institutions, Nordic democratic capitalism maintains institutional independence through robust public funding and democratic accountability. As Anand Giridharadas argues in *Winners Take All*, relying on philanthropic "winners" to fund essential public institutions poses a fundamental threat to democratic governance. The Nordic model offers an alternative: one in

described as "one of the worst environmental violators of any business leader in Wisconsin," aggressively anti-union, and found in violation of federal labor laws by the National Labor Relations Board. He is also known for punitive policies imposed on store managers. As one columnist observed, his approach to employee relations resembles "something exhumed from the Bronze Age with all its primitive logic intact." See Bruce Murphy, "John Menard Loves Universities," *Urban Milwaukee*, December 30, 2020.

67 Rich Kremer, "Student Free Speech Survey That Led to UW-Whitewater Chancellor Resignation Delayed: Announcement Marks Third Time Plans Have Changed for Privately Funded Survey," Wisconsin Public Radio, April 7, 2022, accessed May 25, 2025, https://shorturl.at/6A7wo; Kayla Huynh, "UW System Postpones Free Speech Survey after Criticism," *Cap Times*, April 7, 2022; Rich Kremer, "Former UW-Whitewater Chancellor Says Resignation Due to Lack of Support from UW System Administration," Wisconsin Public Radio, April 5, 2022, accessed November 1, 2022, https://shorturl.at/QvSFN; Dave Levinthal, "How the Koch Brothers Are Influencing U.S. Colleges," *Time*, December 15, 2015, accessed May 25, 2025, https://time.com/4148838/koch-brothers-colleges-universities/.

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which transparent, tax-funded support ensures that public institutions serve the common good – not private interests.[68]

Reliably Good Defaults Expand Freedom

The Nordic model provides reliably good default options – universal healthcare, high-quality education, safe transportation – that reduce stress and expand freedom. I could not fully appreciate the liberating effect of these defaults until I lived in the Nordics. In contrast, Americans have grown accustomed to constant anxiety, forced to fight for basic services that should be guaranteed.

When Finnish journalist Anu Partanen moved to the US, she described, "It's hard to exaggerate how fundamentally the loss of health insurance destroyed my sense of personal security and well-being."[69] Some might argue she had more freedom in America – she could "choose" from many insurance options – but the burden of navigating complex markets did not constitute freedom for Partanen. A lottery of poorly structured choices is no substitute for a well-designed, efficient default.

Psychologist Barry Schwartz's *The Paradox of Choice* illustrates how excessive choice can overwhelm rather than liberate. Having to make constant decisions in complex systems – especially when opting out leads to personal or financial collapse – undermines freedom.[70] Few of us are healthcare experts or can reliably predict the risk of a family member getting sick or injured in the upcoming year. We are prone to select a plan that is too small ("I'm never going to get sick") or too big (incurring excessively high premiums), depending upon our personality types and risk appetite.

Nudge Theory, developed by Nobel laureate Richard Thaler, demonstrates that well-designed defaults can improve outcomes without

[68] Anand Giridharadas, *Winners Take All: The Elite Charade of Changing the World* (New York: Vintage, 2019), 93; Anand Giridharadas, "The American Dream Is Now in Denmark," *The Ink*, February 23, 2021. Zuboff underscores the magnitude of the challenges posed by contemporary capitalism in *The Age of Surveillance Capitalism*, documenting how the relentless pursuit of profit by Silicon Valley elites contributes to the growing concentration of power and the erosion of democracy and individual freedom.

[69] Partanen, *The Nordic Theory of Everything*, 175.

[70] Barry Schwartz, *The Paradox of Choice: Why More Is Less* (New York: Ecco, 2004).

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limiting choice. Automatic enrollment in retirement savings plans, for example, boosts long-term financial security while preserving individual freedom. Thaler and co-author Cass Sunstein argue that nudges promote better decisions at a systems level and expand individual freedoms.[71]

The Nordics embed such nudges into daily life. In Copenhagen, even on rainy days, biking remains the most convenient form of transport because systems are designed to make it so. Exercise, health, and environmental benefits flow from infrastructure choices. Healthcare, too, is universal: Everyone has access to a solid baseline of care, and additional coverage is available on the market. Sarah and I chose the default, and it worked well – with no stressful insurance shopping required.

Creating good defaults requires systems thinking, democratic legitimacy, and economic efficiency. In Nordic societies, transparent public processes, not private interests, shape critical systems like healthcare and education. This ensures both effectiveness and trust. In contrast, the US often relies on market mechanisms that undermine democratic accountability and deliver suboptimal results. The Nordic experience shows that defaults, when designed thoughtfully with transparent, democratic oversight, can expand individual and societal-level freedom.

Freedom through Nordic Flexicurity

The Nordic model's flexicurity system demonstrates how democratic capitalism can balance worker protection with economic dynamism. Unlike American capitalism, which often pits workers against employers, Nordic flexicurity emerged through democratic processes that recognize both as essential stakeholders. Its practical benefits become clear when comparing how different systems handle layoffs.

The 2008 PBS documentary *Unnatural Causes* illustrates how conceptions of "We" shape societal responses. When Electrolux closed factories in both Sweden and the US, the contrast was stark. Swedish workers received two years of paid retraining at 80 percent of their salary through coordinated programs involving government, unions, and employers. In Greenville, Michigan, American workers were left

[71] Richard H. Thaler and Cass R. Sunstein, *Nudge: Improving Decisions about Health, Wealth, and Happiness* (Westminster: Penguin, 2009).

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asking, "What happens to those people?" – a question that reveals the absence of collective responsibility.

Within months, many in the US faced depleted savings, lost health insurance, and growing uncertainty. One worker remarked, "I've always worked for everything I have, and now I can't do anything." In Sweden, where systems are built on what psychologist Rick Price calls "a sense of shared social responsibility," workers transitioned to new careers and maintained stability.[72]

A 2015 follow-up documented the long-term effects. Swedish workers had largely rebuilt their lives. Greenville, by contrast, was devastated – its downtown hollowed out, with former factory workers in low-wage retail jobs. The contrast highlights how Nordic flexicurity – by embedding economic adaptability within a framework of collective responsibility – better serves both individuals and society.[73]

Trust: The Nordic Gold

The concept of social trust as institutional capital builds upon Putnam's offerings on social capital and institutional performance,[74] providing a framework for understanding how Nordic societies maintain their distinctive form of capitalism.

"The Nordic region has the highest levels of social trust in the world, which benefits the economy, individuals, and society as a whole," begins the 2017 Nordic Council of Ministers report *Trust: The Nordic Gold* by Ulf Andreasson.[75] This trust, built through democratic institutions and transparent governance, enables more efficient economic coordination while reinforcing democratic legitimacy – a virtuous cycle that distinguishes Nordic democratic capitalism from oligarchic forms.

[72] California Newsreel, "Unnatural Causes: Is Inequality Making Us Sick?," Episode Seven, *Not Just a Paycheck*, directed by Llewellyn Smith (San Francisco: California Newsreel, 2008), 30 min, accessed November 1, 2022, https://unnaturalcauses.org/episode_descriptions.php?page=7.

[73] Naureen Khan, "When the 'Refrigerator Capital of the World' Lost Its Refrigerator Plant," Al Jazeera America, May 4, 2015.

[74] Robert D. Putnam, *Bowling Alone: The Collapse and Revival of American Community* (New York: Simon & Schuster, 2000).

[75] Ulf Andreasson, *Trust: The Nordic Gold*, Analysis Report ANP: 2017:737 (Copenhagen: Nordic Council of Ministers, Copenhagen, 2017), doi.org/10.6027/ANP2017-737.

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The cooperative leadership norms (Chapter 5) and stakeholder-focused business practices (Chapter 6) both depend on and reinforce the high levels of trust that characterize Nordic societies. The Nordic model requires this foundation of trust to function effectively. This trust extends beyond individual relationships to encompass institutional trust – confidence in government institutions, businesses, and social systems. The high levels of transparency and democratic accountability discussed in previous chapters help maintain this institutional trust. Furthermore, the cooperative leadership norms explored in Chapter 5 both depend on and reinforce this culture of trust. "It is difficult to imagine societal models like those in the Nordic countries if citizens do not trust that other citizens also contribute to the economy through the tax system and that public authorities manage tax revenues fairly and efficiently, free from corruption."[76] Andreasson succinctly summarizes a challenge for US citizens peering at the Nordic model to consider what lessons may be drawn.

The Nordic model builds trust among its residents. Universally subsidized childcare means every child can access high-quality childcare, regardless of their family situation. And because of it, children from families of very different backgrounds and means are more likely to be together. Because of that, parents from very different backgrounds and different means are more likely to come together and connect through the common project of their children's well-being. In Nordic countries, children whose parents are corporate CEOs, janitors, unemployed persons, or university students can likely be in the same childcare program because of universally subsidized childcare. Through their daily interactions at drop-off and pickup and friendships with their children, these individuals from very different places can get to know one another and build trust, strengthening the social fabric of society.

Rawls and Nordic Capitalism

Nordic capitalism reflects many of the philosophical principles articulated by John Rawls, one of the twentieth century's most influential political theorists.[77] Rawls' central argument – that a just

[76] Andreasson, *Trust*, 21.
[77] Andreas Føllesdal, "Rawls in the Nordic Countries," *European Journal of Political Theory* 1, no. 2 (2002): 181–198.

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society must be designed as if we did not know our position within it – reflects Nordic institutional arrangements. His famous "veil of ignorance" thought experiment, where individuals design rules without knowing whether they will be born rich or poor, advantaged or disadvantaged, offers a powerful normative justification for universal programs and broad-based opportunity.[78]

The veil of ignorance can also be understood as a philosophical rendering of the American Dream. At its core, the American Dream promises that anyone – regardless of background – should have a fair chance to fulfill their potential through hard work and determination. Rawls' framework simply asks for the design of a society that delivers on that promise. The Nordic countries, in many ways, come closer to realizing this vision than the US itself. His framework also provides moral grounding for sustainable capitalism through its implications for intergenerational justice: designing policies and institutions behind a veil of ignorance means accepting the possibility of being born into the future – into a world facing the escalating consequences of climate change.

Rawls described a just society as a "property-owning democracy" – a vision that shares core features with democratic capitalism, but with a stronger emphasis on preventing the concentration of wealth and power. In such a system, economic power and opportunity are widely dispersed rather than concentrated in the hands of a few.[79] Nordic capitalism reflects this vision, emphasizing universal public goods, robust education systems, social mobility, and corporate forms like enterprise foundation-owned companies that diffuse economic control and prioritize long-term societal benefit over shareholder primacy. In doing so, it expands the circle of "We" to include current stakeholders and future generations.

Parting Reflections

The American Dream is a defining mythology of the US, though the extent to which it reflects reality remains subject to debate. It offers a powerful potential to unite society around shared aspirations, but

[78] John Rawls, *A Theory of Justice*, rev. ed. (Cambridge: Belknap Press of Harvard University Press, 1999).
[79] John Rawls, *Justice as Fairness: A Restatement*, ed. Erin Kelly (Cambridge: Harvard University Press, 2001).

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this potential depends on how effectively the Dream is translated into concrete institutions that support social mobility and the broader conditions associated with opportunity and flourishing.

The Nordic region, too, has its own mythologies. In Denmark, Norse mythology helped shape national identity, most notably through the influence of Grundtvig. His enduring articulation of "freedom for Loke as well as for Thor," from his 1832 poem "Frihed, Lighed og Brodersind" ("Freedom, Equality, and Brotherhood"), captures the tension between negative and positive freedoms that Isaiah Berlin would later theorize. Drawing from Norse mythology, Grundtvig invoked Thor, a symbol of strength and order, alongside Loke, a figure of disruption and relative weakness, to argue that true democracy must protect both the powerful and the dissenting. Freedom, he insisted, must extend across the full spectrum of society. His vision reflected a sophisticated balance: safeguarding negative freedoms by protecting dissenting voices, while building robust institutions that expand positive freedoms for all – thus fostering a collective sense of *We*.[80]

The Nordic countries' success in realizing Grundtvig's inclusive vision stands in stark contrast to recent American experience. American capitalism has increasingly narrowed its sense of *We* by prioritizing negative freedoms that benefit the powerful few, often dismissing efforts to reduce inequality as inefficient "leaky buckets." In contrast, Nordic societies have expanded their sense of *We* through universal systems that promote positive freedoms. Like efficient hand pumps, these systems enable all citizens to independently access essential resources such as education and healthcare, prompting deeper reflection on the meaning of freedom and how it might best be expanded for all.

Making the American Dream an American reality – and truly fulfilling the promise of the US as the Land of the Free – requires institutions that foster positive freedom, advancing both individual opportunity and collective well-being. Public universities like the University of California, Berkeley, University of Wisconsin–Madison,

[80] Ove Korsgaard, "The Danish Way to Establish the Nation in the Hearts of the People," in *National Identity and the Varieties of Capitalism: The Danish Experience*, ed. John L. Campbell, John A. Hall, and Ove K. Pedersen (Montreal: McGill-Queen's University Press, 2006), 133–158.

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and many others across the US have served as *American Dream factories*, propelling millions of low-income students into higher economic brackets while attracting top talent from around the world. Yet their ongoing erosion offers a cautionary tale.

The Nordic experience shows how national mythology, when grounded in strong inclusive institutions and coupled with a commitment to pragmatically doing the hard work, can transform aspirational ideals into meaningful opportunity for all citizens.

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8 *Critiques and Limitations of Nordic Capitalism*

Many people, especially in the US, see countries like Sweden or Norway or Finland as role models – we have such a clean energy sector, and so on. That may be true, but we are not role models. Sweden is one of the top 10 countries in the world when it comes to the highest ecological footprints.

—Greta Thunberg, in Emma Brockes, Swedish environmental activist, "When Alexandria Ocasio-Cortez Met Greta Thunberg"

The Nordic nations represent a conspicuous contradiction. They are exalted as global benchmarks for sustainability – including in much of this book – yet, like all wealthy OECD nations, their levels of consumption far exceed what the planet can regenerate. This gap between ambition and reality is a defining critique of Nordic capitalism. This chapter examines Nordic overconsumption and other critiques to highlight where reforms are needed as part of the broader ambition to realize sustainable capitalism.

Critiques of Nordic Capitalism

Among American audiences, critiques of the Nordic model typically begin with "Yeah, but" – a phrase that sometimes precedes legitimate challenges and sometimes masks reflexive dismissal. This chapter examines both types, exploring what each reveals about Nordic capitalism's limitations and possibilities.

Yeah, but the Nordics Overconsume

While Nordic countries are celebrated for their commitment to sustainability, their per capita ecological footprints rank among the highest in the world, alongside other developed OECD nations. This critique highlights a crucial distinction: the difference between system design and system outcomes. Nordic capitalism's institutional

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design may offer valuable lessons despite its present unsustainable consumption patterns. As scientists studying planetary boundaries concluded in 2025, "There are currently no countries that achieve good social outcomes while staying within their fair share of planetary boundaries."[1]

Nordic societies' excessive consumption illustrates what ecological economists like Herman Daly have termed the "growth-sustainability paradox." This paradox, where economic growth in developed nations increasingly conflicts with planetary boundaries, presents a fundamental challenge to both Nordic and American models of capitalism. The Nordics' violation of planetary boundaries despite their environmental consciousness demonstrates how deeply growth imperatives are embedded in modern economic systems. If everyone consumed like the average Nordic citizen, we would need almost four Earths to keep up with consumption.[2] Critiques of the Nordics for overconsumption are well-founded, like the critique levied by Greta Thunberg at the start of this chapter.

Overconsumption by Nordic societies violates the second half of the definition of sustainable development: "without compromising the ability of future generations to meet their own needs." Overconsumption steals from future generations. The problem of overconsumption exists across all developed economies represented by the OECD nations. Given the excessively high consumption patterns among the wealthiest individuals, overconsumption is pronounced in societies with heightened levels of inequality (Chapter 2).

Despite their overconsumption – a serious challenge that Thunberg rightly criticizes – the Nordics present a promising path forward for other advanced economies. While Nordic nations currently violate the second half of sustainable development's definition by consuming beyond planetary boundaries, they are uniquely positioned to address this challenge precisely because they have effectively met the first half: "development that meets the needs of the present." This achievement provides the social and political stability needed to tackle overconsumption. In SDG terms, the Nordics are effectively meeting SDG #1 "No Poverty," SDG #2 "Zero Hunger," SDG #3 "Good Health and Well-Being," SDG #4 "Quality Education," SDG

[1] Kallis, Hickel, O'Neill et al., "Post-Growth."
[2] Global Footprint Network, "How Many Earths?"

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#5 "Gender Equality," and SDG #6 "Clean Water and Sanitation." The US cannot claim that. Basic needs such as food, healthcare, education, and clean water are routinely unmet for millions of Americans, including many children.[3]

By effectively meeting the needs of the present, the Nordics are better positioned to address problems of overconsumption. When the basic needs of the present generation go unmet, and vast swaths of a population are effectively operating in survival mode, sufficiently considering the well-being of future generations is far less likely. As Paul Farmer asserted, "It's my conviction that poverty and inequality are the two ranking problems facing our crowded and beautiful planet – not the only problems, but perhaps the most severe, and two that, if addressed, could bring us a little closer to tackling some of the other ones."[4]

In his article, "The Dark Side of the Nordic Model," Jason Hickel summarized,

> Nordic countries have it right when it comes to public healthcare, education and progressive social democracy, but they need to dramatically reduce their consumption if they are to stand as a beacon for the rest of the world in the twenty-first century. The good news is that all of this can be accomplished while improving human welfare and advancing the cause of social democracy. But it ultimately requires shifting to a different kind of economy – one not organized around endless GDP growth.[5]

This tension between social democratic achievements and ecological limits reveals a fundamental theoretical challenge in sustainable development: How can societies maintain high levels of human well-being while operating within planetary boundaries? The Nordic experience suggests that social democracy may provide crucial institutional foundations for addressing this challenge. Three key theoretical mechanisms link social democratic institutions to environmental sustainability.

[3] OECD, "Child Poverty," August 2021, accessed May 25, 2025, www.oecd.org/els/CO_2_2_Child_Poverty.pdf.

[4] Paul Farmer, *To Repair the World: Paul Farmer Speaks to the Next Generation*, ed. Jonathan Weigel (Oakland: University of California Press, 2013), 6.

[5] Jason Hickel, "The Dark Side of the Nordic Model," Al Jazeera, December 6, 201, accessed May 25, 2025, www.aljazeera.com/opinions/2019/12/6/the-dark-side-of-the-nordic-model.

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First, by reducing economic insecurity through universal social programs, social democracies create the political space needed for long-term environmental planning. When basic needs are met, citizens and policymakers can focus on longer-term challenges like climate change rather than immediate survival concerns. Second, the strong democratic institutions and traditions of social consensus-building in social democracies facilitate the kind of collective action needed to address environmental challenges. The same institutional frameworks that enabled Nordic countries to negotiate labor–capital compromises in the twentieth century now help them build agreement around environmental policies. Third, social democratic emphasis on public goods and market regulation provides tools for addressing market failures around environmental externalities. The Nordic willingness to use state capacity to shape markets aligns with the interventions needed for environmental protection.

The fixation on GDP growth represents one of the starkest differences between American and Nordic capitalism, illustrating how these theoretical mechanisms play out in practice. While GDP growth has become almost religious doctrine in American economic policy – "one stat to rule them all" – Nordic nations maintain a more nuanced relationship with this metric. Ironically, even Simon Kuznets, the American economist who invented GDP and was later awarded the Nobel Memorial Prize in Economics, warned against using GDP to measure societal well-being. Yet while America embraced GDP growth as its primary economic objective, Nordic nations demonstrated that prosperity doesn't require sacrificing everything at the altar of GDP growth. Their experience suggests that sustainable development requires moving beyond this single-minded focus on growth to consider a broader array of social and environmental metrics.[6, 7]

The Nordics are assuming a leadership position among the advanced economies through a three-pronged policy approach: first, implementing market-based mechanisms like carbon taxes; second, investing in circular economy initiatives that decouple growth from resource use; and third, developing new metrics beyond GDP

[6] David Pilling, "5 Ways GDP Gets It Totally Wrong as a Measure of Our Success," WEF, January 27, 2018, accessed May 25, 2025, www.weforum.org/stories/2018/01/gdp-frog-matchbox-david-pilling-growth-delusion/.

[7] Elizabeth Dickinson, "GDP: A Brief History," *Foreign Policy*, January 3, 2011.

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to measure societal progress. This comprehensive policy framework, while still evolving, offers important lessons for other nations grappling with sustainability challenges.

Notably, the Nordics are betting on democracy to address sustainability challenges – and it's a smart bet. "Inequality and climate change are the twin challenges of our time, and more democracy is the answer to both," offered *The Sum of Us* author Heather McGhee in the book *All We Can Save: Truth, Courage, and Solutions for the Climate Crisis*.[8] Returning to Kate Raworth's concept of doughnut economics (Chapter 2), the Nordics live above the hole of the doughnut, which is to say, above the collection of lower control limits. The Nordics are now making significant strides to establish policies to ensure they live below the upper control limits representing the planetary boundaries.

The Nordics have demonstrated a commitment to democracy and a strong belief that robust democracies are needed to address our greatest sustainability challenges.[9]

Yeah, but Aging Populations Are Breaking the Nordic Welfare Systems

Demographic aging presents a critical test case for Nordic welfare states' adaptability and resilience. Empirical evidence suggests a systematic erosion of eldercare infrastructure: Sweden's care home capacity contracted by 25 percent between 2000 and 2015, while access rates for octogenarians declined from 20 percent to 11 percent by 2020. Meanwhile, waiting times for care home placement increased from fifty-one to sixty-four days, with municipalities citing resource constraints.[10] Access to eldercare has become more

[8] Heather McGhee, *The Sum of Us: What Racism Costs Everyone and How We Can Prosper Together* (London: Oneworld, 2021). Ayana Elizabeth Johnson and Katharine K. Wilkinson, eds., *All We Can Save: Truth, Courage, and Solutions for the Climate Crisis* (London: Oneworld, 2021), 90–91.

[9] Benjamin Barber, *Strong Democracy: Participatory Politics for a New Age* (Berkeley: University of California Press, 2003; Larry Diamond, *The Spirit of Democracy: The Struggle to Build Free Societies throughout the World* (New York: Times Books, 2008).

[10] Johan Fritzell, "Ageing Population Putting Welfare State under Pressure," NordForsk, January 6, 2023, accessed May 25, 2025, www.nordforsk.org/news/ageing-population-putting-welfare-state-under-pressure.

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restrictive, with higher threshold requirements for assistance than two decades ago. The result is increasing privatization and reliance on informal care networks – more people must either pay for private services or rely on family members for care.[11]

The Nordics have attempted to address the aging population challenge through various means. Their family-friendly policies, including generous parental leave and subsidized childcare, help maintain higher fertility rates than many developed nations. While still below replacement level, birth rates in Sweden, Norway, and Denmark typically exceed those of other wealthy countries. High female labor force participation also helps maintain the tax base needed for social programs. However, these measures alone may prove insufficient.

Demographic aging has exposed fundamental contradictions in Nordic policy approaches. Even as Denmark implements increasingly restrictive refugee policies and Sweden dramatically cuts refugee acceptance, their economies increasingly depend on immigrant labor. This demographic reality has created an inherent tension: while population aging and labor market needs suggest increasing immigration, political pressures push toward restriction.[12]

The demographic challenge represents a crucial test case for Nordic capitalism's adaptive capacity in the twenty-first century. These pressures create fundamental contradictions: While demographic and labor market needs suggest a need for more immigration, political pressures push toward restriction. The coming decades will reveal whether Nordic capitalism can maintain its universal aspirations while navigating between these competing imperatives.

Yeah, but the Nordics Are Small

Population size differences between the US and Nordic nations present an obvious challenge for comparative analysis. With 330 million inhabitants, the US is over fifty times larger than Denmark (6 million) and more than ten times larger than all Nordic nations

[11] Tine Rostgaard, Frode Jacobsen, Teppo Kröger, and Elin Peterson, "Revisiting the Nordic Long-Term Care Model for Older People – Still Equal?," *European Journal of Ageing* 19, no. 2 (June 2022): 185–195.

[12] Chris Horwood, "The Changing Politics of Immigration in Nordic Countries," Mixed Migration Centre, May 15, 2024, accessed May 25, 2025, https://shorturl.at/7NLkK.

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combined (28 million). This dramatic scale difference is frequently cited as reason to dismiss Nordic experiences as irrelevant to US policy challenges.

However, this objection overlooks how comparative analysis can operate at multiple levels of social organization. While "small state studies" have long demonstrated how smaller nations can offer valuable insights for larger ones, the Nordic region presents particularly rich learning opportunities across various units of analysis.[13] Organizations of similar scale can be meaningfully compared regardless of national context, as evidenced by decades of successful cross-border business benchmarking. Cities face comparable challenges in delivering services and improving quality of life whether situated in Minnesota or Norway, Wyoming or Iceland, or California or Sweden. The key to effective learning lies not in exact matching of scale, but in identifying relevant points of comparison and specific domains where innovation has produced demonstrable results.

My own experience with cross-national learning offers an instructive parallel, not at the city level but at the organizational level – comparing practices between Toyota and IBM. Early in my career as an industrial engineer, I was among countless professionals worldwide captivated by Japan's remarkable advances of the 1970s–1990s, particularly Toyota's innovations (Chapter 2). Despite Japan having only one-third the US population and being far more demographically homogeneous, the collective fascination with Toyota's methods proved well founded. At IBM, I found that approaching Toyota's practices with curiosity rather than skepticism about contextual differences enabled me to adapt their principles to create significant operational improvements in a very different organizational setting. This experience, shared by countless other efficiency professionals who successfully adapted Japanese methods to Western contexts, demonstrated how thoughtful benchmarking across seemingly distinct contexts can drive meaningful innovation.

Benchmarking the Nordics and applying lessons learned in the US should not be different. Nordic nations, Nordic cities, and Nordic companies (like those featured in Chapter 6) each afford excellent benchmarking opportunities, each at differing units of analysis.

[13] Christine Ingebritsen, Iver Neumann, and Sieglinde Gsthl, eds., *Small States in International Relations* (Seattle: University of Washington Press, 2012).

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The value derived from comparative analysis often reflects the mindset brought to the exercise. Approaching other societies' experiences with skepticism and dismissiveness ensures no learning will occur. Conversely, examining different contexts with curiosity and humility – while maintaining analytical rigor – can yield valuable insights for policy innovation. The Nordic experience, properly understood, offers precisely such an opportunity for thoughtful adaptation rather than wholesale adoption.

Case for Benchmarking Nordic Nations and Applying Lessons at the American State Level

Nordic nations are similar to a mid sized American state. The average Nordic nation is approximately 5.5 million people, comparable in size to Wisconsin or Minnesota, the twentieth- and twenty-second-most populated states, and therefore falls somewhere in the middle of the fifty US states in terms of population.[14] Wisconsin's real gross domestic product (GDP) is $349 billion,[15] and Minnesota's is $383 billion, which also places them in the range of a Nordic nation, as shown in Table 8.1.[16]

Given these similarities, Nordic nations offer highly relevant benchmarks for US states. Rather than waiting for federal reforms, states can act as living laboratories – testing and adapting ideas already proven effective in similarly sized and economically comparable societies.

Consider education: Finland routinely ranks at the top of global educational performance measurements.[17] But that was not the case just two generations ago. "In 1951, the future of Finland was predicted to be 'grey and dreary,' but the Finns were tenacious," wrote Danny Dorling and Annika Koljonen in their book *Finntopia*. "Finland's postwar recovery and its capacity to establish itself as a serious country depended on the transformation of its (now world-renowned) education system."[18] Finland regularly tops the EIU's

[14] U.S. Census Bureau, www.census.gov, accessed *c.* January 1, 2023.
[15] Department of Numbers, "Wisconsin GDP," accessed *c.* January 1, 2023, www.deptofnumbers.com/gdp/wisconsin/.
[16] Department of Numbers, "Minnesota GDP," accessed *c.* January 1, 2023, www.deptofnumbers.com/gdp/minnesota/.
[17] Andere, *The Future of Schools and Teacher Education*.
[18] Danny Dorling and Annika Koljonen, *Finntopia* (London: Agenda Publishing, 2020), 75.

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Table 8.1 ***Populations and economies***

Nation	Population Millions	Global population rank	Real GDP	Real GDP rank	Real GDP/ capita[a]	Real GDP/ capita Rank
US	**335**	**3**	**$20.5 trillion**	**2**	**$62,530**	**15**
Wisconsin	5.9	–	$349 billion	–	$59,000	
Minnesota	5.7	–	$383 billion	–	$67,000	
Nordics	**28**	***53***	**$1.5 trillion**	***18***	**$54,806**	**25**
Denmark	5.9	113	$336 billion	53	$57,804	20
Finland	5.6	115	$269 billion	60	$48,668	33
Iceland	0.35	177	$20 billion	152	$55,874	24
Norway	5.5	117	$340 billion	52	$63,633	14
Sweden	10.3	91	$548 billion	39	$53,240	26

Note: [a] Bear in mind, real GDP per capita is an average. As the saying goes, the person with their head in the oven and feet in the icebox is, on average, a bit warm. So, too, the extreme concentration of wealth and income in America skews GDP per capita figures upward, even though they may not reflect the wealth or income of the "average" person. (See Chapter 7.)
Source: Central Intelligence Agency, *The World Factbook*, estimates as of July 2021, accessed January 1, 2022, www.cia.gov/the-world-factbook/.

Worldwide Educating for the Future Index (WEFFI).[19] "Finland has become, in 100 years as a nation-state, one of the world's benchmarks for quality in school education … The world of education follows what happens in Finland," remarked Eduardo Andere in his 2020 treatise, *The Future of Schools and Teacher Education: How Far Ahead is Finland?*[20]

Given that education in the US is primarily organized at the state level, Finland offers valuable lessons for individual states. Finland's educational policies and their effective implementation have significantly contributed to the nation's strong performance on SDGs. More specifically, the targets for SDG #4 "Quality Education," include the following for which Finland performs exceptionally well: Target 4.1, which ensures that all children complete free, equitable, and quality

[19] *Worldwide Educating for the Future Index 2019*, The Economist Intelligence Unit (EIU), 2019, accessed May 25, 2025, https://shorturl.at/2Lols.
[20] Andere, *The Future of Schools and Teacher Education*, xxi.

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primary and secondary education leading to relevant and effective learning outcomes; Target 4.2, which ensures that all children have access to quality early childhood development and pre-primary education so they are ready for primary education; and Target 4.3, which ensures equal access for all women and men to affordable and quality technical, vocational, and tertiary education, including university.

Let's consider how Nordic countries manage healthcare. Sweden and Denmark spend only about 10 percent of GDP on universal healthcare compared to the US, which spends about 17 percent, yet the overall health outcomes for Swedes and Danes are just as good (if not better). US healthcare is hyper-inefficient, meaning US states have much to learn from their Nordic counterparts about efficiently delivering healthcare services.

In addition to being hyper-inefficient, healthcare in the US is highly inequitable. 4.3 million children ages 0–18 years are without access to healthcare.[21] One million children in Texas alone do not have access to healthcare, representing 13 percent of all Texas children, the highest percentage of any US state (15,000 Wyoming children, 11 percent; 161,000 Arizona children, 9 percent; 18,000 Alaskan children, 9 percent; 15,000 North Dakotan children, 8 percent; and 343,000 Florida children, 8 percent, do not have access to healthcare).[22] Access to healthcare is a fundamental element of freedom, whereas not having access to healthcare represents a significant deficiency of freedom. Zero children across the Nordics are without access to healthcare, meaning Nordic children enjoy significantly greater freedom than their US counterparts.

Access to healthcare directly supports SDG #3 "Good Health and Well-Being." Target 3.8 measures the degree to which every member of society has access to quality essential healthcare services. Some states are already experimenting with Nordic-style policies and seeing success. We previously reviewed how Minnesota established a state-level policy in 1976, the Minnesota Comprehensive Health Association (MCHA), to ensure every Minnesotan had access to healthcare, which my family utilized when we were denied healthcare (Chapter 1). At just 3 percent (42,000 children), Minnesota has

[21] Berchick and Mykyta, "Children's Public Health Insurance Coverage."
[22] Kids Count Data Center, "Children without Health Insurance by Race and Ethnicity," accessed May 25, 2025, https://shorturl.at/6yQdX.

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the second-lowest percentage of children without access to healthcare of any US state. Massachusetts has the lowest percentage at 2 percent (22,000 children), thanks to passing the similarly styled MassHealth Children's Health Insurance Program.

Consider renewable energy: About 80 percent of Denmark's electricity consumption comes from renewable sources – including wind, solar, hydro, and biomass,[23] compared to about 20 percent in the US.[24] Regarding wind energy, about half – and rising – of Denmark's electricity is generated through wind power.[25] Denmark produces more wind energy per capita than any other OECD country, almost twice as much as the runner-up among industrialized countries.[26] Danish wind turbines generated sixty-eight percent of Denmark's electricity consumption during the month of January 2022.[27] The US, by contrast, produces only about 8 percent of its electricity consumption through wind power.

Denmark shows that transitioning from fossil fuel to renewable energy can occur rapidly and bring incredible benefits. However, transitioning from fossil fuels to renewables does not magically occur; it demands smart policy and investment.[28]

After the oil crisis of 1973, Denmark began investing in wind energy. Its successful transition to mostly renewable energy has ensured energy independence from foreign energy sources, meaning greater freedom for Denmark and its citizens. Wind energy is democratic energy. Unlike fossil fuels, wind energy is not subject to oligarchic forces, nor is it associated with geopolitical threats recently exemplified by Russia's war on Ukraine and its withholding of fossil fuel supplies to Germany. Wind energy disperses power in the world

[23] State of Green, "A Record Year: Wind and Solar Supplied More than Half of Denmark's Electricity in 2020," January 11, 2021, accessed May 25, 2025, https://shorturl.at/fMWo9.

[24] U.S. Energy Information Administration, "How Much of U.S. Carbon Dioxide Emissions Are Associated with Electricity Generation?," February 29, 2024, accessed May 25, 2025, www.eia.gov/tools/faqs/faq.php?id=427&t=3.

[25] Jacob Gronholt-Pedersen, "Denmark Sources Record 47% of Power from Wind in 2019," Reuters.com, January 2, 2020, accessed May 25, 2025, www.reuters.com/article/us-denmark-renewables-idUSKBN1Z10KE.

[26] Government of Denmark, "Pioneers in Clean Energy," February 29, 2024, accessed May 25, 2025, https://denmark.dk/innovation-and-design/clean-energy.

[27] State of Green, "Danish Wind Energy Breaks Record in January," February 4, 2022, accessed May 25, 2025, https://shorturl.at/kpjDD.

[28] Van Est, "The Success of Danish Wind Energy Innovation Policy," 45–65.

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more consistent with democratic ideals. Denmark is not at the mercy of geopolitics associated with fossil fuels and thus has strengthened its resilience in the face of future oil crises.

Denmark's rapid wind energy development directly contributes to its strength in SDG #7 "Affordable and Clean Energy," Target 7.2, increasing its share of renewable energy in the global energy mix. It also positions Denmark to assume a leadership position in SDG #13 "Climate Action." While the US lags significantly behind Denmark, Iowa generates about half its electricity consumption through wind, showing that US states can do the same.[29] Denmark's investments in wind energy are more intensive, directly contributing to its strength in SDG #8 "Decent Work and Economic Growth." Denmark demonstrates solid performances in Target 8.3, promoting development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation, and Target 8.5, achieving full and productive employment and decent work for all. Instead of desperately clinging to the jobs of a fossil-fuel past, the Nordics are investing in opportunities for a sustainable future. Denmark enjoys a robust base of employment tied to wind energy and is creating future-oriented industries with the likes of Vestas and Ørsted.

Consider democracy: Nordic nations are routinely cited as global democracy leaders. One component of a strong democracy is high voter turnout. Whereas only 55 percent of eligible voters cast their votes in the US 2016 presidential election, and a record-breaking 67 percent in the 2020 presidential election, over 80 percent of eligible citizens typically vote in Sweden and Denmark.[30, 31] US elections are overseen at the state level, another reason to consider what can be learned from Nordic nations given their comparable size. Nordic nations have established systems to ensure better voter turnout, like automatic voter registration, supported across political lines.[32]

[29] WOODTV, "Which State Gets the Highest Percentage of Its Electricity from Wind Turbines?," *Weather*, September 11, 2020, accessed May 25, 2025, https://shorturl.at/TZ7hO.

[30] World Population Review, "Voter Turnout by Country," accessed May 25, 2025, https://worldpopulationreview.com/country-rankings/voter-turnout-by-country.

[31] World Population Review, "Voter Turnout by State," accessed May 25, 2025, https://worldpopulationreview.com/state-rankings/voter-turnout-by-state.

[32] Bruno Kaufmann, "The Swedish Way to Boost Voter Turnout," *Time*, November 5, 2014.

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Furthermore, Nordic nations are global leaders in media literacy, having invested efforts to develop critical thinking to combat misinformation and unfounded conspiracy theories. Finland has a countrywide media literacy program at all levels of education and scores as the top European country for media-related critical thinking, with Denmark ranked number two.[33] Finnish educators develop pedagogical skills for teaching to encourage students to detect unsubstantiated claims and logical fallacies. The EIU's WEFFI emphasizes the need for advanced critical thinking – with the capacity to readily identify and reject lies and logical fallacies – as vital for strengthening democracies worldwide. "With nativism, populism, and similar forces on the march, students must acquire the skills to fight back."[34] Nordic educational systems are structured to do exactly that.

The list goes on of strong performances by Nordic nations that the US may prosperously benchmark for consideration at the state level. In virtually all the Nordic examples, we find evidence of smart policies enacted through democratic means, investments in public goods, transparency and good governance, systems thinking, and the continued pursuit of increased efficiency rooted in facts and logical discourse. None of the Nordic successes magically happened; they resulted from deliberate choices and a willingness to apply systems thinking to address systemic problems.

Case for Benchmarking Nordic Cities and Applying Lessons at the City Level

While national-level comparisons between the US and Nordic countries can seem overwhelming given their different scales and contexts, city-level comparisons offer more immediately actionable insights. Nordic cities of similar size to their US counterparts have achieved remarkable progress on pressing urban challenges – from homelessness to transportation safety to sustainable mobility. Their successes demonstrate how local governments can implement effective solutions to seemingly intractable problems.

[33] Susan A. Nolan and Michael Kimball, "How Finland Fights Disinformation," *Psychology Today*, May 23, 2022; Open Society Institute–Sofia, *Media Literacy Index 2019*, November 2019, accessed May 25, 2025, https://osis.bg/wp-content/uploads/2019/11/MediaLiteracyIndex2019_-ENG.pdf.

[34] *Worldwide Educating for the Future Index 2019*.

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Consider Helsinki, a Finnish city similar in size to Las Vegas or Detroit (~650,000), and its remarkable advances in nearly eradicating homelessness.[35] The underlying philosophy of Helsinki's approach is to humanize the life of the homeless and build a system based on the "Housing First" principle, where housing is deemed a universal right. The program has proven to be a remarkably efficient use of public investment with overall savings to society of about $10,000 per year for every person who is no longer homeless.[36] This work directly supports SDG #11 "Sustainable Cities and Communities," Target 11.1, ensuring access for all to adequate, safe, and affordable housing. By prioritizing the basic need for shelter, Helsinki not only enhances the quality of life for its residents but also demonstrates the broader societal and economic benefits of addressing essential social needs through targeted public policies.

Consider Oslo, a Norwegian capital city with roughly the same population as Washington DC (~700,000), and how it achieved zero bicycling deaths and one automobile death in 2019. Helsinki also achieved zero pedestrian deaths in 2019 for the first time since records began in 1960, and down from an average of twenty to thirty deaths annually in the 1990s.[37] Meanwhile, rates of pedestrians killed by cars has soared across US cities.[38]

Establishing safe transportation systems in cities sums up to safer transportation at the national level, something the US is in desperate need of improvement. According to OECD from 2021, US inhabitants are starkly more likely killed in vehicular road accidents than in the Nordics: 9 times more likely to Norway, 6 times to Sweden, 5 times to Denmark and Iceland, and 3 times to Finland. (And for a measure closer to home, 3 times to Canada.)[39] The transportation

[35] Bernhard Warner, "A Scandinavian Country Is Close to Eliminating Homelessness with a Simple Solution. Communities around the World Are Racing to Copy It," *Fortune*, July 12, 2022.

[36] Y-Säätiö, "Housing First in Finland," accessed May 25, 2025, https://ysaatio.fi/en/housing-first-finland.

[37] Jessica Murray, "How Helsinki and Oslo Cut Pedestrian Deaths to Zero," *The Guardian*, March 16, 2020.

[38] Governors Highway Safety Association, *Pedestrian Traffic Fatalities by State: 2021 Preliminary Data (January–December*, May 2022, accessed May 25, 2025, https://shorturl.at/NbUsr.

[39] OECD, "Road Accidents," accessed May 25, 2025, https://data.oecd.org/transport/road-accidents.htm.

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safety achievements by Nordic cities directly support SDG #3 "Good Health and Well-Being," Target 3.6, halving the number of global deaths and injuries from traffic accidents.

Consider Copenhagen, a city with just over 600,000 citizens and about the size of Portland that has achieved over 60 percent commuter rate by bicycle. Copenhagen in the 1970s was just as car-centric as any US city, and today proves that dramatic change is possible when there is a willingness and desire for change.[40] Portland is regarded as the US bicycling mecca, but with only about 6 percent of bicycle commuters, its ridership is a magnitude lower than Copenhagen.[41] "Copenhagenizing," as it is called for cities to learn from Copenhagen to apply a systems-thinking approach to build pedestrian and bicycle-centric cities, supports SDG #11 "Sustainable Cities and Communities," Target 11.2, ensuring access to safe, affordable, accessible, and sustainable transport systems for all.[42]

Yeah, but the Nordics Are Homogenous

The frequent dismissal of Nordic achievements on the basis of demographic homogeneity – whether real or perceived – merits careful examination. During the widespread benchmarking of Japanese manufacturing efficiency in the 1990s, Japan's homogeneity was rarely, if ever, cited as a barrier to learning in the US. Yet the same characteristic is routinely invoked to discount the relevance of Nordic achievements in sustainability and societal well-being.

Benchmarking is about learning from top performers. Japan, often ranked as the world's most or second-most homogeneous country, served as a global reference point for manufacturing excellence in the 1990s. Japanese practices were presented as the gold standard in

[40] Jason Henderson and Natalie Marie Gulsrud, *Street Fights in Copenhagen: Bicycle and Car Politics in a Green Mobility City* (New York: Routledge, 2019).

[41] Jonathan Maus, ed., "US Census: Portland Bike Commuting Hits Lowest Rate in 12 Years," BikePortland.org, September 26, 2019, accessed March 1, 2020, https://shorturl.at/PO8cn.

[42] Mikael Colville-Andersen, *Copenhagenize: The Definitive Guide to Global Bicycle Urbanism* (Washington, DC: Island Press, 2018).

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my industrial engineering education. I and countless other efficiency professionals successfully applied benchmarking lessons from Japan in the more heterogeneous context of the US.

As discussed in Chapter 2, effective benchmarking begins with curiosity. It starts by identifying strong performers and studying how they achieve their results. Contextual differences matter, but they are best considered after understanding the drivers of performance. To begin with disqualifying differences is to short-circuit the learning process before it begins.

To be sure, the Nordic region and the US differ in many ways, including levels of demographic diversity. Nordic countries routinely measure as more homogeneous than the US. However, causal claims that demographic homogeneity explains national sustainability performance – such as those implied in the frequent "yeah, but they're homogeneous" responses to Nordic leadership in the SDGs – do not hold up to empirical scrutiny. Many homogeneous nations worldwide do not exhibit strong sustainability performance.

The 2021 edition of the SDG Index ranked homogeneous countries such as Japan, South Korea, Argentina, Haiti, and Australia at #18, #28, #52, #150, and #35, respectively. More heterogeneous countries like Belgium, Canada, Chad, Nigeria, and Switzerland ranked #5, #16, #163, #160, and #21, respectively. The US ranked #32. This distribution reveals no discernible correlation between demographic homogeneity and SDG performance, suggesting that other factors – particularly institutional structures and policy choices – more plausibly explain variation in outcomes.

One may reasonably ask whether homogeneity can help enable or inhibit the processes that lead to these institutional structures and policies.[43] That is a wise and worthwhile line of inquiry. But such questions should follow, not precede, the benchmarking of the policies and practices in question – approached with genuine curiosity rather than used as a pretext for dismissal. For example, one might begin by investigating the impacts of carbon taxes, universally subsidized childcare, or efficient urban bicycle infrastructure on sustainability outcomes and societal well-being. After examining these policies and practices with curiosity, one can then

[43] Wolfgang Merkel and Brigitte Weiffen, "Does Heterogeneity Hinder Democracy?," *Comparative Sociology* 11, no. 3 (2012): 387–421.

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productively consider how contextual factors – such as differences in demographic homogeneity – might influence efforts to implement them elsewhere.

In my view, invocations of Nordic homogeneity in US policy debates often reflect anxieties about social fragmentation more than genuine efforts at comparative analysis. These deflections warrant close scrutiny, particularly given the US's distinct historical context. Frequently, the homogeneity critique serves to mask a deeper assumption: that the US is simply too divided to adopt universal policies that have promoted cohesion and well-being elsewhere. A more constructive approach would confront these divisions directly – especially those rooted in racial and economic inequality – rather than dismissing the Nordic experience as irrelevant. Indeed, we may well find that policies proven effective in the Nordics – such as universally subsidized childcare – could contribute to mending the social fabric of the US.

Yeah, but Inequalities Are Rising in the Nordics

Despite their reputation for equality, Nordic countries haven't been immune to the global trend of rising economic inequality. This development presents a crucial test for the Nordic model: can its strong social welfare systems adapt to twenty-first-century pressures? Global economic forces and domestic policy shifts toward market liberalization have begun eroding some welfare benefits, leading to patterns familiar to Americans: increased wealth concentration at the top and wage stagnation for middle and lower-income brackets. Yet unlike in the US, Nordic societies retain the democratic institutions and social solidarity needed to address these challenges.

While income inequality has increased in Nordic countries since the 1980s, their Gini coefficients remain among the lowest in the OECD. As of 2020, Denmark (0.28), Norway (0.26), and Finland (0.27) maintained significantly lower inequality than the US (0.38), while sustaining robust social protections that help prevent the extreme inequality seen in other developed nations.[44]

[44] OECD, "Income Inequality" (database), accessed March 15, 2025, https://data.oecd.org/inequality/income-inequality.htm; Jon Erik Dølvik, Juhana Vartiainen,

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Tax policies in the Nordics, traditionally progressive with higher rates on higher wage earners, have recently seen adjustments that favor higher income earners, exacerbating inequality. The concentration of wealth has also led to increased visibility of poverty and social exclusion, challenging the Nordic model's ability to mediate income disparities effectively. Discussions around reforming the tax system to be more equitable are ongoing, with significant public and political debate.

Moreover, technological advancements and globalization have led to job polarization, where high-skill and low-skill jobs increase, but those in the middle diminish. This economic shift has left certain population segments behind, particularly those with lower educational backgrounds, increasing the socioeconomic divides. Nordic countries are actively exploring educational reforms and continuous learning programs to equip their citizens to better meet the demands of a changing economy.

Yeah, but Racial Inequalities Present a Stark Contradiction to the Egalitarian Image of Nordic Societies

Nordic societies' celebrated reputation for egalitarianism can contrast with their more complex record on racial equality and inclusion – a reality that challenges idealized portrayals of these nations as egalitarian utopias.

In 1966, Dr. Martin Luther King Jr. lauded Sweden for its efforts to address racial injustices, stating, "Never before has a nation come forth with such total commitment to our cause. Truly, Sweden is a nation with a conscience."[45] A few years later, American historian Robert Weisbord examined this perception more systematically, asking, "Scandinavia: A Racial Utopia?"[46] While such praise may reflect genuine Nordic commitments to racial justice, these assessments likely served more as critiques of American racial inequality than as comprehensive examinations of racism within Nordic societies.

Per Kongshøj Madsen, and Olli Kangas, "Nordic Models in Turbulent Times: Developments in Social and Labour Market Governance since the GFC," in *European Social Models from Crisis to Crisis*, ed. Jon Erik Dølvik and Andrew Martin (Oxford: Oxford University Press, 2024), 246–286.

[45] King Jr., *A Call to Conscience*.

[46] Robert G. Weisbord, "Scandinavia: A Racial Utopia?," *Journal of Black Studies* 2, no. 4 (1972): 471–488.

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Indeed, Sweden's and the broader Nordic region's actual record on racial issues proves far more complex. Despite its reputation for equality, racism persists in Swedish society, manifesting in both institutional barriers and everyday discrimination, as the critical examination within the pages *Even in Sweden* describe.[47] Swedish citizens who have experienced racial discrimination would likely challenge such idealized portrayals as King and others have offered. Jason Diakité's memoir, *A Drop of Midnight*, provides a poignant personal example, detailing his encounters with racism in modern Sweden that challenge depictions of Sweden as having achieved racial harmony.[48]

Recent years have seen a growing recognition of structural racism across Nordic societies. Studies document persistent disparities in employment, housing, and education outcomes for racial minorities and immigrants. The rise of far-right political movements, particularly in response to immigration, has forced these nations to confront uncomfortable truths about racism. While Nordic nations have implemented various anti-discrimination policies, their effectiveness remains limited by what critics have termed "Nordic exceptionalism" – a self-congratulatory tendency to view racism as a problem that exists elsewhere while remaining blind to discrimination at home. This mindset, scholars argue, actually impedes progress on racial equity by making it harder to acknowledge and address systemic racism within Nordic societies.[49]

The entrenchment of racial assumptions in Nordic societies manifests even in everyday language. Consider the Danish expression "ikke vær så blåøjet" (don't be so blue-eyed), meaning don't be so naive. While ostensibly just an idiom, the expression reveals how whiteness – symbolized by blue eyes – has become synonymous

[47] Allan Pred, *Even in Sweden: Racisms, Racialized Spaces, and the Popular Geographical Imagination* (Berkeley: University of California Press, 2000).

[48] Jason Diakité, *A Drop of Midnight: A Memoir* (New York: Amazon Crossing, 2020).

[49] Kristín Loftsdóttir and Lars Jensen, eds., *Whiteness and Postcolonialism in the Nordic Region: Exceptionalism, Migrant Others and National Identities* (London: Routledge, 2016); Suvi Keskinen, "Antiracist Policy Activism in Nordic Countries: Challenging the 'Nordic Exceptionalism' Narrative," *Journal of Ethnic and Migration Studies* 48, no. 17 (2022): 4025–4042.

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with innocence and purity in Nordic cultural consciousness. This linguistic naturalization of whiteness as purity parallels what Toni Morrison explored in *The Bluest Eye*, where coded associations reveal deeper societal beliefs about race.[50] The persistence of such expressions in everyday Nordic language illustrates how racial assumptions can remain embedded in society even as official policies promote equality.

However, acknowledging these shortcomings should not obscure an important, outcome of Nordic universal systems. While not designed specifically to address racial discrimination, universal welfare systems are arguably among the most effective tools for reducing racial inequities. Speaking to a US audience, Martin Luther King Jr. emphasized his belief in universal access to healthcare to address racial discrimination. "Of all the forms of inequality, injustice in health is the most shocking and inhumane."[51] The Nordic approach to healthcare, education, and social services – making them universal rather than allocated according to the marketplace – provides crucial protections for marginalized communities. While the administration of these systems remains imperfect,[52] their universal structure helps prevent racial disparities while proving more politically resilient than means-tested alternatives.

Looking ahead, Nordic societies face a critical challenge in developing more sophisticated approaches to addressing racial inequalities. The US, due to its history as a society founded on domestic slavery – where racial categorization became fundamentally tied to the institution of slavery, and descendants of enslaved people remain marked by race as American citizens today – has been forced to

[50] Toni Morrison, *The Bluest Eye* (New York: Vintage International, 2007).

[51] "Martin Luther King Jr. and Public Health," Drexel University Dornsife School of Public Health, January 27, 2020, accessed September 30, 2025, https://shorturl.at/2eOXR.

[52] Beth Maina Ahlberg, Sarah Hamed, Suruchi Thapar-Björkert, and Hannah Bradby, "Invisibility of Racism in the Global Neoliberal Era: Implications for Researching Racism in Healthcare," *Frontiers in Sociology* 4 (August 2019): 61, doi.org/10.3389/fsoc.2019.00061; S. Hamed and B. M. Ahlberg, "Decolonizing Swedish Health Care," in *Decolonial Sweden*, ed. M. McEachrane and L. Faye (London: Routledge, 2024), 173–194; Tiia Sudenkaarne and Mwenza Blell, "Reproductive Justice for the Haunted Nordic Welfare State: Race, Racism, and Queer Bioethics in Finland," *Bioethics* 36, no. 3 (2022): 328–335.

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confront racism more directly, albeit imperfectly.[53] Nordic nations, whose involvement in slavery occurred primarily through foreign trade rather than on domestic soil, have maintained a "colorblind" approach that obscures rather than addresses discrimination.[54]

How Nordic societies navigate these fundamental challenges – maintaining their commitment to universal welfare while developing more effective approaches to combat systemic racism – may determine whether their version of capitalism can be considered a viable model for diverse societies seeking to address economic and racial inequalities.

Yeah, but Nordic Capitalism Is Decreasingly Relevant in a Multipolar World Where Power Shifts from West to East

Nordic capitalism faces multifaceted challenges stemming from European integration and shifting global economic and power dynamics. As the EU has increasingly embraced a neoliberal agenda since the 1990s, Nordic nations find their policy autonomy increasingly constrained, especially concerning social welfare systems. Denmark's renowned flexicurity model has come under strain from EU labor market regulations, while Sweden's collective bargaining system has faced legal challenges with shareholder interests increasingly prioritized over labor rights.

Additionally, the global economic center of gravity is shifting eastward, with Asia's emerging economies gaining prominence. With China's GDP surpassing the entire EU's in terms of purchasing power parity and projections indicating India will become the world's third-largest economy by 2030 behind China and the US, the small, open economies of the Nordic countries are exposed to unprecedented

[53] Isabel Wilkerson, *Caste: The Origins of Our Discontents* (New York: Random House, 2020); Ibram X. Kendi, *Stamped from the Beginning: The Definitive History of Racist Ideas in America* (New York: Bold Type Books, 2016).

[54] Teju N. Adisa-Farrar, moderator, "The Myth of the Nordic Utopia: Social Democracy through Afro-Nordic Perspectives," featuring Elizabeth L. Hunter and Jasmine Kelekay, Nordic Talks event coordinated by Persis Sberlo, hosted by the Nordic Center at the Haas School of Business, University of California, Berkeley, December 6, 2023; Michael McEachrane, "There's a White Elephant in the Room: Equality and Race in (Northern) Europe," in *Afro-Nordic Landscapes: Equality and Race in North Europe*, ed. Michael McEachrane (London: Routledge, 2014), 87–119; and Ryan Thomas Skinner, *Afro-Sweden: Becoming Black in a Color-Blind Country* (Minneapolis: University of Minnesota Press, 2022).

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competitive pressures. The viability of their high-wage, high-tax model is being tested as emerging economies enhance their production and innovation capabilities.

While critics argue that Nordic capitalism thrived during a period dominated by Western economic supremacy and might struggle in a diversifying global landscape, such views may overlook the region's historical adaptability and tradition of good governance rooted in strong democratic practices.

Given their small domestic markets, Nordic nations have necessarily maintained an international orientation. Nordic companies and economies have long needed to venture beyond their borders, developing deep expertise in building globally competitive enterprises capable of thriving amid economic turbulence. This outward orientation and good governance practices have fostered remarkable adaptability in the face of global economic shifts.

By fostering education, innovation, and social cohesion through democratic means, Nordic nations have demonstrated remarkable resilience in economic transitions. Their pioneering efforts in sustainability and stakeholder capitalism, developed through transparent and democratically accountable processes, may position them advantageously as international focus increasingly turns towards climate action and social equity.

The relevance of Nordic capitalism in this shifting global landscape lies not in its size but in its potential to inspire evolution in larger economies, particularly the US. While Nordic nations represent just a small fraction of global GDP, their demonstrated ability to balance market efficiency with social welfare offers valuable lessons as nations worldwide grapple with sustainability challenges. As power continues to shift from West to East, the US remains a dominant global force, and its response to sustainability challenges in coming decades will significantly impact whether pressing global challenges – from climate change to rising inequality – are effectively addressed.

Yeah, but Trust in the Nordics Is Eroding

The rising rates of disability benefits in Norway present a critical challenge to the social trust underpinning Nordic capitalism. With approximately 10 percent of working-age adults receiving disability support – far exceeding OECD averages – research by Knut Røed shows that regional variations reflect cultural norms more than

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health conditions, raising questions about the sustainability of universal welfare systems.[55]

This challenge strikes at the heart of what researchers call "Nordic gold" – the high levels of social trust that enable Nordic capitalism to function. This concept of trust as social capital has been central to institutional theory,[56] with research suggesting that universal welfare systems may generate rather than deplete such social resources. When too many people are perceived as taking advantage of the system, it can undermine public support for universal welfare programs and weaken the social contract between citizens and the state. As we have seen, this trust is fundamental to the Nordic Theory of Love, where authentic relationships depend upon reduced dependencies enabled by universal systems.

The disability support challenge also reveals tensions in Nordic capitalism's promise of combining economic efficiency with social security. While the system aims to protect vulnerable citizens, extensive benefits may create disincentives to work that ultimately threaten economic sustainability.

Looking ahead, maintaining social trust will be crucial for Nordic capitalism's continued success. The system's effectiveness depends on citizens believing that most people contribute fairly and use benefits appropriately. If trust erodes – whether through actual abuse or perceived misuse of welfare systems – it could trigger a downward spiral where diminishing public support leads to program cuts, potentially undermining the universal nature of Nordic welfare systems that has proven key to their success. The challenge for Nordic societies will be to maintain their commitment to universal welfare while ensuring systems are not subject to abuse that could erode the trust upon which they depend.

Yeah, but Nordic Welfare States Depend on Strict Immigration Control

A contentious critique of Nordic capitalism concerns the tension between maintaining universal welfare systems and managing immigration. Nordic politicians, particularly in Denmark, argue that

[55] Knut Røed, "Active Social Insurance," *IZA Journal of Labor Policy* 1, no. 1 (2012): 1–22. See also Knut Røed and Lars Westlie, "Unemployment Insurance in Welfare States: The Impacts of Soft Duration Constraints," *Journal of the European Economic Association* 10, no. 3 (2012): 518–554.

[56] Putnam, *Bowling Alone*.

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maintaining their comprehensive welfare states requires restricting immigration. This position has drawn criticism from American progressives who view it as betraying humanitarian values. The tension reveals a fundamental challenge: can universal welfare systems coexist with high immigration levels?

Sweden's experience offers a sobering case study. Following conflicts in Syria and elsewhere in the early 2010s, Sweden accepted more immigrants per capita than any other European nation, reflecting its humanitarian aspirations. Prime Minister Stefan Löfven, in 2015, declared, "My Europe accepts people fleeing from war, with solidarity and in cooperation. My Europe does not build walls, we help out when the need is great," highlighting Sweden's lofty aspirations for humanitarian immigration policies.[57] However, the subsequent challenges – including high unemployment rates among immigrant populations and increased urban violence fueled in part by Sweden's inability to sufficiently integrate immigrants into Swedish society – provided ammunition for right-wing groups like the Sweden Democrats, whose political influence has grown significantly. These internal pressures led to a significant policy shift by 2017, when Löfven pledged that Sweden would "never go back" to the prior levels of mass immigration following a failed asylum seeker's involvement in a truck attack that killed four people in Stockholm.[58] Other Nordic nations cite Sweden's experiences as justification for more restrictive immigration policies, highlighting the complex relationship between immigration, social cohesion, and the sustainability of universal welfare systems.[59]

[57] Jonathan Norström, "The Framing of Immigration by Swedish Newspapers in 2009, 2015, and 2016" (MA thesis, Södertörn University, Huddinge Municipality, 2017), accessed March 1, 2022, https://sh.diva-portal.org/smash/get/diva2:1138195/FULLTEXT01.pdf.

[58] Arthur Martin and Mario Ledwith, "Sweden Will 'Never Go Back' to the Days of Mass Immigration after Failed Asylum Seeker Launched Friday's Truck Attack in Stockholm, Says the Country's Shell-Shocked PM," *Daily Mail*, April 9, 2017, accessed March 1, 2022, https://shorturl.at/zqh6H.

[59] Gregg Bucken-Knapp, Zainab Fakih, and Andrea Spehar, "Talking about Integration: The Voices of Syrian Refugees Taking Part in Introduction Programmes for Integration into Swedish Society," *International Migration* 57, no. 2 (2019): 221–234; Kristina Gustafsson and Jesper Johansson, "A Worthy Reception? Ambivalences in Social Work with Refugees and Migrants in Sweden," *Advances in Social Work* 18, no. 3 (2018): 983–1004; Mathias Ericson, "'Sweden Has Been Naïve': Nationalism, Protectionism and Securitisation in Response to the Refugee Crisis of 2015," *Social Inclusion*

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Denmark's Social Democrats, led by Prime Minister Mette Frederiksen, maintain that their restrictive immigration stance is not merely tactical but fundamental to preserving the Nordic model. They argue that extensive welfare systems require high levels of social trust and cohesion, which they believe can be strained by rapid demographic change. This position has proven politically successful – Denmark has largely avoided the rise of far-right parties seen elsewhere in Europe while maintaining its comprehensive welfare state.[60]

Critics contend this stance represents a moral failure, placing national welfare above global humanitarian obligations. They argue it reflects an ethnocentric solidarity conception that contradicts progressive inclusion and multiculturalism values. The controversy is particularly acute among American progressives who view the Nordic nations as role models for social democracy but find their immigration policies difficult to reconcile with progressive values.

This critique raises profound questions about the future viability of Nordic capitalism in a world increasingly shaped by climate change and conflict, likely leading to unprecedented human displacement. As these pressures mount, can the Nordic model evolve to become more inclusive while maintaining its distinctive features? Central to this inquiry is whether maintaining universal welfare systems necessitates tight immigration controls. How should Nordic nations balance their robust domestic social commitments with their global moral obligations?

Currently, Nordic nations commonly lead globally in humanitarian aid and peacekeeping efforts – endeavors that depend on strong domestic institutions and political stability. Their reliable democratic institutions enable their consistent and predictable engagements with international allies, providing a vitally important stabilizing force in a turbulent world. The predictable, stabilizing role of the Nordics is particularly crucial as the US's domestic political volatility has rendered it a less dependable partner, affecting historical alliances and international stability. But are these efforts enough?

6, no. 4 (2018): 95–102; Gabriella Elgenius and Jens Rydgren, "Frames of Nostalgia and Belonging: The Resurgence of Ethno-nationalism in Sweden," *European Societies* 21, no. 4 (2019): 583–602.

[60] David Leonhardt, "In an Age of Right-Wing Populism, Why Are Denmark's Liberals Winning?" *New York Times Magazine*, February 24, 2025, accessed February 25, 2025, www.nytimes.com/2025/02/24/magazine/denmark-immigration-policy-progressives.html.

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As climate change and potential conflicts are likely to drive unprecedented human displacement in the upcoming decades, how well Nordic societies navigate the simultaneous demands on domestic institutions and international obligations will shape whether Nordic capitalism is ultimately viewed as a compelling model for other nations seeking to balance domestic social solidarity with global responsibilities.

Yeah, but Nordic Capitalism Is Still Just Capitalism: Why Not Abandon Capitalism Altogether?

A common critique of this book's premise comes from those who argue that examining Nordic capitalism misses a more fundamental point: Perhaps we should abandon capitalism entirely. This perspective, whether advocating for socialism or other alternatives, deserves serious consideration. While this book focuses on evolving capitalism toward sustainability, it is worth examining why I maintain that properly structured capitalist systems offer the most promising path forward.

Capitalism's capacity for efficient resource allocation and innovation, when properly regulated through democratic processes, represents a powerful tool for addressing sustainability challenges. A key insight from Nordic capitalism is that markets function best when power is sufficiently dispersed – a principle it shares with democracy. Both systems require preventing excessive concentration of power, whether economic or political, to operate effectively. This constructive tension between democratic and market forces, when properly balanced, can drive innovation while ensuring broader societal benefits.

Critics rightly point to alternatives. Socialist models emphasize collective ownership and planned economies to ensure equitable distribution and prevent exploitation. Socialist perspectives have helped shape Nordic capitalism's strong labor protections and universal welfare systems. The challenge is how to embed markets within strong democratic institutions that can direct their power toward sustainable development. Nordic capitalism demonstrates how this can work: maintaining dynamic markets while using democratic processes to ensure their benefits are widely shared and aligned with sustainability goals.

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This book, therefore, focuses on how capitalism can be transformed to realize sustainable development rather than replaced altogether. The Nordic experience shows how market economies can be structured to serve broader societal goals while maintaining efficiency advantages. Their example suggests that the path to sustainability lies not in abandoning capitalism but in strengthening democratic institutions to ensure markets serve the common good.

However, this evolution of capitalism must be informed by wisdom from other traditions, including indigenous approaches that offer profound insights about humanity's relationship with the natural world. Traditional indigenous understanding of circular systems – where little is wasted and plant and animal life is respected – has begun inspiring modern circular economy concepts. Their deep respect for all living things, including animals and plants, and recognition of humanity's role as stewards rather than nature owners provides crucial guidance for developing sustainable practices. The Nordic "freedom to roam" laws (*allemannsretten*), which balance private property rights with public access to nature, reflect some of these indigenous principles about humanity's relationship with the natural world.

As we transform capitalism to meet today's sustainability challenges, indigenous wisdom is likely to become relied upon for inspiring necessary changes.

Yeah, but Historical Context and Institutional Complexity Matter

Institutional economists, including Kathleen Thelen and Wolfgang Streeck, raise a fundamental challenge to replicating Nordic capitalism: its success depends on a complex web of institutions that evolved together over generations.[61] The Nordic model's effectiveness emerges from the intricate interplay of mutually reinforcing systems – labor markets, education, welfare policies, and more – developed and refined through decades of democratic negotiation and adjustment. This deep institutional interdependence makes simply transplanting Nordic practices into different contexts particularly challenging.

[61] Thelen, *How Institutions Evolve*.

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Peter Hall and David Soskice's co-edited *Varieties of Capitalism* framework further suggests that Nordic institutions function effectively precisely because they operate as a coherent system.[62] Attempting to transplant the entire system into different institutional contexts may fail and potentially destabilize existing institutional arrangements. For instance, strong labor unions work effectively in the Nordic context because employer associations and state mediation balance them – a tripartite arrangement that took generations to develop.

The institutional architecture of Nordic capitalism is embedded within broader geopolitical constraints. Streeck's analysis demonstrates how these nations' position within the global economic order has been instrumental to their success: Their capacity to sustain comprehensive welfare states while functioning as small, export-oriented economies has historically relied on the military security and market access provided by larger powers, particularly the US.[63]

While these institutional arguments compellingly challenge attempts at wholesale system transfer of "the Nordic model," they strengthen the case for careful experimentation with individual elements of Nordic capitalism. Individual US states, for instance, could experiment with specific Nordic policies without threatening broader institutional stability to the nation. Universal subsidized childcare offers a prime example – a state could implement such a program independently, much as states have historically served as "laboratories of democracy" for testing new policies.[64] The success of such programs could then inform broader adoption, allowing for gradual, organic institutional evolution rather than wholesale system transfer. Indeed, this approach aligns with how Nordic innovations historically developed – through pragmatic experimentation and gradual expansion of successful programs.

Dismissiveness Can Be Denial

I've come to see that at least some of the many "yeah, but" remarks I encounter from US citizens are akin to willful denial. It is not that

[62] Hall and Soskice, eds., *Varieties of Capitalism*.
[63] Wolfgang Streeck, *Re-forming Capitalism: Institutional Change in the German Political Economy* (Oxford: Oxford University Press, 2009).
[64] Grumbach, *Laboratories against Democracy*.

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the US could not prosperously learn from the Nordics; it is just that many in the US do not want to. Many individuals in the US seem to perceive any challenge to the idea of US superiority as a threat. Denial becomes the path of immediate comfort.

Instead of denying the reality of others' relative successes, potential lessons should be seen as an opportunity to improve the US. Benchmarking exercises represent a competition with oneself to improve. Given the highly competitive US spirit, I believe inquiries can be constructively reframed in competitive terms to challenge and improve the US for the benefit of people in the US.

General Motors ran the "No Way, Norway" ad during Super Bowl LV in 2021, which humorously displayed America's competitive-fueled approach to challenging itself.[65] The ad begins with actor and comedian Will Ferrell asking, "Did you know that Norway sells way more electric cars per capita than the US?" Over half of the new cars sold in Norway in 2020 were electric vehicles (EVs), compared to just 2 percent in the US.[66] Ferrell begrudgingly laughs and says, "Norway," then punches his fist through a globe in a rage. "Well, I won't stand for it … We're going to crush those lugers. Crush them! Let's go, America!"

Instead of embracing Ferrell's competitive zeal and acknowledging the US can improve, many chose the "yeah, but" path of denial. The General Motors advertisement was met by a loud chorus of deniers who took to social media. One such message on Twitter stated:

That's nice but …

NORWAY: Population 5.3 million
USA: Population 328.2 million

NORWAY: 148,729 square miles
USA: 3.8 million square miles

NORWAY: 57,754 miles of road
USA: 4.2 million miles of road

[65] General Motors, "No Way Norway | Extended Big Game Commercial," YouTube, February 3, 2021, accessed February 4, 2021, www.youtube.com/watch?v=y4U5nit_WkY.

[66] Drew Desilver, "Today's Electric Vehicle Market: Slow Growth in U.S., Faster in China, Europe," Pewresearch.org, June 7, 2021, accessed March 1, 2021, https://shorturl.at/yjK5V.

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The statement implies the US is beyond compare to a nation like Norway. While the US and Norway are certainly very different places, the dismissal represents a logical fallacy related to the nirvana fallacy. The nirvana fallacy is also described as the fallacy of demanding impossible perfection.[67] Here, we see a particular variant of the nirvana fallacy: the fallacy of demanding the impossibly perfect comparison. When a body of empirical evidence is not presented through a US frame of reference with nearly perfect comparability to the US, I have seen a tendency for individuals to frequently dismiss the evidence, focusing instead on the differences between the US and whatever context is presented (skipping the first three benchmarking steps described in Chapter 2).

Each critique offers an opportunity for improvement when approached with generosity and a willingness to strengthen the underlying arguments. Perhaps the critique can help highlight how the global sustainability challenges faced are much more significant than what could be addressed by EV sales in a small nation like Norway. Norway represents just a blip compared to the world's largest consuming nation: the US.[68]

Furthermore, transitioning fossil-fuel automobiles to EVs represents just a blip to achieve necessary sustainability needs on a global scale. Fossil-fuel automobiles must be eliminated, but reliance upon automobiles as the primary means of transportation must also be overcome. Automobiles – fossil fuel or EV – are inefficient to move large numbers of people. That means we need massive increases in public transportation systems, including trains, metros, buses, bicycling, pedestrian infrastructure, and accommodations for elderly and disabled citizens.[69] Instead of fixating on shifting from fossil-fuel automobiles to 100 percent EVs, we must see the transition from fossil fuel vehicles to EVs as a sliver of the solution and raise our gaze to the overall transportation system and its effects on society.[70]

[67] Bo Bennett, *Logically Fallacious: The Ultimate Collection of over 300 Logical Fallacies*, academic ed. (Sudbury: eBookIt.com, 2012).
[68] Or #2 behind China, depending on how one measures it.
[69] Mikael Colville-Andersen, "Copenhagenize Your City: The Case for Urban Cycling in 12 Graphs," *The Guardian*, June 11, 2018, accessed January 1, 2020, https://shorturl.at/2Q0hz.
[70] Nick J. Fox, "Green Capitalism, Climate Change and the Technological Fix: A More-than-Human Assessment," *Sociological Review* 71, no. 5 (September 2023): 1115–1134, doi.org/10.1177/00380261221121232.

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Nevertheless, Norway's rapid transition to EVs is a fascinating story that may serve as an excellent case for how to go about establishing policies that can result in major systemic transformations. As recently as 2011, Norway had about the same EV sales percentage as the US when both nations were near zero percent. What did Norway do between 2011 and 2020 to shoot from almost 0 to over 50 percent of EV sales, with a realistic target of achieving 100 percent by 2025?[71] The answer lies in an innovative mixture of policy measures (tax incentives, market mechanisms like EV parking spots, and reduced toll fees) and investments in public transportation systems. The famous Norwegian pop band, a-ha, responsible for the hit "Take on Me," my favorite song as a kid, is also bizarrely at the center of the story. In the 1990s, members of a-ha drove around Norway in an electric-converted Fiat Panda. Norway's regulations did not accommodate registering EVs, so a-ha members drove without paying costly road tolls, parked illegally, and ignored every citation received. The Norwegian police impounded their car and auctioned it off, but a-ha was there to repurchase it. The stunt attracted massive media attention. A-ha's antics directly led to Norway exempting EVs from road tolls and establishing several other EV tax advantages.[72]

Norway's rapid transition to EVs stems not from its size but from systematic policy design.[73]

Yeah, but the Nordics Don't Innovate

Critics in the US often dismiss the Nordic countries as lacking innovation. This view was plainly expressed during my 2019 testimony before the U.S. House Small and Medium-Sized Business Committee, when Representative Jim Hagdorn proclaimed that the US is the source of virtually all global innovation, and that the rest of the world merely steals from the US.[74]

[71] Norwegian EV Association, "Norwegian EV Policy," Elbil.no, accessed May 25, 2025, https://elbil.no/english/norwegian-ev-policy/.

[72] Jon Henley and Elisabeth Ulven, "Norway and the A-ha Moment That Made Electric Cars the Answer," *The Guardian*, April 19, 2020; David Bonnici, "How A-ha Made Norway Take on EVs," Whichcar.com, January 11, 2021, accessed March 1, 2021, www.whichcar.com.au/news/how-a-ha-helped-norway-ev-incentives.

[73] International Energy Agency, "Global EV Policy Explorer," May 14, 2025, accessed May 25, 2025, www.iea.org/articles/global-ev-policy-explorer.

[74] Jim Hagedorn, remarks during "Embracing Corporate Social Responsibility: Small Business Best Practices," hearing before the House Committee on

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The US has undoubtedly produced numerous transformative innovations. But it is far from alone. Nordic countries have given rise to widely adopted advances – from Volvo's life-saving three-point seatbelt to the iconic LEGO brick, and more recently, Bluetooth, named after Viking king Harald "Blátǫnn" Gormsson, who united Denmark and Norway much as the technology unites communication protocols.[75] These are not isolated cases. The Nordics consistently perform at the top of global innovation rankings: Sweden placed #2 in the 2024 Global Innovation Index, ahead of the US at #3, with Finland (#7) and Denmark (#10) also ranked among the global leaders.[76]

Furthermore, Nordic societies excel at systematic improvement through expert benchmarking: they consistently identify proven solutions from around the world, adapt them effectively to their local context, and implement them to benefit their entire population. However, this only begins to describe the Nordic approach to innovation. As Nina Witoszek and Atle Midttun wrote in *Sustainable Modernity and the Architecture of the 'Well-Being Society'*:

> The Nordic model has borrowed vastly from other traditions, including British Parliamentarianism, the ideals of the French Revolution, and the visions of the [U.S.] founding fathers. Even the green growth agenda, which the Nordic countries have taken on board in the 21st century, was first strongly advocated in South Korea before it was embraced in the global North.[77]

Scandinavian Airlines' 2020 commercial, "What is truly Scandinavian?"[78] nicely sums up the successes of effective Nordic benchmarking. "We are proud of our Scandinavian heritage. Many of the things we call Scandinavian today were brought here and refined by

Small Business, 116th Cong., 1st sess., December 4, 2019, U.S. Government Publishing Office, 21–22, accessed January 1, 2023, www.govinfo.gov/content/pkg/CHRG-116hhrg38822/pdf/CHRG-116hhrg38822.pdf.

[75] The Viking king Harald Blátǫnn is thought to have earned his nickname from a distinctive dark, possibly dead, tooth.

[76] World Intellectual Property Organization, *Global Innovation Index 2024*, September 26, 2024, accessed May 25, 2025, www.wipo.int/web-publications/global-innovation-index-2024/en/index.html.

[77] Nina Witoszek and Atle Midttun, eds., *Sustainable Modernity and the Architecture of the 'Well-Being Society': Interdisciplinary Perspectives* (Abingdon: Routledge, 2018), 12.

[78] Kevin Keane, "How Pop Band A-ha Inspired Norway's Electric Car Revolution," BBC News, November 2, 2022, accessed December 1, 2022, www.bbc.com/news/uk-scotland-63375504.

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curious, open-minded, and innovative Scandinavians." The dialogue reads as a manifesto for effective benchmarking:

What is truly Scandinavian? Absolutely nothing. Everything is copied.

Our democracy? Credit goes to Greece.

Parental leave? Thank you, Switzerland.

The iconic Scandinavian windmills were actually invented in Persia.

And we made the German bicycle a staple of our cities …

America, thank you for taking the first steps in empowering the women's rights movement …

We're no better than our Viking ancestors. We take everything we like on our trips abroad, adjust it a little bit, and voilà! It's a unique Scandinavian thing …

In a way, Scandinavia was brought here – piece by piece. By everyday people who found the best of our home, away from home.

Rather than primarily concern us whether an idea was "invented here," of greater importance for a society's well-being is the capacity to identify the best ideas from around the world – those ideas proven to make life better for people – and successfully put those ideas into practice. As Open Innovation expert Henry Chesbrough often says, you don't have to invent it to be innovative with it. Embracing an approach of continuous benchmarking and adapting proven ideas from elsewhere requires a healthy dose of humility, curiosity, and creativity.

The US can furthermore draw a valuable lesson from the Nordics to see innovation beyond the technological variety and extend it into public policy. Daron Acemoglu and James Robinson's book, *The Narrow Corridor: States, Societies, and the Fate of Liberty* emphasizes that the policy and institutional innovations of the state, and the cooperative interactions fostered between business, labor unions, and the state, are of central importance in measuring the successes of the Nordic model.

The real institutional innovation in Sweden, and subsequently in other Scandinavian nations, was not just creating a more interventionist, redistributive state but doing so under the auspices of a coalition including businesses and the great majority of workers organized in politically active trade unions, which imposed tight shackles on the states.

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On the one hand, the involvement of business, including the biggest corporations in Sweden, meant that the Swedish welfare state never went in the direction of wholesale nationalization of industries or abrogation of markets. On the other hand, the pivotal role that trade unions played in this process enabled a much greater popular participation in politics, stacking the cards against the hijacking of the now more powerful state institutions by elite interests.[79]

Nordic societies excel at systematic improvement through expert benchmarking: they identify proven solutions globally, adapt them effectively locally, and implement them to benefit their entire population. Their success stems not from claiming to invent everything, but from their pragmatic willingness to learn from and improve upon others' innovations.

Yeah, but They Don't Have Any Harvards

This brings us to perhaps the most revealing of the "yeah, but" dismissals. Whether citing Harvards or Stanfords, Amazons or Facebooks, or the world's wealthiest individuals, critics of Nordic societies invariably point to the absence of such exceptionalism as evidence of these societies' limitations. But this criticism reveals more about American values than Nordic shortcomings.

The degree to which I hear this particular "yeah, but" reveals something about the mindsets of individuals in the US versus our Nordic counterparts, differences in how "success" is defined, and differing views of purpose.

Society is a system, but many in the US focus on individual elements. When an individual element of US society is deemed exceptional, like a Harvard, a billionaire, or some mega-corporation, many in the US tend to showcase that element and claim that the overall US system is exceptional. By contrast, there may not be as many exceptional elements within Nordic society – no Harvard, per se – but the many elements within Nordic societies are consistently good.

Establishing consistently good elements throughout Nordic societies has resulted in an overall system that is nothing short of exceptional. Good schools for everyone, not just elite schools for some and

[79] Daron Acemoglu and James A. Robinson, *The Narrow Corridor: States, Societies, and the Fate of Liberty* (London: Penguin Books, 2020), 473–474.

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poor schools for many others. Good healthcare for everyone, not just exceptional healthcare for some, while millions of others go without healthcare. While those from the US may boast about exceptional elements within US society, as an overall system, the shortcomings of US society are apparent.

The Nordic approach reveals a profound difference in how societies can define success. While American capitalism celebrates individual excellence and exceptional achievement, Nordic capitalism pursues what I call the Nordic Theory of the Exceptionally Good – the idea that a society succeeds when it ensures consistently high quality of life for everyone, rather than exceptional opportunities for a few. This theory, deeply connected to the Nordic concept of *lagom*, produces a paradoxical result: by focusing on making things consistently good for everyone rather than exceptional for some, Nordic societies achieve exceptional outcomes at the societal level. Their educational systems may not produce a Harvard, but they produce the world's highest literacy rates. Their healthcare systems may not house the world's most advanced private hospitals, but they ensure universal access to high-quality care. This systematic pursuit of the consistently good over the individually exceptional represents perhaps the most important lesson Nordic capitalism offers other nations.

The way Norway approaches access to sports is symbolic of its overall societal approach. At the 2022 Winter Olympics, Norway won the most gold and total medals of any country. Why? "There just seems to be a lot more emphasis on including everybody," said Atle McGrath, a twenty-one-year-old Norwegian Alpine skier, in the February 20, 2022 *New York Times* article, "It's Norway's Games Again. What's Its Secret?"

Norway is committed to ensuring that all Norwegian children have access to good opportunities in sports – skiing and beyond. Norway's universal commitments to children are expressed in its "Children's Rights in Sports" document, "with a focus on participation and socialization rather than hardcore competition."[80] Everyone in Norway at the individual level has access to consistently good

[80] Matthew Futterman, "It's Norway's Games Again. What's It's Secret?" *New York Times*, Nytimes.com, February 18, 2022, accessed February 19, 2022, www.nytimes.com/2022/02/18/sports/olympics/norway-medals-winter-olympics.html.

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resources – they may not be exceptional, but they are consistently good for everyone. And the outcomes at a societal level are nothing short of exceptional.

When I talk to friends and colleagues in the Nordics, many remark on the juxtaposition of American exceptionalism directly alongside US society's shocking extremes and cruelty. US society is out of balance. They wonder how the US can have Amazon and Facebook and such opulence in Silicon Valley, yet such cruel living conditions within view … rampant homeless encampments and extreme poverty nearby. My Danish friend Bjarne has lived in US for several years, and he succinctly summed up how denial is central to the US experience: "When I return from Denmark to the US, I have to put back on my American blinders just to function."

Many of us wear American blinders to survive in the US. But to improve the US, the blinders must be removed, and problems must be faced head-on. Redefining success would be a helpful place to start, shifting a collective gaze from some of the exceptional elements within US society and instead adopting a societal-level view to consider how exceptional a society can be when most everyone can have it good.

Yeah, but Nordic Welfare Systems Depend on US Military Protection

Since World War II, Nordic nations have consistently expressed gratitude to the US for its vital role in military protection in maintaining regional security. Norway, Denmark, and Iceland joined NATO as founding members in 1949, aligning with Western democratic powers under American leadership to countervail the Soviet Union threat.

However, critics contend that the sustainability of Nordic welfare states is dependent upon US military protection. The argument goes that by spending less on defense, Nordic societies can spend more on social programs. Indeed, while Nordic countries traditionally maintain military budgets around 1.5 percent of GDP – significantly lower than US expenditures exceeding 3 percent – this perspective overlooks several key factors.

First, a considerable portion of US military spending is driven by US policy choices in domains one may argue are unnecessary. The wars in Iraq and Afghanistan cost the US military trillions, and arguably without bolstering global stability. Second, the recent geopolitical

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shifts, including Finland and Sweden's 2024 accession to NATO and escalated military budgets across the Nordics, like Norway's substantial support for Ukraine in 2025, underscore a growing commitment to shared military responsibilities. Third, Nordic nations contribute to global stability through their extensive involvement in diplomatic engagement, peacekeeping missions, and consensus-building efforts, which have cemented their reputation as reliable mediators of international cooperation. Their emphasis on dialogue and mutual understanding over confrontation often yields superior returns for global security, irrespective of whether they can be measured through a military budget.

Furthermore, the argument does not account for the pronounced efficiency differences in social spending between the Nordics and the US. For instance, the US allocates about 17 percent of its GDP to healthcare, significantly outstripping the 10 percent expended by Nordic nations, while achieving worse outcomes – with shorter life expectancies and significantly higher infant mortality rates.[81] This disparity suggests that the effectiveness of Nordic social systems stems more from their design of efficient, democratically accountable institutions than from reduced military spending. If the US were to achieve Nordic levels of healthcare efficiency, the savings would exceed three times the US military budget.

Nordic capitalism demonstrates how market efficiency improves when power is effectively dispersed rather than concentrated among oligarchic interests. Their healthcare system exemplifies this principle: Built on democratic oversight and transparent governance, it prevents the accumulation of market power that characterizes the US system. As Bradley and Taylor conclude in their systematic analysis of global healthcare systems, "Americans have overlooked the true healthcare stars of the world… Sweden, Denmark, and Norway truly outperform the US … The Scandinavian approach has consistently achieved the best health outcomes in the world at a reasonable cost."[82]

Thus, the efficacy of Nordic welfare systems stems not from reduced military expenditure but from institutional structures that

[81] Elizabeth Bradley and Lauren Taylor, *The American Health Care Paradox: Why Spending More Is Getting Us Less* (New York: PublicAffairs, 2013).
[82] Bradley and Taylor, *The American Health Care Paradox*, 81–120.

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enhance market efficiency through democratic accountability and power dispersion – a model that consistently delivers superior outcomes at lower costs.

Critics might counter that Nordic healthcare efficiencies stem from their smaller scale – an argument addressed earlier in this chapter. While individual US states could theoretically implement universal healthcare programs, offering significant advantages to businesses currently burdened with healthcare administration, such reforms face substantial political obstacles. Even with compelling evidence that Nordic citizens' tax contributions toward healthcare result in lower personal expenditure than Americans' out-of-pocket costs, the transition to tax-funded universal healthcare represents a paradigmatic shift many Americans remain reluctant to embrace. This resistance persists despite clear evidence that such systems could reduce costs while expanding access.

At this point in discussions with American audiences, one might turn their "Yeah, but" rhetoric back upon them: "Yeah, but perhaps Americans do not have the ability to build more efficient systems." This provocation often proves helpful in provoking insightful discourse, appealing to the American competitive identity, and challenging deeply held beliefs about American exceptionalism.

Parting Reflections

A critical examination of Nordic societies reveals fundamental contradictions that challenge any idealized characterizations of Nordic capitalism. Most significantly, their ecological footprint – requiring multiple Earths' worth of regenerative capacity if globally adopted – represents a profound disconnect between their sustainability aspirations and consumption practices. Nordic societies simultaneously confront mounting institutional pressures from rising inequality, persisting racial discrimination, immigration integration challenges, and demographic strains on their welfare systems.

These contradictions do not negate the value of studying Nordic capitalism. Rather, they show how highly democratic societies navigate the complex tensions and trade-offs inherent in pursuing sustainable development. Their imperfect but substantive progress offers relevant lessons for other nations seeking to advance sustainability within democratic frameworks.

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"We arrogantly believe that we have everything to teach other nations and nothing to learn from them," remarked Dr. Martin Luther King Jr. from the steps of Sproul Hall at UC Berkeley in 1967.[83] More than half a century later, this criticism remains acutely relevant. The "yeah, but" dismissals of Nordic comparative successes reflect not just skepticism but a more profound resistance to learning from others – a resistance that threatens both American progress and global sustainability.

When we dismiss the experiences of other nations through reflexive "yeah, but" responses, we don't just miss opportunities for improvement – we actively choose ignorance over knowledge, ideology over evidence, and isolation over collaboration. In an era of global sustainability challenges, such willful blindness becomes increasingly dangerous.

George Orwell understood this danger. When describing his dystopian future in *1984*, he identified the death of curiosity as a key marker of totalitarianism: "There will be no curiosity, no enjoyment of the process of life." All that remains "will be the intoxication of power, constantly increasing and constantly growing subtler. Always, at every moment, there will be the thrill of victory, the sensation of trampling on an enemy who is helpless. If you want a picture of the future, imagine a boot stamping on a human face – forever."[84]

Orwell later clarified that 1984 was not a prediction but a warning: "The moral to be drawn from this dangerous nightmare situation is simple: Don't let it happen. It depends on you." His words remind us that maintaining curiosity – the willingness to learn from others and question our assumptions – is essential for preserving both democracy and hope.[85]

The Nordic nations, for all their imperfections, demonstrate what becomes possible when societies remain open to learning from others while maintaining democratic processes. As Thunberg reminds us, these nations fall short of their own ambitious goals,

[83] KQED, *Martin Luther King at UC Berkeley Sproul Plaza, 1967*, YouTube, 1:18, January 17, 2020, accessed January 1, 2022, www.youtube.com/watch?v=GFUuE-MId2g.

[84] George Orwell, *Nineteen Eighty-Four* (New York: Signet Classics, 2017), 267.

[85] George Packer, "Doublethink Is Stronger than Orwell Imagined," *The Atlantic*, July 2019; Chris Durlacher, *George Orwell: A Life in Pictures*, BBC Two, 2003, docudrama, accessed January 6, 2021, www.imdb.com/title/tt0396031/.

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particularly regarding consumption and planetary boundaries. Yet their willingness to acknowledge these shortcomings and work toward solutions through democratic means offers crucial lessons for societies worldwide.

The path to sustainability requires neither authoritarian control nor technological silver bullets, but rather the patient work of building social consensus and implementing proven solutions. This work demands curiosity – the kind that looks past easy dismissals to find transferable lessons and sees learning from others as a source of strength, not a sign of weakness.

By approaching the Nordic experience with an openness and genuine curiosity rather than defensive dismissals, we can begin to imagine and create more sustainable societies – including in the US. The choice between learning and dismissal, between curiosity and defensive rejection denial, ultimately shapes the kind of future we can build together.

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PART III

Looking Ahead

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9 *Shifting the American Paradigm*
From Me-Me-Me to Me-We-Me

Nordic nations have cultivated the single most valuable resource a society can have in the twenty-first century: human capital … At some point, the Americans forgot that it's not enough to talk about equal opportunity, democracy, and freedom–these things need to be protected and supported by concrete actions.

—Anu Partanen, author of *The Nordic Theory of Everything*

A society grows great when old men plant trees in whose shade they shall never sit.

—Commonly attributed to ancient Greek wisdom

Thomas Kuhn showed how paradigms – collections of beliefs, assumptions, and "truths" – shape how communities understand their world. Just as scientists clung to an Earth-centered universe until evidence forced a paradigm shift, a society operates within an economic paradigm that persists until its flaws become undeniable.

The underlying paradigm of American capitalism, with its emphasis on radical individualism and dogmatic belief in self-regulating markets, faces mounting challenges it cannot explain away: rising inequality, declining social mobility, accelerating climate change, and biodiversity loss that undermine the conditions for human survival and limit the possibilities for human flourishing. Meanwhile, Nordic societies reflect a different paradigm – one that strikes a practical balance between individual initiative and collective well-being, while embracing the essential role of the state in shaping markets to serve the public interest.

While Kuhn described paradigm shifts without advocacy, I adopt an explicitly normative position: this chapter advocates for a deliberate shift in how Americans conceptualize their economic and social systems. What Kuhn called a paradigm is often described as a societal

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mindset – as Donella Meadows explains in Thinking in Systems, they represent the same concept of collective beliefs and assumptions that shape how we organize ourselves. Specifically, I argue for transitioning from a hyper-individualistic "Me-Me-Me" paradigm to what I call the "Me-We-Me" paradigm, as Nordic capitalism exemplifies.

The Me-We-Me societal mindset maintains strong individual responsibility while fostering a practical commitment to broader societal well-being, recognizing both the moral imperative of taking responsibility for societal well-being (caring for a stranger's child) and the practical benefits that flow back to individuals (that child may become the healthcare worker who tends to us in our elder years). Drawing on insights from evolutionary biology, particularly Multilevel Selection (MLS) theory, we'll examine why Nordic societies consistently lead global measures of societal well-being and how the underlying Me-We-Me paradigm represents a promising direction forward for reshaping American capitalism – one that honors American values of individualism and freedom while pragmatically addressing challenges that individuals cannot efficiently solve alone.

Flight of the Nordic Bumblebee

The Nordic model is often likened to a bumblebee – which, according to conventional wisdom, shouldn't be able to fly given its body mass relative to wing size. Similarly, critics insist the Nordic model's comprehensive social programs should be too heavy a tax burden for any economy to sustain.[1] Rather than examine the evidence of how the Nordic model succeeds, critics swat it away with ideological charges of socialism – a reflexive denial that exemplifies how thoroughly ideology can trump empirical evidence in American discourse.

[1] Rune Halvorsen, Bjørn Hvinden, and Mi Ah Schoyen, "The Nordic Welfare Model in the Twenty-First Century: The Bumble-Bee Still Flies!" *Social Policy and Society* 15, no. 1 (2016): 57–73; Subhash Madhav Thakur, Valerie Cerra, Balázs Horváth, and Michael Keen, *Sweden's Welfare State: Can the Bumblebee Keep Flying?* (Washington, DC: International Monetary Fund, 2003); Gunnar Lind Haase Svendsen and Gert Tinggaard Svendsen, *Trust, Social Capital and the Scandinavian Welfare State: Explaining the Flight of the Bumblebee* (Cheltenham: Edward Elgar Publishing, 2016); David Crouch, *Bumblebee Nation: The Hidden Story of the New Swedish Model* (Stockhol: Karl-Adam Bonniers Stiftelse, 2018).

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However, those who examine the evidence find that efficiency is the "secret" to both the Nordic model and the bumblebee's flight. The bumblebee does not simply flap its wings up and down. Instead, it traces an elongated motion that creates low-pressure zones above its wings, efficiently generating lift through Bernoulli's Principle – the same principle that enables modern jets to fly.

Similarly, the Nordic model doesn't simply tax and inefficiently spend; it carefully orchestrates how resources are collected and deployed. Through functioning democratic institutions, transparency, and systematic data collection, Nordic citizens receive demonstrable value in return for their tax contributions. Tax revenues are invested in essential services like healthcare and education, with effectiveness monitored through continuous assessment and refinement to do more of what works and less of what does not. The Nordic health registries exemplify this systematic approach to efficiency. Tracking population health data since the 1950s, these registries have been described as an "epidemiologist's dream," enabling Nordic societies to deliver healthcare with remarkable effectiveness.[2]

Through these efficient societal systems, Nordic societies achieve what critics deemed impossible: collecting taxes to fund efficient universal services that expand individual freedoms.

Nordic capitalism represents the most comprehensive natural experiment disproving neoliberal assumptions. Its sustained success empirically refutes claims about the inherent inefficiency of tax-funded universal programs. Yet because this success contradicts neoliberal theory, many American economists dismiss it with charges of "socialism."

Evolution and Society: MLS Theory

The concept of society as an organism, while dating back to Aristotle's *Politics* and Hobbes's *Leviathan*, was largely overshadowed in the twentieth century by reductionist perspectives emphasizing individual components over collective systems. Margaret Thatcher's assertion, "There is no such thing as society. There are individual men and

[2] L. Frank, "The Epidemiologist's Dream: Denmark," *Science* 301, no. 5630 (2003): 163, doi.org/10.1126/science.301.5630.163.

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women and there are families," exemplifies the view that dominated neoliberal thought with its emphasis on individualism.[3]

MLS theory demonstrates how natural selection operates at multiple levels – both within groups and between groups. A society is a group, and MLS theory shows that societies balancing internal competition with cooperation tend to outperform those that do not. This dual-level selection process explains why cooperative behaviors evolve even when they might initially appear costly to individuals, challenging earlier models that focused solely on individual selection.

David Sloan Wilson and Dag O. Hessen's application of MLS theory to Nordic societies reveals how institutional structures and cultural norms can promote effective cooperation while maintaining healthy competition. Through universal healthcare, robust social safety nets, and inclusive educational policies, Nordic societies have created environments where cooperative behaviors are incentivized and destructive competition is minimized. These systems reduce the stress and uncertainty that often drive selfish behaviors, fostering collective responsibility while still allowing for individual achievement. The resulting social resilience and consistently high measures of societal well-being provide compelling evidence for MLS theory's practical application in modern governance.

Empirical Evidence for Group-Level Success

The success of Nordic societies' evolutionary balance is evident in global performance metrics. As outlined in Chapter 1, they consistently lead virtually every measure of societal well-being – from the SDG Index (where Denmark, Finland, and Sweden rotate the #1 position) to the Democracy Index (claiming five of the top six spots) and the World Happiness Report (with Finland holding the top spot for eight consecutive years). Perhaps most tellingly, Nordic nations claim all five top spots in the Global Social Mobility Index – effectively measuring the American Dream's promise of opportunity for all – while the US ranks 27th.

[3] Margaret Thatcher, interview, *Woman's Own*, October 31, 1987, available from the Margaret Thatcher Foundation, accessed August 14, 2024, www.margaretthatcher.org/document/106689.

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This empirical evidence validates MLS theory's prediction about societal success through balanced competition and cooperation. While biological evolution operates through genetic transmission, socioeconomic systems evolve through institutional and cultural adaptation. In Nordic societies, this evolution manifests through three key mechanisms: institutional selection (effective policies persist and spread), cultural selection (cooperative norms yield better outcomes), and economic selection (efficient resource allocation between individual and collective needs leads to superior performance).

Despite higher taxes and strong labor protections, Nordic companies remain globally competitive precisely because their societies have evolved efficient mechanisms for balancing individual achievement with collective prosperity. Their emphasis on education and continuous skills development ensures individuals can contribute effectively to both personal and societal success, demonstrating how cooperative strategies create more sustainable societies.

American capitalism's "Me-Me-Me" paradigm dismisses Nordic societies' success with charges of socialism, assuming their universal services and high taxes must inevitably create inefficiency and reduce freedom. Critics argue these nations "should have long ago collapsed under the weight of public spending." Yet reality proves otherwise.[4]

Nordic citizens understand that the costs of their model in higher income taxes represent investments in the well-being of every individual – investments in essential areas like healthcare, education, and social safety nets. The return on these investments has proven exceptionally high, benefiting the collective "We" and the individual "Me."

History offers stark warnings about societies that fail to achieve a shared sense of "We." Abraham Lincoln's warning that "a house divided against itself cannot stand" resonates today. Without cultivating a shared identity and sense of "We" through systems and norms of decency that encourage mutual benefit among societal members, American society risks dangerous fragmentation. The stakes could not be higher – without such a shift, American capitalism risks collapse, potentially paving the way for a totalitarian system that appeals to humankind's worst tendencies – selfishness and fear – to pit citizens against one another, undermining freedoms.

[4] Ben Clift, *Comparative Political Economy: States, Markets and Global Capitalism* (London: Red Globe Press, 2021), 235.

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Paradigms

In his seminal work *The Structure of Scientific Revolutions*, Kuhn describes paradigms as the underlying assumptions that dictate how research is conducted and interpreted within a scientific community. Paradigms shape what is considered valid knowledge, the methods used to obtain it, and the questions deemed important. When a paradigm is challenged by accumulating anomalies that it cannot explain, a scientific revolution may occur, leading to a paradigm shift. In the Kuhnian sense, a paradigm represents the collective framework of a community's beliefs, values, and techniques, guiding their understanding of the world and the conduct of their work.

American capitalism operates within a paradigm constructed by neoliberal ideology, a dominant framework that has significantly shaped its economic policies and societal values since the 1980s. This paradigm emphasizes minimal state intervention, deregulation, privatization, and a belief in the efficiency of free markets. Within this framework, profit maximization and individual self-interest are viewed as the primary drivers of economic prosperity and societal well-being. Within such an environment, tendencies toward selfishness can be displayed as a symbol of freedom. Narratives championing Social Darwinism, emphasizing "survival of the fittest," and celebrations of individualism ("pull yourself up by the bootstraps") perpetuate a detachment from communal welfare. This heightened individualistic perspective views collective actions skeptically, often interpreting them as restrictions on individual freedom.

However, this focus on extreme individualism and intense competition has led to rising inequalities and sustainability crises, challenging the very foundations of this paradigm. The neoliberal ideology has prioritized short-term gains and individual success over long-term sustainability and collective well-being, creating systemic vulnerabilities and socio-economic disparities.

The Nordic model is born of a Me-We-Me mindset. In this context, individuals – each representing the "Me" – recognize they are integral components of a larger "We" and that each individual "Me" can benefit by cooperating with the "We." With such a mindset, each Me recognizes that their individual well-being is directly connected to the well-being of the We. The Danish word *samfundssind*, or societal mind, reflects the Me-We-Me mindset.

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Samfundssind became a word of frequent use in Denmark during Covid-19. A global pandemic makes clear how individuals depend upon and affect one another – including the fact that individuals can *infect* one another. *Samfundssind* emphasizes the connectivity between individuals and reflects an expectation for individuals to take personal responsibility for themselves (each "Me") and the group at the societal level (the "We").[5]

Darwin acknowledged the significance of cooperation within groups for enhancing their competitive advantage over other groups. In 1871, Darwin wrote: "There can be no doubt that a tribe including many members who … were always ready to give aid to each other and to sacrifice themselves for the common good, would be victorious over other tribes; and this would be natural selection."[6] This aligns with the contemporary evolutionary theory of MLS, which emphasizes the multitiered nature of evolutionary competition. MLS theory describes how a group that can effectively foster cooperation amongst its individuals where such cooperation is beneficial for the group overall, while still allowing for competition between individuals where such competition is healthy, will outcompete groups unable to cooperate effectively.[7] Wilson emphasizes the importance of understanding and embracing MLS theory within *Half-Earth* because of the great need for scaled cooperation and coordination at a large scale – the societal and global levels.[8]

Societies adept at discerning when and where to encourage cooperation and when and where to encourage competition achieve a competitive advantage globally. Here, the Nordic Model stands out,

[5] Whether Denmark has wholly achieved a sense of "We" at the societal level is contested. Elizabeth Löwe Hunter describes stark divisions along racialized lines in Denmark: "Danish Black people find themselves as outside the construct of 'us' and 'them.' Being neither white Danes, nor prototypical (non-Black) 'immigrant other,' they found themselves as 'a minority in the minority.'" Elizabeth Löwe Hunter, "Black Racial Isolation: Understanding African Diaspora Subjectivity in Post-Racial Denmark" (PhD diss., University of California, 2023), 140, accessed December 7, 2023, https://escholarship.org/uc/item/3qk0z1fm.

[6] Charles Darwin, *The Descent of Man and Selection in Relation to Sex*, 2nd ed. (London: Murray, 1871).

[7] Arne Traulsen and Martin A. Nowak, "Evolution of Cooperation by Multilevel Selection," *Proceedings of the National Academy of Sciences* 103, no. 29 (2006): 10952–10955.

[8] Wilson, *Half-Earth*, 211.

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melding societal-level cooperation with individual-level competition.[9] Foundational structures like universal healthcare and education are examples of cooperation executed at the group level, while individual-level aspirations and freedoms remain intact. Such societies and the individuals within them don't merely subsist – they flourish, which is the evolutionary explanation for why Nordic societies effectively "outcompete" other societies as measured by their top ratings on so many societal-level measurements.

Paradigms and Purpose

In *Thinking in Systems*, Donella Meadows explains that systems consist of elements, interconnections, and purpose. While elements (like organs in a body or individuals in society) are easily identified, the interconnections between them are complex and often hidden. Systems nest within larger systems – individuals within societies, healthcare systems within political systems – creating intricate webs of interaction.[10]

The elements of a system are often easy to identify. The elements are the pieces of a system most readily seen. The human body is a system, and the body's organs are some of its elements. We can readily see the heart, lungs, brain, and so on. However, understanding the interconnections between the elements of a system is often difficult. The interconnections can be complex and sometimes hidden. We may not easily see how the body's organs interact. Teams of medical doctors must, at times, come together to discuss a patient's diagnosis to understand the body as a system with interconnected elements.

Systems can be elements of even larger systems. Society is a system in which every person is an element. A person is, therefore, a system (i.e., the human body is a system), and that person is simultaneously an element of the larger system of people that is society. Furthermore, societies and the people within them build systems that further interact.

[9] David Sloan Wilson and Dag O. Hessen, "Cooperation, Competition and Multi-level Selection: A New Paradigm for Understanding the Nordic Model," *Sustainable Modernity*, ed. Witoszek and Midttun, 18–35; Atle Midttun and Nina Witoszek, "The Competitive Advantage of Collaboration – Throwing New Light on the Nordic Model," *New Political Economy* 25, no. 6 (2020): 880–896.

[10] Meadows, *Thinking in Systems*, 2.

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National healthcare systems interact with the people within societies, and those systems interact with other systems, such as political and ecological systems. The interconnections of systems multiply at a dizzying rate when one considers society as the unit of analysis. Systems thinking helps us more fully consider how a given system works, and how it interacts with other systems and other systems' many elements.

What about Purpose?

The purpose is the most important thing to consider about a system. Yet, purpose is often the least interrogated. We frequently get stuck in the weeds observing the elements and trying to understand interactions in a system. But asking *why* that system exists in the first place – the purpose – requires taking a step back to understand the whole and what overarching goals we are attempting to achieve. Considering a system's purpose takes us to a philosophical place and a domain where there may not be a definitive "right answer" because considerations of purpose are comingled with considerations of values and ethics. Different well-intentioned people may have differing views about a system's purpose.

What is the purpose of a healthcare system in a nation? Is it to ensure that everyone has access to good quality healthcare, or is it something else, like incentivizing individuals to get a job by tying healthcare benefits to employment? What is the purpose of a transportation system in a city? Is it to ensure that everybody can most efficiently and safely get from point A to point B? Or is it to ensure that every individual with a car has ample parking spots throughout a city? What is the purpose of an educational system? A penitentiary system? A tax system? A corporate governance system? A political system?

Systems, and the purposes for which systems are established, are born of mindsets.

So, What Is a Mindset?

Meadows discusses mindsets and paradigms interchangeably, tethering to Kuhn's descriptions of paradigms from his 1962 publication of *The Structure of Scientific Revolutions*. Meadows explains that a mindset – or what Kuhn calls a paradigm – represents the collection of unstated assumptions and beliefs shared by a society:

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The shared idea in the minds of society, the great big unstated assumptions, constitute that society's paradigm, or deepest set of beliefs about how the world works… Growth is good. Nature is a stock of resources to be converted to human purposes. One can 'own' land. Those are a few of the paradigmatic assumptions of our current [American] culture, all of which have utterly dumbfounded other cultures, who thought them not the least bit obvious.[11]

The words, "deepest set of beliefs about how the world works," bear repeating. A mindset presents a society's collection of assumptions and beliefs to explain how the world works – and how the world should work.

A mindset can change, though the process differs dramatically between individuals and societies. As Meadows explains, for an individual, paradigm shifts can happen in a millisecond – requiring nothing more than "a click in the mind, a falling of scales from eyes, a new way of seeing." This aligns with Gil Scott-Heron's insight that true revolution occurs in the mind when "all of a sudden, you realize I'm on the wrong page" – a revolution that cannot be televised precisely because it represents this internal paradigm shift in one's mind. My own experience, described in the Prologue, exemplifies this phenomenon. Living in the Nordic societies caused scales to fall from my American eyes, leading me to question deeply held assumptions about capitalism that I had previously accepted as fact. Encountering Nordic capitalism revealed working policies and practices that American conventional wisdom had deemed impossible or dismissed as socialism, fundamentally transforming my understanding of what capitalism could achieve.

However, societal paradigm shifts face fierce resistance. As Meadows notes, "Whole societies resist challenges to their paradigm harder than they resist anything else." Historical responses to paradigm challenges have included everything from crucifixions to concentration camps. This explains why shifting from a Me-Me-Me to a Me-We-Me mindset at a societal level requires strategic persistence rather than just presenting evidence. The resistance is not rational – it is systemic.[12]

[11] Meadows, *Thinking in Systems*, 162–163.
[12] Donella Meadows Institute, "Leverage Points: Places to Intervene in a System," 1999, a shorter version of this paper appeared in *Whole Earth* (Winter 1997), accessed May 25, 2025, https://shorturl.at/AH2U7.

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Meadows offers specific guidance for achieving societal paradigm shifts: persistently highlight failures of the old paradigm while confidently advocating for the new one, elevate change agents to positions of influence, and focus energy on the open-minded middle rather than entrenched reactionaries. This aligns with this book's approach – documenting the human costs of American capitalism's Me-Me-Me paradigm while demonstrating the proven success of Nordic capitalism's Me-We-Me alternative.

Purpose of Nordic Systems: Enabling Freedom to Flourish

To illustrate how different mindsets shape freedoms in practice, I will examine two key stakeholder groups in society: parents and corporate employees. These two groups helpfully reveal the practical implications that the Me-Me-Me and Me-We-Me societal mindsets have on individual freedoms.

Enabling Freedom for Parents

In her book *Making Motherhood Work*, Caitlyn Collins vividly contrasts the experiences of working mothers in the Nordics with those in the US, highlighting the profound differences in freedom and support. In Nordic countries, where universal systems like paid parental leave, subsidized childcare, and comprehensive healthcare are the norm, mothers express a remarkable ease in balancing work and family life. A Swedish interviewee encapsulates this sentiment by stating, "It is easy in Sweden to work and have kids." This stands in stark contrast to the sentiment expressed by a mother in the US, who remarked, "We can't figure out how to do it all at the same time." The disparity underscores how the "Me-We-Me" paradigm in Nordic capitalism ensures that the burdens of parenthood are not shouldered by individuals alone but are shared collectively by society. A conversation my wife had with a Copenhagen hairstylist further illustrates this mindset. Despite not having children, he enthusiastically supported policies like childcare subsidies, recognizing that investing in the next generation benefits everyone. This collective responsibility is the bedrock of the "Me-We-Me" paradigm.

The harsh realities of hyper-individualism in American capitalism are starkly revealed through the everyday struggles faced by parents

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caring for a sick child. Consider the story of seven-year-old Liza Scott from Alabama. Diagnosed with brain cancer in 2021, Liza set up a lemonade stand to help pay for her surgery – an alarming illustration of a system where even a child feels the burden of financial responsibility due to the absence of collective support.[13] Medical debt is a leading cause of personal bankruptcy in the US, underscoring the systemic failures that leave individuals vulnerable.[14] As Elizabeth Bradley and Lauren Taylor point out in *The American Health Care Paradox: Why Spending More Is Getting Us Less*, "The Scandinavian approach has consistently achieved the best health outcomes in the world at a reasonable cost."[15]

Stories like Liza's, which likely seem cruel to most Nordic citizens, have become all too common in American a society shaped by the "Me-Me-Me" paradigm. Some may argue that Liza Scott's story, which garnered national attention and nearly half a million dollars in donations, positively exemplifies the American spirit of coming together as a "We." However, this narrative highlights deep inequities and inefficiencies inherent in the "Me-Me-Me" mindset. For every Liza who successfully captures public attention, countless other children with equally urgent needs go unfunded, their stories untold, their struggles unaddressed. The reliance on the marketplace of philanthropy raises serious ethical concerns about fairness and efficiency, particularly when access to essential healthcare is dependent on visibility, effective marketing, and sheer luck. This inequitable distribution of resources perpetuates societal anxiety and exposes the shortcomings of a hyper-individualistic approach.

Enabling Freedoms for Corporate Employees

In the US, the dramatic rise in CEO-to-worker pay ratios – from 15:1 in 1965 to an astonishing 350:1 in 2020 – highlights the

[13] Malique Rankin, "'I Hope I Make It': 7-Year-Old Alabama Girl Selling Lemonade to Fund Her Own Brain Surgeries," CBS42.com, February 25, 2021, accessed January 1, 2023, https://shorturl.at/v9r4F.

[14] Raymond Kluender, Neale Mahoney, Francis Wong, and Wesley Yin, "Medical Debt in the US, 2009–2020," *JAMA* 326, no. 3 (2021): 250–256; David U. Himmelstein, Deborah Thorne, Elizabeth Warren, and Steffie Woolhandler, "Medical Bankruptcy in the United States, 2007: Results of a National Study," *American Journal of Medicine* 122, no. 8 (2009): 741–746.

[15] Bradley and Taylor, *The American Health Care Paradox*, 83.

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growing power imbalance between corporate leaders and rank-and-file employees. This stark disparity is a direct consequence of the "Me-Me-Me" paradigm, where the concentration of power and wealth at the top comes at the expense of the broader workforce. In contrast, Nordic countries maintain a more equitable distribution of resources, with CEO-to-worker pay ratios closer to 50:1, thanks in large part to institutional structures like collective bargaining and strong labor unions. These mechanisms ensure that employees have a voice in their workplaces, fostering a more balanced relationship between the "Me" and the "We." The lower CEO pay ratios in the Nordics are not merely a cultural difference; they reflect a deeply embedded societal commitment to fairness and shared prosperity, principles that are systematically undermined by the hyper-individualism of American capitalism.

The purpose of Copenhagen's transportation system is to ensure efficient and safe transportation for everyone. The purpose of Denmark's healthcare system is to deliver healthcare to everyone in Denmark efficiently. These systems, and the many systems associated with the Nordic model, are born of that Me-We-Me mindset with the overarching purpose of ensuring everyone has the freedom to flourish. The Me-We-Me mindset recognizes that many of the common problems we face will be more efficiently addressed by coming together as a We to build efficient universal systems rather than pushing all problems down to each individual Me.

I previously introduced the "efficient hand pump" metaphor (Chapter 7) to counter the "leaky bucket" metaphor and the closely related "trickle-down economics" metaphor advanced by the neoliberal agenda. Expressions and metaphors have incredible staying power and shape our perceptions of reality and subsequent actions, as George Lakoff and Mark Johnson explain in their seminal book, *Metaphors We Live By*. If a metaphor paints a misleading or false picture, we must work to supplant that metaphor, or we are collectively prone to be misled.[16]

The leaky bucket metaphor suggests that significant inefficiencies are unavoidable when establishing tax-funded universal programs. The hand pump metaphor symbolizes the efficient tax-funded

[16] Lakoff and Johnson, *Metaphors We Live By*.

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systems proven possible through the Nordic model. The efficient hand pump reflects the Me-We-Me mindset. Greater efficiency is achieved by coming together in a cooperative spirit, as a We, to access water. Taxes are collected across the We to fund the project, and once that efficient hand pump is in operation, everyone realizes a greater degree of individual freedom.

With a Me-Me-Me mindset, individuals in the US may fixate on the taxes paid to fund such a hand pump, noting that the taxes reduce individual freedom. But a Nordic citizen informed by a Me-We-Me mindset sees the resultant expansion of freedom for everyone while paying a higher tax rate. As former Swedish Prime Minister Olof Palme emphasized with a US audience when he discussed freedom and taxes (Chapter 7), "Again, you face the question of whose freedom? In order to answer that question, you have to investigate for what purposes the [tax] revenue is used."[17]

When tax-funded systems are designed to increase freedom for all and operate efficiently, higher taxes and expanded freedoms can coexist. Neoliberal ideologues routinely deny this duality.

Neoliberalism is rooted in the Me-Me-Me mindset, where virtually any collective, coordinated effort funded by taxes is assumed to be freedom-killing. Former US presidential candidate Mike Huckabee cofounded a neoliberal organization that produces *The Kids Guide to Fighting Socialism*. This manual instructs children how to identify incidences of "high taxes" and trains them to call it socialism and fight against it. While the Nordic model is a proven success of taxes used to pay for efficient services, in the US, we are trained from the youngest of ages to see such a universal service as one that kills the freedoms of every individual and "rewards laziness," as the *Kids Guide* instructs.[18]

Neoliberal ideology presents a binary choice between a hyper-individualist Me-Me-Me mindset and a hyper-collectivist We-We-We mindset, where individual freedoms are entirely subjugated. Such a dichotomy conveniently suits the capitalism versus socialism narrative. Huckabee's *Kids Guide to Fighting Socialism* exemplifies this constructed dichotomy:

[17] Palme, "Social Justice and Individual Freedom."
[18] Kids Guide, "Kids Fight Socialism," May 2021, accessed May 25, 2025, https://thekidsguide.com/kids-fight-socialism-x42/.

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Capitalists believe in individualism, which is the idea that everyone should have the same rights, freedoms, and opportunities. Socialists believe in collectivism, which is the idea that what's good for a group of people is more important than what's good for one person. This is why socialists think it's ok to take something that one person has made and give it to other people; they feel that the happiness and freedom of one person isn't very important.

However, the Nordics exemplify a variety of capitalism that simultaneously respects the Me and the We. In this regard, we could amend the bumblebee statement: The Nordic bumblebee can fly. But the neoliberals, unaware or willingly ignorant of that fact, deny that reality.

The benefits of the "Me-We-Me" paradigm in Nordic capitalism are often less conspicuous at the individual level than the apparent costs imposed on individuals by the "Me-Me-Me" paradigm in American capitalism. In Nordic societies, access to systems like universal healthcare and worker representation is routine, almost mundane – yet these systems form the bedrock of societal stability and a foundational reason Nordic societies consistently top global indices like the Sustainable Development Goals Index and the World Happiness Report. In contrast, the absence of such systems in the US often results in severe and visible consequences for individuals, exposing the systemic vulnerabilities of a hyper-individualistic approach.

An employee killed or severely injured on the job due to a lack of proper health and safety protections represents the most egregious violation of an individual's freedom. Most workers in the US are far safer on the job today than in the early twentieth century when Upton Sinclair published his 1906 novel, *The Jungle*. However, health and safety on the job remain a severe concern over a hundred years later.

US workers are more likely to be killed on the job than their Nordic counterparts.[19] Employees in the manufacturing sector, for example, are about three to four times more likely killed on-the-job

[19] ILO, workplace fatality rates by country, 2018. US aggregate fatality rate: 5 per 100,000 workers; Denmark and Sweden: 1 per 100,000; Finland: 1.5 per 100,000; Norway: 1.5 per 100,000. Manufacturing-specific data: US 2.6 per 100,000 versus Sweden 0.8, Norway 0.8, Finland 1.0. ILO, *Safety and Health at Work*, accessed January 1, 2022, https://ilostat.ilo.org/topics/safety-and-health-at-work/, this website is continually updated, "Based on latest year available for each indicator, which may differ." The figures used represent the latest data offered on the website as of that access date.

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in the US than in Sweden, Norway, or Finland. The US has improved significantly since *The Jungle* was published, and US workers are safer than in many nations. Still, compared to the health and safety assurances for employees in the Nordic nations, the US has significant room for improvement.

The systems and structures established to ensure health and safety for employees are conspicuously more robust in the Nordics than in the US. Nordic corporations routinely draw upon democratic principles as a means to structure and operate their organizations – known as industrial democracy – which results in the interests of rank and file employees being taken better into account than in a top-down command and control approach.[20]

By law, Nordic corporations must have employee representation on boards of directors. Labor having a seat on a board better ensures that employee health and safety interests – and all other interests, for that matter – are continuously considered at the highest level of the corporation.

Employees' well-being is further assured in Nordic organizations thanks to the ombudsman, an advocate for employees. The ombudsman originated in Sweden in 1809 to protect an individual's rights against the abuse of royal power of the State and it was extended to protect against abuse of power in other domains. The ombudsman is an ever-present point of contact for corporate employees to raise concerns and ensure an expedient response.[21] Furthermore, Nordic corporations must have dedicated individuals to employee health and safety matters. For example, any enterprise with thirty or more employees in Norway must establish a working environment committee. Workplaces with ten or more employees must have a health and safety representative, an individual whose fellow employees democratically elect.[22] Furthermore, high rates of labor union participation across the Nordics further ensure health and safety protections for corporate employees.

[20] Rhenman, *Industrial Democracy and Industrial Management*.

[21] Nordics.info, "Preview: Ombudsman," April 25, 2019, accessed May 25, 2025, https://nordics.info/show/artikel/preview-ombudsman-1/.

[22] Eivind Falkum, Helge Hvid, and Per Bonde Hansen, "The Peculiar History of Nordic Working Life," in *Work and Wellbeing in the Nordic Countries: Critical Perspectives on the World's Best Working* Lives, ed. Helge Hvid and Eivind Falkum (New York: Routledge, 2018), 40.

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Personal Cases: The Human Cost of Me-Me-Me

Two personal experiences – a friend's child battling cancer and the workplace death of a childhood friend – illuminate how American capitalism creates systemic harm while revealing the alternative possibilities demonstrated by Nordic capitalism.

CONSTRAINING FREEDOM FOR PARENTS

In 2013, I received a phone call in Denmark from my close friend Mike in the US. Mike and I met at the University of Wisconsin, Madison, where we studied industrial engineering. He often joked that he had two degrees from the University of Wisconsin-Madison – his and mine – which was not far from the truth. But Mike was not calling to chat. He had the worst conceivable news: His three-year-old son Oliver had been diagnosed with cancer and had only about a year to live.

Oliver's diagnosis revealed the cruel inefficiencies of American capitalism. Like most Americans, Mike's family gained access to healthcare through his employer. While individual compassion emerged – Mike's bosses protected his position during layoffs, showing genuine empathy – the case exposes the precarious nature of depending on individual benevolence rather than systematic support. Oliver's access to care depended on his parents maintaining employment, contrasting sharply with Nordic systems, where the state guarantees universal access.

As Mike fought to maintain work performance while caring for Oliver, my wife and I were battling to secure US healthcare coverage due to her "pre-existing condition" of pregnancy (Chapter 1). These experiences exposed how American capitalism constrains individual freedom through dependencies. Insurance companies could deny my pregnant wife coverage for being unprofitable; Mike faced pressure to prove his workplace value while his child fought cancer. Nordic capitalism takes an alternative approach, ensuring universal healthcare access as a foundation for individual freedom by placing healthcare in the domain of democratic rights rather than market forces.[23]

When I asked Mike what I could do to help, he mentioned the possibility of needing a fundraiser. Even with healthcare, surprise expenses could be around the corner, or what if Mike lost his job? His response crystallized yet another contrast between systems – one that reveals the American dependence upon charity and philanthropy for addressing systemic issues.

[23] Berggren and Trägårdh, *The Swedish Theory of Love*.

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The individuals within the Me-Me-Me paradigm of American capitalism are not wholly unconcerned with the well-being of others – it just approaches care from the point of view of individual discretion, which can manifest in beautiful expressions of kindness at the local level. My grandmother Gladys is the kindest person I have ever known. Like so many other grandmothers I knew growing up, my grandmother spent hours in the basement of Central Lutheran Church in Winona, Minnesota, making handmade quilts for community members facing hardship. When a child fell ill, these grandmothers would lovingly craft a quilt – a touching gesture of community support that undoubtedly brought comfort. However, while such sincere acts of kindness represent a genuine caring for the "We," they do not address systemic challenges like ensuring access to healthcare. A handmade quilt, no matter how lovingly crafted, does not ensure access to chemotherapy and other necessary cancer treatments, and does not reduce the anxiety of a parent who fears losing their job for the risk of losing their child's access to healthcare.

In the Nordics, requiring charitable fundraising for a child's cancer treatment would be unthinkable. Yet this systematic approach comes with its own trade-offs. Critics argue that the Nordic model's efficiency in addressing basic needs through the state has potentially dampened expressions of individual charity and community care. There may be fewer grandmothers gathering in church basements to make quilts, as citizens might feel their tax contributions fulfill their social obligations. While more efficient and equitable, this "colder" institutional approach might lack some of the warming human touch that characterizes American local community responses to hardship.

The warmth of individual charitable responses cannot overcome the profound inequities of the American approach, where the Me-Me-Me mindset has normalized crowdfunding for medical care. Healthcare costs are now among the leading causes of personal bankruptcy in the US, demonstrating how unequal such a dependence on charity is – some secure support while others do not. Charitable responses to systemic problems, while touching at the personal level, reveal the limitations of local community generosity in addressing challenges that require systematic solutions.

CONSTRAINING FREEDOM FOR CORPORATE EMPLOYEES

My childhood friend Jesse was killed in a Menards Corporation factory in Eau Claire, Wisconsin. He was just twenty-two years old, a university student working to pay his tuition. We grew up together in

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Fountain City, a small town in western Wisconsin. Jesse introduced me to music and ideas that continue to shape my world today.

Near Thanksgiving 1997, a 500-pound truss slipped from a hook and struck him in the head, killing him. His death revealed the human cost of American capitalism. Years later, studying Nordic systems showed me that an alternative was possible.

Occupational Safety and Health Administration (OSHA) inspectors found thirty-seven safety violations at the factory, including failure to provide basic protective equipment like hard hats. The $42,000 fine initially assessed – later reduced to $22,750 – reflected the limited power of regulatory oversight in a system where corporate interests dominate.[24]

The OSHA report, obtained through the Freedom of Information Act (FOIA), revealed how American capitalism's focus on shareholder value undermines worker safety.[25] "Corporate-wide, the employer does not employ anyone with a primary duty involving the safety and health of the employees," the report noted. "Each manager is responsible for safety and health in his respective department or areas." This fragmentation of responsibility effectively meant no one was ultimately accountable for worker safety.

The report states: "Management officials insist that they knew the hook was not to be used for large trusses and said that a chain was supposed to be wrapped around the chain hoist. Interviews with several other employees indicate this policy was routinely not enforced or it was ignored by management in an effort to focus on production." The gap between stated policy and actual practice reflects a fundamental feature of oligarchic capitalism – the concentration of power that maximizes profit at the expense of worker safety.

The most jarring example came just after Jesse's death, when coworkers were ordered to clean up his blood and restart production. Such an action would be unthinkable in Nordic capitalism, where strong labor unions and worker representation ensure that basic considerations for human dignity would take precedence over immediate considerations of profit and production.

Jesse's death illuminates the stark contrast between American capitalism, with its oligarchic underpinnings, and Nordic capitalism,

[24] "OSHA to Reduce Fine against Menard Division," *Milwaukee Journal Sentinel*, March 21, 1998.

[25] Freedom of Information Act Request regarding Midwest Manufacturing, Div. of Menard, Inc. 300246535, U.S. Department of Labor, Occupational Safety and Health Administration, Eau Claire, Wisconsin, December 23, 2010.

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with its democratic underpinnings. In the US, where Menards Corporation generates over $10 billion in annual revenue and its founder holds $20 billion in personal wealth, a mere $22,750 fine for a worker's death reveals how profits trump considerations for human life. This reflects what Swedish Prime Minister Hansson warned against in his 1928 *Folkhemmet* speech – treating workers as mere "rented creatures" from whom to extract maximum value with minimum regard for their humanity.

Nordic capitalism takes a fundamentally different approach through power-dispersing mechanisms. Workers sit on corporate boards, dedicated safety representatives conduct regular inspections, and ombudsmen provide independent oversight. These aren't just bureaucratic requirements – they reflect the Me–We–Me mindset, embedding safety into corporate governance.

A tragedy like Jesse's would have been more likely prevented in a Nordic context, and certainly had it occurred, the response would have been massively different. In Nordic workplaces, a worker's death triggers the immediate suspension of operations, a full investigation, and often severe consequences – a stark contrast to Menards, where production resumed shortly thereafter and the value of a human life was assessed at $22,750.

The systemic failures that led to Jesse's death illustrate what MLS theory reveals about societal design: When competition and profit are elevated above cooperation and the well-being of society's members, a society's overall fitness erodes – and the individuals within it are more likely to suffer.

Jesse's death was not isolated. In 2021, another Menards worker, aged nineteen, died in a similar incident, killed while operating a forklift in Minnesota. The store remained open even as protesters gathered outside. "As a human being, when another human being dies, the respectful thing to do is mourn that loss and to close the store down," one protester noted. "There's no reason they should've forced his coworkers to continue working knowing that he was dead in the back."[26]

OSHA would later administer a modest $25,000 fine.[27]

[26] "Employee, 19, Killed in Accident at Golden Valley Menards," Associated Press, July 23, 2021, accessed January 1, 2023, https://shorturl.at/6f20U.

[27] "Menards Fined $25K by OSHA for Death of Worker in Golden Valley," Fox9.com, February 8, 2022, accessed May 25, 2025, www.fox9.com/news/menards-fined-25k-by-osha-for-death-of-worker-in-golden-valley.

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This systematic resistance to worker protection extends beyond individual workplace policies into coordinated political action. Menards exemplifies this through explicit anti-union policies – including a 60 percent pay reduction for managers if their units unionize – and coercing employees to participate in broader anti-labor networks like Americans for Prosperity."[28] This fusion of corporate and political power reveals how thoroughly American oligarchic capitalism opposes the power-dispersing mechanisms that define Nordic democratic capitalism.

This fusion of private wealth with political power shapes public discourse in ways that resist democratic reforms. Congressman Blaine Luetkemeyer, the ranking member on the Small and Medium-Sized Business Committee (the committee to which I testified, Chapter 4), dismissed stronger OSHA rules as "anti-American" and "socialist." In response to a proposal that OSHA fines for employee deaths should be increased, he contended, "job creators know that their employees are their most valuable asset and do everything in their power to provide a safe and healthful working environment."[29] Such rhetoric exemplifies how thoroughly the Me-Me-Me mindset has captured American political discourse – any attempt to disperse power through democratic institutions is dismissed as "socialism."

Jesse's death and the inadequate response reveal a fundamental flaw: even a 512 percent increase in OSHA fines would have meant only $116,480 – less than 0.001% of Menard Corporation's annual revenue – for a worker's life. That represents little profit incentive to change one's ways. And the issue runs deeper than fine amounts.

The core problem lies in the concentration of power that, accelerated by the neoliberal policies of the 1980s, has driven

[28] Bill Lueders, "Managers at Menards Stand to Lose Big Money if Unions Form," Progressive.org, December 8, 2015, accessed January 1, 2023; Kenneth Quinnell, "Menards Is Rewriting the Book on Anti-Worker Tactics," AFL-CIO.org, December 11, 2015, accessed January 1, 2023; "Civics 101: The National Self Governing Will. Course 4: Action," Menards In-Home Training, accessed March 1, 2023, www.scribd.com; Lisa Graves, "Inside the Koch Family's 60-Year Anti-union Campaign That Gave Us Janus," *In These Times*, July 12, 2018, accessed March 1, 2023, https://inthesetimes.com/article/koch-anti-union-janus-supreme-court; and "Celebrating the Past and Future of Right to Work," Americans for Prosperity, July 1, 2022, accessed January 1, 2023, https://americansforprosperity.org/blog/celebrating-past-future-right-to-work/.

[29] Virginia Foxx, "Democrats Want to Weaponize OSHA against Small Businesses," FoxBusiness.com, December 22, 2021, accessed March 1, 2023, www.foxbusiness.com/politics/democrats-osha-small-businesses.

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American capitalism to slide ever deeper into oligarchic capitalism. In this increasingly oligarchic system, workers' basic rights – including their safety – are subordinated to profit maximization. Nordic capitalism shows us a different path forward that demonstrates democratic capitalism in practice. Through power-dispersing mechanisms like strong labor unions, worker representation on corporate boards, and robust regulatory oversight, it creates systems where worker safety is prioritized in policy and practice.

That Jesse's death can be examined through FOIA requests represents one of the remaining democratic checks on American oligarchic capitalism. Transparency mechanisms – like FOIA and OSHA – emerged from an era when democratic accountability was seen as essential to American capitalism's legitimacy and functioning. Yet as economic and political power grows increasingly concentrated, these oversight tools face mounting threats. Recent legislative attempts to abolish OSHA, severe budget reductions, and broader challenges to its authority reveal how aggressively oligarchic interests seek to dismantle democratic oversight. The same forces that have eroded worker protections now target both OSHA and FOIA, risking a future where workplace tragedies remain hidden behind corporate secrecy. The ongoing erosion of democratic capitalism thus threatens not only worker safety but also our fundamental capacity to witness, document, and understand the human costs of unchecked corporate power.

PERSONAL CASE STUDIES, IN SUM

These stories – of a father forced to prioritize employment while his son battles cancer, and a young man killed by inadequate workplace safety measures – represent just two examples from one person's life of how American oligarchic capitalism creates unnecessary suffering. Having experienced Nordic democratic capitalism, I know with certainty that these situations are not inevitable consequences of a market economy. They directly result from policy choices prioritizing concentrated private profit over human well-being.

Every American likely carries their own stories of how the Me-Me-Me mindset has caused preventable harm – whether through denied healthcare access, unsafe working conditions, crushing student debt, unaffordable childcare that forces parents out of the workforce, or countless other systemic failures. These are not inevitable features of market economies, but rather the consequences of conscious choices: choosing oligarchic capitalism over democratic capitalism and the Me-Me-Me mindset over the Me-We-Me alternative.

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How to Shift a Mindset?

How can we shift away from the Me-Me-Me mindset? The personal cases above illustrate the human cost of maintaining this paradigm, while history offers compelling examples of successful shifts that required overcoming entrenched resistance to change.

The Progressive Era's transformation of American capitalism (1890s–1920s) shows how persistent exposure to systemic failures – through muckraking journalism, labor activism, and academic research – gradually shifted public consciousness about the role of government in regulating business. Even more dramatic was Europe's post-World War II transformation from a continent ravaged by nationalist competition to one defined by unprecedented cooperation. Beginning with the European Coal and Steel Community in the early 1950s, former adversaries chose to bind their economic interests together, leading to the European Union's creation in 1993. This shift from national competition to regional cooperation produced the longest period of peace in European history (Pax Europaea), demonstrating how the evolution from destructive competition to strategic cooperation can create remarkable stability and shared prosperity. These historical examples suggest that paradigm shifts, while challenging, become possible when societies confront clear evidence of systemic failure while being presented with viable alternatives.

In *Thinking in Systems*, Meadows offered specific guidance for achieving such transformations: persistently expose the failures of the existing mindset while presenting evidence of successful alternatives – precisely what Nordic capitalism provides. This point aligns with our conclusion in Chapter 1: The US is stuck in a Me-Me-Me-fueled prisoner's dilemma, and the path forward requires demonstrating how individual interests (Me) are better served through collective action (We). Nordic capitalism provides compelling evidence for this argument.

In *The Structure of Scientific Revolutions*, Kuhn described the mindset shift – or paradigm shift in Kuhn's words – as essential to understanding how widespread societal-level change takes place. Kuhn posited that science does not gradually evolve towards truth as commonly assumed. Instead, science and our collective understanding of the world reside within a paradigm that includes our assumptions about how the world works. A scientific revolution

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occurs when the shortcomings of the existing paradigm become so evident – the flaws of the relied-upon theories and assumptions are so apparent – and a new paradigm can better explain the world. The shift to an alternative paradigm is inherently revolutionary, as those benefiting from the existing paradigm typically resist change that might diminish their power.

Meadows draws upon Kuhn's description of how a paradigm shift comes about to advise how to bring about a mindset shift when needed:

> You keep pointing at anomalies and failures in the old paradigm, you keep speaking louder and with assurance from the new one, you insert people with the new paradigm in places of public visibility and power. You don't waste time with reactionaries, rather you work with active change agents and with the vast middle ground of people who are open-minded.

Therein lies a prescription for bringing about a mindset shift from Me-Me-Me to Me-We-Me. The Me-Me-Me mindset is failing so many people in the US. The problems of the Me-Me-Me mindset have become too conspicuous to ignore. Far too many do not feel freedom in the so-called Land of the Free. The American Dream is more myth than reality for many. The Me-We-Me mindset commonplace across the Nordics demonstrates that a different mindset can bring about positive change.

Achieving this mindset shift requires transforming the very language through which society understands itself. As Lakoff and Johnson demonstrate, commonly invoked expressions and metaphors both reflect and shape a society's collective mindset.[30] US citizens must actively work to replace expressions and metaphors associated with the Me-Me-Me mindset with those illuminating how collective action can enhance individual freedom.

The leaky bucket metaphor, rooted in the Me-Me-Me mindset, suggests that taxes collected to fund universal programs inevitably result in significant inefficiencies. Nordic capitalism demonstrates the opposite: efficient universal systems that ensure all children have access to quality childcare, healthcare, and education while providing parents with paid leave. Far from leaking, these systems efficiently convert tax revenue into expanded individual freedoms.

[30] Lakoff and Johnson, *Metaphors We Live By*.

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While many in the US embrace narratives of the "self-made man" and prescribe "pull yourself up by the bootstraps" to others, these expressions reflect and reinforce the Me-Me-Me mindset by obscuring the support systems – from family wealth to public infrastructure – that enable individual success. Donald Trump's characterization of substantial family financial assistance as merely a "small loan" exemplifies how the Me-Me-Me mindset leads individuals to downplay collective support.[31] American society's celebration of supposedly self-made billionaires further entrenches this mindset by presenting individual achievement as disconnected from societal infrastructure and collective investment.

Me-Me-Me on the Global Stage: America First

The Me-Me-Me mindset operates beyond the societal level and can manifest dangerously in international policy. This scaling becomes particularly concerning when it shapes isolationist foreign policy, as demonstrated by the US's formal rejection of the UN SDGs in March 2025.

By characterizing globally agreed-upon objectives like gender equality (SDG #5 "Gender Equality") and climate action (SDG #13 "Climate Action") as threats to US interests and declaring, "We must care first and foremost for our own," American leadership demonstrated the Me-Me-Me mindset applied to international relations.[32] This isolationist approach proves particularly dangerous as global challenges like climate change and biodiversity loss fundamentally require international cooperation – problems that cannot be solved through individual or national-level action alone.

The Me-Me-Me mindset applied to foreign policy ultimately weakens the US by isolating the nation from crucial allies and partnerships. Programs like Fulbright, born of the smoldering embers of World War II with the mission "to increase mutual understanding and support friendly and peaceful relations between the people of

[31] Glenn Kessler, "Fact Check: Trump's Claim That He Built His Company with $1 Million Loan," WashingtonPost.com, October 19, 2016, accessed January 1, 2020, https://shorturl.at/c3zMO.

[32] Edward Heartney, "Remarks at the UN Meeting Entitled 58th Plenary Meeting of the General Assembly," US Mission to the UN, March 4, 2025, accessed April 1, 2025, https://shorturl.at/cL73G.

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the United States and the people of other countries," demonstrate a more effective approach.[33] Through decades of academic exchanges and person-to-person diplomacy, such programs have built enduring alliances by fostering mutual respect and understanding that make nations less likely to wage war against one another. As a Fulbright scholar who first experienced Nordic societies through this program and who has since led thousands of American MBA students to the Nordic nations, I've witnessed how expanding the sense of "We" beyond national borders – engaging with allies in a spirit of mutual respect and shared purpose – creates stronger partnerships that enhance US security and prosperity.

The "America First" ideology has historical roots in 1940s isolationism, which ended abruptly when the attack on Pearl Harbor demonstrated the US's inextricable connection to global affairs. As JPMorgan CEO Jamie Dimon warned in his 2025 letter to shareholders, "America First" cannot mean "America alone." He notes that if Europe's economic weakness leads to fragmentation, individual nations will be forced to seek their own relationships for security, potentially drawing them closer to Russia for energy and China for trade, ultimately undermining American interests.[34]

The Nordic approach offers a striking counter-example to this self-defeating isolation, demonstrating how the Me-We-Me paradigm can successfully scale to international relations. Nordic countries understand that participating in the collective "We" of international cooperation – whether through climate agreements, security partnerships, or trade pacts – ultimately enhances national prosperity. For instance, their leadership in international climate agreements has simultaneously advanced global environmental goals while securing their position as pioneers in green technology markets.

The danger of scaling Me-Me-Me thinking to international relations becomes clear: It leaves nations isolated and vulnerable precisely when global challenges demand coordination.

[33] Fulbright Program, "About," FulbrightProgram.org, accessed April 13, 2025, www.fulbrightprogram.org/about/.

[34] JPMorgan Chase & Co., "2024 Annual Report – CEO Letters," April 7, 2025, accessed May 25, 2025, www.jpmorganchase.com/ir/annual-report/2024/ar-ceo-letters.

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Parting Reflections

Evolutionary science demonstrates that societies balancing cooperation with competition outperform those fixated solely on self-interest. Nordic capitalism exemplifies this through the Me-We-Me mindset, creating systems that expand individual freedoms through collective investment – including universal healthcare and education.

The US needs not abandon its cultural narratives to embrace this paradigm shift. These narratives should be central to the transformation. By deeply re-examining ideals like the "American Dream" and the "Land of the Free" and insisting these aspirations become reality for all Americans, these concepts can be reimagined through a Me-We-Me lens. Just as Grundtvig revitalized Danish narratives of a glorious past to inspire a sense of "We" that built Denmark's modern prosperity, Americans can draw on their shared stories to foster collective action and renewed unity. Although political gridlock hinders national cooperation in the US, plentiful opportunities exist for cooperative efforts at a more local level, including states and cities, which align with the scale of Nordic systems to serve populations of several million.

As global challenges like climate change reveal the limitations of hyper-individualism, the Me-We-Me paradigm offers a practical path forward – one that honors individual freedom while enabling the cooperation required to address systemic threats.

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10 *Nordics as a North Star for Realizing Sustainable Capitalism*

Not everything that is faced can be changed. But nothing can be changed until it is faced.

—James Baldwin, "As Much Truth as One Can Bear"

The Nordic Region will be the most sustainable and integrated region in the world by 2030.

—Nordic Council of Ministers, *Politics in the Nordic Region*

Humanity stands at a defining crossroads. Our actions – or inactions – over the next two decades will determine whether future generations have the freedom to flourish or struggle to survive in a world increasingly defined by conflict over dwindling resources.

E. O. Wilson warned, "We are needlessly turning the gold we inherited from our forebearers into straw, and for that we will be despised by our descendants."[1] His caution underscores the urgency of this moment. Since the Industrial Revolution, humanity's consumption has soared – from modest use of Earth's annual regenerative capacity before 1800 to exhausting a whole planet's worth by 1980. By 2030, we are on track to consume the resources of two Earths annually (Chapter 2).

Earth is humanity's endowment. Sustainability requires living off the Earth's annual interest – not depleting its principal. Today's overconsumption erodes the Earth's principal and with it, the freedom of future generations.

Capitalism warrants both praise for its achievements and scrutiny for its harmful unintended consequences. Its remarkable efficiency has propelled recent generations to consumption and quality of life levels unimaginable before the Industrial Revolution. In the whole of human history, across some 10,000 generations, it is only in the last

[1] Wilson, *The Social Conquest of Earth*, 297.

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10, the most recent 0.1 percent, that humanity has experienced the levels of material prosperity associated with modern life – a development directly shaped by the rise of capitalism.

However, capitalism's incredible efficiency has also led to the rapid depletion of Earth's natural resources, pushing beyond the planet's annual regenerative capacity and breaching planetary boundaries. Capitalism fails to differentiate between sustainable consumption – akin to living off the interest of Earth's endowment – and unsustainable exploitation, akin to depleting the endowment's principal.

Capitalism, like fire, can be harnessed for immense benefit – or cause great harm. Just as we control fire for warmth and cooking while guarding against wildfires, we must direct capitalism toward a worthy purpose.

Democratic societies possess the capacity to discern between sustainable and unsustainable practices and implement the policies needed to advance sustainability. When a society's citizens are informed by science and well versed in critical thinking, when power is sufficiently distributed throughout society, and when democratic institutions operate with good governance, they can implement policies that incentivize sustainable practices while penalizing unsustainable ones. Thus, a robust democracy is crucial for capitalism to function optimally. In contrast, oligarchic capitalism concentrates power in few hands, enabling influential interests to steer policies toward their own benefit while undermining sustainable development.

Democratic capitalism emerges as the most promising path forward because it aligns market efficiency with democratic oversight to serve long-term public goals. It provides markets with the clear purpose they need: advancing sustainable development. Arthur Okun aptly noted, "Capitalism and democracy are really a most improbable mixture. Maybe that is why they need one another."[2]

No region has blended capitalism and democracy more successfully than the Nordics. Therefore, I contend that Nordic capitalism offers invaluable lessons for realizing sustainable capitalism.

Ten Lessons from Nordic Capitalism

Nordic capitalism can serve as a North Star for realizing sustainable capitalism, offering general direction while acknowledging that each

[2] Okun, *Equality and Efficiency*, 120.

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society must chart its own specific path. The journey toward a sustainable version of capitalism will require tailored approaches based on individual contexts. Realizing sustainable capitalism in the US will differ from the Nordics, but inspiration and valuable examples can undoubtedly be drawn.

To complement the ten lessons that follow, the core ideas from this book are distilled into a set of guiding principles – "The Manifesto of Nordic Capitalism" – included in Appendix B.

Again, we must acknowledge the limitations of Nordic capitalism. It is imperfect, yet it offers meaningful lessons. Like Polaris, the North Star — which wobbles in the night sky but nonetheless provides valuable direction — Nordic capitalism can serve as a guide despite its shortcomings.

The following ten lessons from Nordic capitalism provide critical insights for transforming American capitalism. These lessons are effectively a culmination of the "so what?" of the book, to borrow a note from Miles Davis. They begin with arguably the most fundamental lesson: confronting denial.

Lesson 1: Denial – Get Over It

Denial is a fundamental barrier to progress. Cognitive dissonance helps explain why individuals and societies often reject uncomfortable truths rather than confront them.[3] Combined with what sociologists call "systems justification theory," this psychological mechanism leads individuals and organizations to defend the status quo even when it contradicts their stated values. From climate change to structural inequality, this resistance in the form of denial prevents collective action.[4]

Two steps can help overcome such denial.

Step 1: Consider Hypocrisy as a Potential Systems Failure

Hypocrisy arises when people's behavior diverges from their stated values. Rather than dismiss or hide these contradictions, we should

[3] Eddie Harmon-Jones and Judson Mills, "An Introduction to Cognitive Dissonance Theory and an Overview of Current Perspectives on the Theory," in *Cognitive Dissonance: Reexamining a Pivotal Theory in Psychology*, ed. Eddie Harmon-Jones (Washington, DC: American Psychological Association, 2019), 3–24.

[4] John T. Jost, Mahzarin R. Banaji, and Brian A. Nosek, "A Decade of System Justification Theory: Accumulated Evidence of Conscious and Unconscious Bolstering of the Status Quo," *Political Psychology* 25, no. 6 (2004): 881–919.

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approach them with humility and curiosity. Personal hypocrisies may reveal deeper systemic failures.

After my friend Jesse was killed in a factory accident (Chapter 9), I wrote in *Wisconsin Engineer*: "We must treat the human element of our work as if it were our dearest friend … not as inputs or numbers" (see Appendix A, "Remember the People behind the Numbers").[5] Yet only a few years later, as a labor and capacity planner in corporate America, I was reducing people to numbers. I had become what I recently criticized. I was a hypocrite.

The psychological dissonance became unbearable. One morning, I could not get out of bed, and everything around me appeared in shades of blue. For the first time, I sought help for my mental health. I was forced to confront the contradictions in my life. Over time, I came to see my hypocrisy less as a personal failure and more as a reflection of the systemic failures of American capitalism – failures that too often discourage people from treating others with respect and dignity.

Decades later, returning from Copenhagen to the US brought new contradictions and hypocrisies into view. Though I had embraced car-free living in Denmark, I quickly reverted to driving in the US. After experiencing greater gender equity in the Nordics, Sarah and I nonetheless fell into traditional roles in the US – she managed childcare, while I focused on earning income.

In each case, I felt like a hypocrite. But these were not just personal inconsistencies. They were reflections of the systems around me. American capitalism, transportation design, and family policy pushed me into roles misaligned with my values. Nordic societies more deliberately address these tensions through well-designed transportation, childcare, family leave, and taxation policies and associated systems.

Acknowledging and sharing our hypocrisies takes humility – and a willingness to look bad occasionally. Nordic leadership offers a useful model in this respect. Leaders are expected to show vulnerability, often using self-deprecating humor (Chapter 5). This openness makes room for honesty, creating conditions for collective dialogue and progress.

[5] Robert Strand, "Remember the People behind the Numbers," *Wisconsin Engineer* 102, no. 3 (April 1998): 8, accessed May 13, 2020, https://search.library.wisc.edu/digital/AHKDY4BQ56Q6MJ8P/pages/ADRSAKXFPL3QV48E.

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Step 2: Accept That Multiple Truths Can Exist at Once

We often deny uncomfortable truths because they seem to threaten other truths we hold dear. But truth is not a zero-sum game. Multiple things can be true at once.

My great-great-grandparents Knut and Anne Strand worked hard after arriving in the US from Norway in 1861. My family and I have also worked hard. We are justified to feel pride in the middle-class lives we have built. But it is also true that Knut Strand was given land through the Homestead Act of 1862 – land taken by force from Native Americans. That land provided a base of opportunity for future generations, including me. I can acknowledge that the same history that helped my family build a middle-class life came with costs borne by others.

These truths can coexist. Yet many Americans seem to believe that acknowledging systemic injustice somehow erases the value of individual effort. Denying one truth to protect another is still denial.

In 2021, in the wake of George Floyd's murder in Minneapolis, Minnesota, I wrote a LinkedIn post that went viral. In it, I juxtaposed two historical truths: Truth #1 – *Leave It to Beaver* premiered on October 4, 1957, portraying an idealized American dream; Truth #2 – one month earlier, on September 4, 1957, fifteen-year-old Elizabeth Eckford faced extreme racist hostility for simply trying to attend school in Little Rock, Arkansas. I paired these events with the imagery shown in Figure 10.1.[6] I wrote, "I increasingly hear disingenuous rhetoric that to teach about the historical facts of America is to somehow teach white children not to love themselves. I believe the exact opposite. I believe that truth and love go hand in hand. I can teach my white children to love themselves while also teaching them these historical truths of America. We can build a better future together for ALL Americans by facing our truths and deciding, together, the kind of American society we desire to build."

My LinkedIn post struck a nerve. A chorus of commenters rushed to defend Truth #1 while denying Truth #2, often misappropriating Martin Luther King Jr.'s words about judging people by the content of their character rather than the color of their skin. King called it a dream

[6] Robert Strand, "If You're Black in America …" LinkedIn post, 2021, accessed May 25, 2025, https://shorturl.at/mb2WE. I saw this important comparison made elsewhere on social media, and it stuck with me. I am unable to locate the originators to give them proper credit.

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Figure 10.1 Two Truths, One Nation: America, 1957.
Source: CBS Photo Archive, *Promotional Portrait for Leave It to Beaver*, *c.* 1957, Getty Images, accessed October 1, 2021, https://shorturl.at/YxLIK. Used with permission. Bettmann, *Elizabeth Eckford at Little Rock Crisis, September 6, 1957*, Getty Images, accessed September 2025, https://shorturl.at/mYb9Q. Used with permission.

because it was not yet a reality in America. His own children, and children like Elizabeth Eckford, were not judged by the content of their character – they were judged by the color of their skin. Acknowledging that reality is necessary to move toward solving the problems at hand.

Denial may offer comfort in the short run, but it's a terrible way to solve real problems.

Consider the reality of climate change and the widespread denial about it that continues to shape American discourse. Truth #1: My generation, and the generation before me, has benefited immensely from technological advancements and consumption. Truth #2: Since about 1980, we are exceeding planetary boundaries, undermining future generations' ability to meet their needs. Charles Koch, among others, has spent decades promoting Truth #1 while denying Truth #2 – an evasion younger generations can no longer afford. As one sixteen-year-old student wrote when joining Greta Thunberg's climate strike, "We strike because they will be dead while we are living in the chaos they left behind."[7]

[7] Matilda Warwick, "Why I Joined School Climate Strikes and Greta Thunberg to Stop Damage to the Environment – My Dad Actually Supports Me," *The i Paper*,

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Overcoming denial begins with recognizing that truth is not a threat but a starting point. Progress depends on acknowledging complexity and uncomfortable realities rather than retreating into denial. In a pluralistic society, this means approaching opposing views with humility, curiosity, and critical thinking.

American Denial: Get Over It

As mounting evidence exposes the inability of unfettered markets to solve pressing social and environmental challenges, the neoliberal near-religious belief in unfettered market solutions has lost credibility. American neoliberal ideologues face a choice: adjust their ideology or deny reality.

Denial has become a familiar response in the US. When I testified before Congress's Small and Medium Business Committee in 2019 and suggested that American capitalism could be improved by drawing lessons from Nordic capitalism, Representative Hagedorn accused me of "going against capitalism," implying I was advocating for a version of Soviet socialism while he invoked unfounded claims of American supremacy (Chapter 4). Hagedorn's actions reflect a broader pattern in the US in which troubling realities, like climate change and a range of societal-level problems, including lack of access to healthcare and the declining affordability of university education, are met with charges of "socialism" and related denial tactics.[8] Denial in America more recently extended to the realm of basic democratic functioning as the results of a fair election were rejected by a chorus of deniers, including Hagedorn, directly threatening democracy in the US.[9]

The strategy of denial has proven successful in both American politics and corporate America. Pioneered by chemical companies attacking Rachel Carson's *Silent Spring* in the 1960s, denial reached new heights when tobacco companies concealed known health risks and fossil fuel corporations suppressed their own research confirming climate change.

July 5, 2019, updated October 8, 2020, accessed September 30, 2025, https://inews.co.uk/news/environment/school-climate-strike-greta-thunberg-309663.

[8] Jim Hagedorn, "Editorial Counterpoint from Hagedorn: This Election Gives Voters a Clear Choice – Socialism vs. Freedom," StarTribune.com, October 30, 2020, accessed November 1, 2020, https://shorturl.at/A3a4d.

[9] Gabe Schneider, "Rep. Jim Hagedorn Doesn't Believe in Man-Made Climate Change. In His District, the Climate's Changing Anyway," MinnPost.com, March 18, 2020, accessed November 1, 2020, https://shorturl.at/jSFu0; "Which Members of Congress Objected to the Election Results?" *The New York Times*, January 7, 2021, accessed February 1, 2021, https://shorturl.at/A95wb.

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As the US becomes less democratic and increasingly oligarchic, the challenges to overcome denial intensify. Powerful industries and individuals, whose wealth and power depend on maintaining the status quo, actively resist the transition to sustainable capitalism. Upton Sinclair's succinct observation merits repeating: "It's difficult to get a man to understand something when his salary depends on not understanding it."[10]

History shows how denial by ruling elites can accelerate a society's decline. As Adrian Goldsworthy demonstrates in his analysis of Rome's fall, the empire's elite persistently denied mounting systemic problems even as their society's foundations weakened. They refused to acknowledge their increasingly ineffective governance and internal corruption, while simultaneously failing to maintain the shared identity and loyalty that had bound their allies across the empire. Their denial prevented necessary reforms until it was too late.[11] The parallel to modern American society's refusal to face its own systemic challenges – from weakening democratic institutions to eroding relationships with international allies to climate change denial – is striking.

Overcoming denial requires both the willingness to face uncomfortable truths and the tools to analyze them critically. "I love America more than any other country in this world, and, exactly for this reason, I insist on the right to criticize her perpetually," wrote James Baldwin in *Notes of a Native Son*. Baldwin reminds us that loving one's country means confronting hard truths in the spirit of improvement.[12] Likewise, as introduced in the prologue, Gil Scott-Heron challenges us to recognize that the most transformative revolutions begin in the mind. Near the end of his spoken-word song "The Revolution Will Not Be Televised," he adds, "The revolution will put you in the driver's seat."

Confronting denial that was strategically cultivated by powerful interests is not merely an act of resistance; it is an act of empowerment. It is how we reclaim democratic agency and reshape capitalism to serve the public good.

National education systems emphasizing critical thinking equip societies with these necessary analytical tools. The Nordic educational emphasis on critical thinking has proven especially valuable in an era of rising populism and political polarization. Labels like "socialism" or,

[10] Sinclair, *I, Candidate for Governor*, 109.
[11] Adrian Goldsworthy, *How Rome Fell: Death of a Superpower* (New Haven: Yale University Press, 2009).
[12] James Baldwin, *Notes of a Native Son* (Boston: Beacon Press, 2012).

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more recently, "woke," often serve not merely as shorthand critiques but as tools to delegitimize opposing viewpoints without substantive engagement (it does not mean that concepts of socialism or "woke" are beyond critique, but that critiquing them solely with pejorative labels is insufficient). This tendency is often exacerbated in media environments prioritizing sensationalism over depth of analysis, contributing to a public discourse that is increasingly polarized and less informed. Furthermore, societies that do not promote rigorous critical thinking are also more susceptible to the rise of autocratic leaders who exploit divisiveness and name-calling to consolidate power, manipulating public sentiment and undermining democratic processes.

A common adage holds that it is easier to fool people than to convince them they have been fooled. Would-be tyrants understand that well, constructing alternative realities that deny uncomfortable truths and fabricate false enemies. "You submit to tyranny when you renounce the difference between what you want to hear and what is actually the case," warns Timothy Snyder.[13] When reality inevitably asserts itself, the damage to democratic institutions, social bonds, and basic human decency may be irreparable.

The ultimate cost of denial is freedom itself.

Lesson 2: Establish Universally Subsidized Childcare

Nordic societies prioritize public investments in children. The Nordic commitment to "the good childhood" is reflected in their public investment levels: Denmark, Finland, Iceland, and Norway spend $23,000–$29,000 annually per child – compared to the OECD average of $14,000 and just $500 in the US.

Since pioneering universal childcare subsidies in the 1960s and 1970s, Nordic nations have built comprehensive systems that support both child development and workforce participation. Denmark's model, where families pay no more than 25 percent of childcare costs through age ten, shows how universal support can simultaneously advance child well-being, gender equality, and economic productivity.[14]

[13] Timothy Snyder, *On Tyranny: Twenty Lessons from the Twentieth Century* (New York: Random House, 2017), 66.

[14] Judith T. Wagner and Johanna Einarsdottir, eds., "The Good Childhood: Nordic Ideals and Educational Practice," editorial, *International Journal*

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Nordic investments in child welfare advance multiple SDGs through an integrated approach: they ensure inclusive, equitable education from early childhood (SDG #4 "Quality Education"); enable mothers' workforce participation and economic independence (SDG #5 "Gender Equality"); promote sustainable economic growth through increased labor participation (SDG #8 "Decent Work and Economic Growth"); minimize early childhood development disparities across socioeconomic groups (SDG #10 "Reduced Inequalities"); and support family health through reduced stress and improved work–life balance (SDG #3 "Good Health and Well-Being").

Adopting universally subsidized childcare in the US would significantly reduce childcare costs and address socioeconomic challenges. US experts like Caitlyn Collins highlight multiple benefits, including reduced childcare costs for low to middle-income families who need it most, improved workforce participation that addresses gender and racial disparities, and enhanced political durability through universality.[15] The government's role in managing universally subsidized childcare is primarily limited to tax collection and subsidy distribution, thereby sidestepping common concerns in the US about public sector operational inefficiency.

States in the US competing to attract workers and businesses might recognize the competitive advantage of universally subsidized childcare. Utah claims to be the "most family-friendly state." Still, it faces high childcare costs that burden its working parents, much like the rest of the US.[16] Utah established the Office of Families in 2022 to

of Educational Research 47, no. 5 (2008): 265–269, doi.org/10.1016/j.ijer.2008.12.005; Einarsdottir and Wagner, eds., *Nordic Childhoods and Early Education*; Claire Cain Miller, "How Other Nations Pay for Child Care. The U.S. Is an Outlier," *New York Times*, October 6, 2021, accessed February 1, 2022, www.nytimes.com/2021/10/06/upshot/child-care-biden.html; Nabanita Datta Gupta, Nina Smith, and Mette Verner, "Child Care and Parental Leave in the Nordic Countries: A Model to Aspire to?" *IZA Discussion Paper* No. 2014 (Bonn: Institute for the Study of Labor, March 2006).

[15] Claire Cain Miller, "Which of These 4 Family Policies Deserves Top Priority?" *New York Times*, October 13, 2021, updated November 3, 2021; Caitlyn Collins, *Making Motherhood Work: How Women Manage Careers and Caregiving* (Princeton: Princeton University Press, 2019).

[16] Megan Banta, "'Shocking': New Report Raises Alarms about Utah Child Care Access," *Salt Lake Tribune*, October 25, 2023, accessed March 1, 2024, www.sltrib.com/news/2023/10/25/shocking-new-report-raises-alarms/; Rhiannon McDaniel, "Opinion: I've Spent More than $3,000 on Child Care in One Month. Here Is One Way Utah Could Better Support Families," *Salt*

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explore effective childcare policies.[17] By addressing its high childcare costs through such proven policies as universal subsidized childcare, Utah could set a precedent showing other states how family-friendly policies are a component of a business-friendly environment.

The US business community could emerge as a critical ally. Businesses are severely impacted by losing productive workers and absenteeism due to inaccessible childcare. The 2024 BCG Report titled *Childcare Benefits More than Pay for Themselves at US Companies* encourages companies to assume childcare costs for their employees, assessing the benefits from a productive workforce far outweigh childcare costs.[18] However, tethering additional social services to employment could increase labor market rigidity. Moreover, small and medium-sized businesses might struggle to absorb these high costs. The US faces a decision whether to treat childcare as another employment benefit funded by companies or follow the Nordic example. US business leaders can champion the cause of universal subsidized childcare as good for business because it frees businesses to focus on what they do best: *Business*.

Furthermore, subsidized childcare could help bridge societal divides in the US. By bringing together parents from diverse backgrounds, childcare facilities can foster community, trust, and mutual understanding. They can become places where Americans participate in a common project: ensuring the well-being of our children. In doing so, these spaces help cultivate a stronger sense of "We" through recognition that our children's future is a shared responsibility.[19]

Lake Tribune, February 5, 2024, accessed March 1, 2024, www.sltrib.com/opinion/commentary/2024/02/05/opinion-ive-spent-more-than-3000/.

[17] "Strengthening Families," [Utah] Governor Spencer J. Cox, last modified 2022, accessed April 1, 2022, no longer available, https://governor.utah.gov/issues/health.

[18] Emily Kos, Kelsey Clark, Nicole De Santis, and Tyler Joseph, *Childcare Benefits More than Pay for Themselves at US Companies*, Boston Consulting Group, March 26, 2024, accessed May 1, 2024, https://shorturl.at/uAQM9.

[19] Christian Albrekt Larsen, *The Rise and Fall of Social Cohesion: The Construction and De-construction of Social Trust in the US, UK, Sweden and Denmark* (Oxford: Oxford University Press, 2013); Laura Dunne, Aoibheann Brennan-Wilson, Nicole Craig et al., "Promoting Social Cohesion and Peacebuilding through Investment in Early Childhood Development Programs," in *Transitioning to Peace: Promoting Global Social Justice and Nonviolence*, ed. Wilson Lopéz Lopéz and Laura K. Taylor (Cham: Springer, 2021), 305–322.

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Lesson 3: Ensure Universal Access to Quality Education Rooted in Critical Thinking

The prosperity enjoyed by modern-day Nordic societies results from "generations of phenomenal educational policy," as David Brooks wrote.[20] Even when the Nordics were among Europe's poorest nations in the mid 1800s, they invested in education, and their investments paid great returns. Economic historian Peter Lindert asserts that the world's most significant error in social policy has been the underfunding of mass education. In his book *Making Social Spending Work*, Lindert demonstrates that societies flourish when they invest in their children through access to good quality education for all.[21]

Nordic societies have consistently valued providing good quality education for the many over elite education for a select few. Grundtvig-inspired folk schools have emphasized an education accessible to all citizens, initially attending to the many peasants of society rather than the few elites.

Furthermore, universally subsidized early childhood education ensures that every child in the Nordics has access to good-quality preschool independent of the circumstances of the family in which they are born. Research indicates that universal early education supports equal opportunities by increasing children's noncognitive capabilities in less-advantaged homes and communities. At the other end of childhood, tuition at Nordic universities is paid through taxes collected, ensuring that the decision to pursue tertiary education is one of individual level aspirations, not one of considerations of family wealth and whether one's parents can afford it, or whether one can take on student loan debt.

The Nordic secret to education is consistent with the powerful Grundtvig quote repeated in this book, "In wealth, we have come far, when few have too much and few too little" (Chapter 4). Folk schools address learners' real problems while expanding their worldview. At the time of Grundtvig's original folk schools in Denmark, practical problems related to cultivating the land and tending to livestock. Solutions were proposed, such as how to operate best and

[20] Brooks, "This Is How Scandinavia Got Great."
[21] Peter H. Lindert, *Making Social Spending Work* (Cambridge: Cambridge University Press, 2021).

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coordinate the farm's activities beyond a single farm, leading to the establishment of cooperatives according to democratic principles. This coordination rose above the ideas of Me to considerations of We. Individual farmers, cooperating at a scale that afforded them more power, realized greater freedom to control their destinies through the cooperatives.

Nordic educational success is not the result of a commitment to exceptionalism – like trying to establish little Harvards across the Nordic nations – but rather a commitment to simply making education consistently good for most everyone. In doing so, the seemingly mundane good at the individual level sums up to the exceptionally good at the societal level with a heightened degree of opportunity for more people – regular people – to realize their full potential. "Everyday life is quite ordinary" in a Finnish school, remarked Pentti Moilanen when explaining why Finnish schools are number one in global education rankings.[22] If one expects to see that their exceptional results arise from hyper-intense school days with long hours and many tests, one will be surprised. Finnish schools assign less homework and engage children in creative play. Children are regularly outdoors in nature, even in rain or snow, contributing to their healthy development, well-being, and positive environmental attitudes and values.[23] Classrooms are open and airy. All children receive free, high-quality school meals as a public service. Teachers are amongst the most respected members of society and have significant freedom within their classrooms.

Most critically, Nordic education is fundamentally rooted in critical thinking – a vital bulwark against the threats of tyranny and erosion of democracy. Nordic schools emphasize developing critical thinking skills, encouraging students to question assumptions, evaluate evidence, and identify logical fallacies. This focus on critical thinking has proven particularly valuable in the social media age. Finland leads the world in media literacy, with other Nordics close behind. Nordic citizens' heightened ability to identify misinformation, verify sources before sharing claims, and think critically about

[22] Pentti Moilanen, "Foreword" in Andere, *The Future of Schools and Teacher Education*, ix.

[23] Tim Gill, "The Benefits of Children's Engagement with Nature: A Systematic Literature Review," *Children, Youth and Environments* 24, no. 2 (2014): 10–34.

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media content demonstrates how educational emphasis on analytical skills creates more resilient democracies.

The importance of critical thinking in education cannot be overstated in an era where democracies face unprecedented threats from both external and internal forces. As Timothy Snyder emphasizes in *On Tyranny*, would-be autocrats are fundamentally bullshitters – in the Harry Frankfurt sense of the word – who construct their own versions of reality to suit immediate selfish needs and force that version of truth upon society. The best defense against tyrants and their attempts to manipulate truth is a population well-versed in critical thinking, capable of identifying logical fallacies and demanding evidence for claims.[24]

The stark contrast between Nordic and US performance in media literacy rankings reveals the consequences of different approaches to education. While Nordic citizens are more likely to verify sources and think critically about information, the US's comparatively poor performance in these assessments manifests in concerning ways. When faced with misinformation or potential foreign interference in democratic processes, societies with strong critical thinking capabilities are far better equipped to maintain democratic resilience.

Thomas Jefferson forcefully emphasized that an educated citizenry, practiced in skepticism and critical thinking, is required for democracy's survival. "It wasn't enough," Carl Sagan noted of Jefferson's view, "to enshrine some rights in a Constitution or a Bill of Rights. The people had to be educated and they had to practice their skepticism and their education."[25] In *How Democracies Die*, Levitsky and Ziblatt further argue that beyond constitutional structures, democracies need the "guardrails" of cultural norms to remain stable, including a reverence for truth and critical thinking that do not tolerate bullshitting or widespread lying as means of amassing power in society.[26]

The Nordics' commitment to universal access to quality education rooted in critical thinking equips their societies to tackle threats to democracy and guard against the rise of authoritarian leaders.

[24] Snyder, *On Tyranny*; Harry G. Frankfurt, *On Bullshit* (Princeton: Princeton University Press, 2005).

[25] Carl Sagan, interview by Charlie Rose, "Carl Sagan," Charlie Rose (PBS), aired May 27, 1996, accessed September 30, 2025, https://charlierose.com/videos/9094.

[26] Levitsky and Ziblatt, *How Democracies Die*.

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Lesson 4: Where the Markets Fail, Establish Efficient Universal Systems (and Keep Improving Them)

Friedman exemplified the unwavering faith in markets to solve any problem, declaring, "Underlying most arguments against the free market is a lack of belief in freedom itself."[27] Equating the mere questioning of markets with a "lack of belief in freedom" is a hallmark of neoliberal ideology.

Market failures in healthcare delivery systems directly constrain individual freedoms and human potential. This is starkly illustrated in the US, where approximately four million children lack healthcare access – a sharp contrast to Nordic nations where universal healthcare is guaranteed. The US system's structural deficiencies manifest in multiple ways: coverage denials for pre-existing conditions, byzantine administrative processes that burden both providers and patients, and the persistent uncertainty of coverage even for insured individuals. These systemic failures represent not merely inconveniences, but fundamental constraints on individual liberty and social welfare. The frequent inability to determine coverage eligibility prior to treatment and the prevalence of unexpected medical bills exemplify how market failures in healthcare create barriers to both access and planning that particularly impact society's most vulnerable members.

Markets fail for access to healthcare, and in so many other domains, including education, access to daycare, paid parental leaves, and addressing mounting challenges of environmental degradation.

Nordic societies have adopted a pragmatic approach to using markets where they work, and opt for something else when they do not. Nordic citizens vote on which objectives to pursue (e.g., healthcare, childcare, education), how much tax revenue must be collected to support such objectives, and then commit to building efficient systems to achieve them. Anu Partanen reminds us, "This is not the rich paying for the poor. This is about the middle class paying for itself."[28]

[27] Milton Friedman, *Capitalism and Freedom* (Chicago: University of Chicago Press, 2020), 19.

[28] "Nordic Talks: Parental Leaves in the Nordics," Center for Responsible Business, Berkeley Haas, Haas School of Business, University of California, Berkeley, event held December 2, 2019, accessed May 25, 2025, https://shorturl.at/r9jUT.

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The Nordic approach demonstrates how societies can move beyond ideological battles over markets versus state intervention to focus instead on what actually works. While US policy debates often remain trapped in Cold War-era dichotomies between "free markets" and "big government," Nordic societies have developed what Klein and Thompson describe in *Abundance* as systems that move beyond artificial scarcity, where public investment and market mechanisms work in concert to expand possibilities.[29] The result is reliable, efficient outcomes that expand both individual and collective prosperity.

A prevailing narrative propagated by neoliberalism has portrayed the poor as exploiting the affluent and unworthy of public support. This framing reduces poverty to personal failure and has often carried racial undertones. Ronald Reagan helped popularize the "Welfare Queen" myth, and since the mid 1960s, women of color have been cast in this role, portrayed as freeloaders and con artists.[30]

"There's class warfare, all right. But it's my class, the rich class, that's making war, and we're winning," remarked Warren Buffett. Buffett tabulated taxes paid by everyone in his office versus income; he paid far less in taxes as a fraction of income than anyone else, including secretaries and clerks. "How can this be fair?" Buffett asked.[31] Not only is it unfair, but it's also inefficient. Nordic societies build efficient, universally available systems as a reliable default option, and the successes speak for themselves. Everybody benefits when markets are used where they work well but not dogmatically clung to where they do not.

Nordic nations also demonstrate a commitment to continuously improving universal systems. In recognition that mothers took far more parental leave than fathers, in 1993, Norway was the first country to allocate a four-week leave for fathers with a "use it or lose it" policy to encourage gender equality. Sweden followed Norway's lead, implementing a "daddy month in 1995."[32] Denmark, Iceland,

[29] Ezra Klein and Derek Thompson, *Abundance* (New York: Crown, 2025).
[30] Jeremy Lybarger, "The Price You Pay," *The Nation*, July 2, 2019.
[31] Ben Stein, "In Class Warfare, Guess Which Class Is Winning," *New York Times*, November 26, 2006.
[32] Arijit Nandi, Deepa Jahagirdar, Michelle C. Dimitris et al., "The Impact of Parental and Medical Leave Policies on Socioeconomic and Health Outcomes in OECD Countries: A Systematic Review of the Empirical Literature," *Milbank Quarterly* 96, no. 3 (September 2018): 434–471, doi.org/10.1111/1468-0009.12340.

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and Finland would follow suit with dedicated paid parental leave time for fathers to encourage greater equality among genders.

Lesson 5: Expand Positive Freedoms for All (Not Just Negative Freedoms for the Powerful Few)

Throughout its history, the US has focused primarily on expanding freedoms in terms that Isaiah Berlin would characterize as "negative freedom," freedom *from* something. The expansion of negative freedom is often a matter of power, and the US's most powerful individuals and families enjoy extraordinary freedoms (Chapter 7).

Expanding negative freedom includes freedom from paying taxes. "Only the little people pay taxes," Leona Helmsley, an infamously wealthy US businessperson convicted of tax evasion in the 1980s, once said. A culture of tax avoidance by the powerful has been increasingly normalized and legalized. During a 2016 presidential debate, Donald Trump was accused of not paying taxes. He replied, "That makes me smart."[33] Today, the US's billionaires and largest corporations routinely pay little to no taxes.[34]

In the Nordics, freedom is more often considered in terms Berlin characterizes as "positive freedom," the freedom *to* do something. Positive freedom includes access to good education, childcare, paid parental leaves, and healthcare. It is represented by "freedom to roam," where everyone can access land whether or not they own it; they can forage mushrooms and berries, set up camp, and light a campfire (Chapter 4).[35]

With the continued US march toward oligarchy and away from democracy, the expansion of negative freedoms for powerful individuals will continue. Increasingly, democracy is framed as the enemy in the US that limits the freedoms of the powerful, a trend that must be reversed. The US can directly learn from the experiences of the Nordics to build a society where most everyone has the freedom to thrive.

[33] Richard Rubin, "Donald Trump on Not Paying Taxes: 'That Makes Me Smart,'" *Wall Street Journal*, September 26, 2016.
[34] Kenneth Scheve and David Stasavage, *Taxing the Rich* (Princeton: Princeton University Press, 2016).
[35] "Land of the Free: The Right of Public Access," Visit Sweden, accessed May 25, 2025, https://shorturl.at/7au8V.

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Lesson 6: Celebrate Stewards and Ostracize Extractors

We should celebrate the stewards who work in harmony with the Earth and cooperate with other people. Conversely, we should ostracize the extractors who attempt to dominate the Earth's resources and other people.

Stewards commit themselves to expand the freedoms of others – current and future generations – while extractors focus on expanding their own freedom, frequently at the cost of others' freedoms. Stewards demonstrate humility and leverage their positions of power to further disperse power across society in a manner more consistent with democratic ideals. Extractors leverage their positions of power to extract what they can in their quest for more. Stewards assume a role as lobbyists for society and future generations. Extractors assume a role as lobbyists for themselves.

Stewards are more likely to rise into the upper echelons of power in Nordic societies than in US society. Longtime CEOs Mads Øvlisen of Novo Nordisk and Mads Nipper of Ørsted embody the sort of stewards commonly found atop Nordic-based organizations (Chapter 6). Exalting the stewards into positions of power is critical to maintaining the strength of Nordic democracies, as democracy demands a culture of stewardship.

In the US, corporate stewards like Patagonia's founder Yvon Chouinard are often seen as anomalies. When Chouinard transferred his billion-dollar company to a trust and nonprofit dedicated to environmental protection in 2022, the move was celebrated but regarded as an exceptional act rather than a template for responsible business leadership.[36]

However, Chouinard's approach has been commonplace in Denmark. "Chouinard's Donation of Patagonia Is Big and Bold, But Not New," reads the title of a subsequent *Forbes* article. The article describes how Danish corporations, including Carlsberg, Novo Nordisk, and Rambøll, had founders who had donated their companies (or majority voting shares) to a corresponding enterprise foundation (Chapter 6). The article reads, "While this approach may seem novel in the US, it has been deployed for decades in Scandinavia. It's demonstrated that billionaires

[36] David Gelles, "Billionaire No More: Patagonia," *New York Times*, September 14, 2022.

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can give away their companies and continue to generate considerable profits, while also contributing substantially to social and environmental causes."[37]

Chouinard has set a precedent for other US billionaires and company founders to follow his stewardship lead and help normalize a culture of celebrating stewards and ostracizing extractors.

Lesson 7: Pursue Smart Policies and Good Governance (Stop Fighting about "Big" versus "Small" Government)

American political discourse remains constrained by a Cold War-era dichotomy between "big" and "small" government – a false choice deliberately stoked by Reagan and neoliberals to equate any State involvement with Soviet socialism. "Government is not the solution to our problem. Government is the problem," proclaimed Reagan in his inaugural address in 1981.[38]

This anti-tax, anti-government ideology is reflected in Milton Friedman's categorical declaration: "I am in favor of cutting taxes under any circumstances and for any excuse, for any reason, whenever it's possible."[39]

Such absolutist positions represent a fundamental barrier to realizing sustainable capitalism, which requires strategic deployment of both market mechanisms and democratic processes including effective tax policies. Carbon taxes can internalize environmental externalities, establishing markets to drive sustainable innovation. Similarly, income taxes to fund universal systems education and subsidized childcare represent democratic investments in society's collective capacity (Lesson 2).

Efforts must be redirected from inherently fighting government to instead fighting for smart policies and good governance.

Nordic business leaders engage in discussions to shape smart policies and commitment to good governance that better ensures a healthy

[37] Tima Bansal, "Chouinard's Donation of Patagonia Is Big and Bold, but not New," *Forbes*, September 20, 2022.

[38] "Inaugural Address, 1981," Ronald Reagan Presidential Library & Museum, January 20, 1981, accessed May 25, 2025, www.reaganlibrary.gov/archives/speech/inaugural-address-1981.

[39] Milton Friedman, quoted in Richard A. Viguerie, *Conservatives Betrayed* (Chicago: Bonus Books, 2006), 46.

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society. The Nordic business community has wielded its power to champion the policies and practices that resulted in the Nordic model. Universal healthcare, education, services for children, good wages secured for everyone through effective unions and collective bargaining arrangements, and sensible environmental policies are all hallmarks of Nordic societies for which the Nordic business community has advocated from the late 1800s to today.

Business Leaders Must See Themselves as Lobbyists for Society First, Their Companies Second

The "first priority" of the Nordic business community "is the health of the country, not immediate financial returns," wrote Henderson in *Reimagining Capitalism* (Chapter 6). She continued, "And for over a hundred years, this commitment has been fundamental to its success. The case of Denmark highlights how business can play a central role in framing policy without subverting the democratic process. Business is an important and active voice in the conversation, but it does not seek to control either the process or the endpoint."[40]

Nordic business leaders commonly see themselves as stewards of societal interests, not just their company's interests, such as slashing corporate taxes paid. The Nordic public expects their business leaders to behave as such. Supporting democratic principles and practices is a central tenet that Nordic business leaders must adhere to be accepted in Nordic societies.

Yet even the Nordic nations face profound challenges ahead. Scientists studying the relationship between social outcomes and environmental impacts have reached a stark conclusion that currently no countries achieve high level of social welfare outcomes while staying within planetary boundaries.[41] This finding underscores the unprecedented scale of transformation needed – and why business leaders must become more active advocates for policies that can help societies thrive within environmental limits. The Nordic approach of business leaders acting as stewards and partnering with government to develop smart policy provides a proven model for tackling this existential challenge.

[40] Henderson, *Reimagining Capitalism*, 239.
[41] Kallis, Hickel, O'Neill et al., "Post-Growth."

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US business leaders should follow Nordic examples by advocating for smart, society-wide policies – such as universal healthcare, family support, and labor protections – that foster prosperity and democratic resilience. They should see themselves as lobbyists for the well-being of society.

US business leaders must also champion more active labor policies, like in the Nordics, to encourage the supply of good jobs focused on tackling challenges represented by the SDGs, including climate change and social inclusion. Dani Rodrik and Stefanie Stantcheva outline these challenges and opportunities in their article, "Fixing Capitalism's Good Jobs Problem."[42] Nordic societies are well-positioned to encourage the dramatic growth of good jobs given their willingness to establish ambitious societal-level sustainability goals coupled with the Nordic competencies for effective labor market policies as part of Nordic flexicurity (Chapter 4).

Coupling bold sustainability goals with good jobs is vitally important to help ensure alignment between SDG #8 "Decent Work and Economic Growth," SDG #13 "Climate Action," and SDG #7 "Affordable and Clean Energy." Alleviating potential tensions between these SDGs mitigates fear that can arise when some jobs must be phased out in the transition to future-oriented jobs – such as with the necessary shift from fossil-fuel sector jobs to renewable energy sector jobs. Clinging to jobs of the past is foolhardy but, unfortunately, all too often politically expedient as fears can be readily stoked by powerful actors who desire to thwart necessary progress.[43]

The 2019 Danish Climate Law "promises to bring the Danish way of life within planetary boundaries," write economists Asker Volgsgaard et al. They continue, "In the labour market, a green job guarantee can keep the economy at full employment to preserve livelihoods and sustain political support for change."[44] In 2022, Finland became the first country in the world to make its stated objective to

[42] Dani Rodrik and Stefanie Stantcheva, "Fixing Capitalism's Good Jobs Problem," *Oxford Review of Economic Policy* 37, no. 4 (2021): 824–837.
[43] Keith Johnson, "Trump Can't Save Coal Country," *Foreign Policy*, October 30, 2019.
[44] Asker Volgsgaard, Mariana Mazzucato, and Rowan Conway, *From Competition State to Green Entrepreneurial State: New Challenges for Denmark* (Copenhagen: Djøf Forlag, February 2022).

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carbon negativity legally binding (Chapter 1).[45] Finland's future jobs will be those good jobs described by Rodrik and Stantcheva.

Nordic flexicurity promotes a societal-level growth mindset and the creation of future-oriented good jobs.

Artificial Intelligence is poised to replace hundreds of millions of full-time jobs globally, understandably raising anxieties among workers everywhere. Nordic flexicurity – where labor, business, and government leadership work closely together – offers valuable lessons for managing AI's disruption of work and these associated fears. In April 2024, at "AI and the Future of Work: Norway in Conversation with California," hosted by the Nordic Center at University of California, Berkeley, Ole Erik Almlid, CEO of the Confederation of Norwegian Enterprise, affirmed that tripartite cooperation allows Norway to adapt quickly which is vital for the competitiveness of companies, while Peggy Hessen Følsvik, President of the Norwegian Confederation of Trade Unions, emphasized workers' desire to be at the table when discussing ways to implement AI on the job. Norwegian Minister of Trade and Industry Jan Christian Vestre emphasized how the tripartite model's structure enables ongoing dialogue to build trust, ensuring decisions serve society's broader interests rather than allowing any single group to dominate. By embedding trust-building mechanisms into national labor policy and giving workers meaningful input in implementation decisions, Nordic societies reduce fear while positioning themselves to capture AI's benefits.

The Nordic approach stands in stark contrast to regions where AI deployment often occurs with minimal worker involvement, eroding trust between employers and employees, which is arguably the case in the US at present.[46]

Where Is the Action from US Business Leaders?

While Nordic business leaders have long advocated for policies that support societal well-being, US business leaders have too often

[45] Lisa M. Jenkins, "Finland's Binding Climate Negative Goal Is the New Gold Standard," *Protocol*, May 25, 2022.

[46] Andrew Packer, "AI, Employees, and Trust: How the Nordic Model Can Help Future-Proof Organizations," *California Management Review Insights*, June 3, 2024, accessed November 1, 2024, https://shorturl.at/JXrtR.

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prioritized corporate interests. Though the Business Roundtable signaled support for climate action,[47] and a higher minimum wage,[48] these positions have rarely translated into substantive advocacy.

Meanwhile, fossil fuels remain over-subsidized – distorting markets and impeding adoption of renewables (Chapter 3). For business to play a constructive role in advancing sustainable capitalism, rhetoric must give way to action – particularly in support of policies that align market incentives with sustainability goals.

Where power is sufficiently dispersed, like in the Nordics, minimum wage laws are unnecessary. Recall that a McDonald's worker in Denmark makes $22/hour (Chapter 3). In contrast, power is overly concentrated in the US. US corporations are price makers that leverage their power to suppress wages below market equilibrium, representing a market failure. Therefore, a substantial increase in the minimum wage is needed to nudge the US toward market equilibrium, and targeted efforts to disperse power must be made. Here, the US must learn from the effective power-dispersing mechanisms established across Nordic societies (Chapter 4)

The Business Roundtable must move from rhetorical support to concrete action – especially when it comes to advancing policies like minimum wage increases and collective bargaining rights. In the Nordics, business leaders have long advocated for societal well-being through support for universal systems and labor rights. US leaders can follow suit by championing democratic institutions and shared prosperity, not just shareholder returns.

Despite the Business Roundtable's rhetoric about building an inclusive economy, member corporations commonly prioritize tax avoidance and maintaining subsidies over meaningful policy reform.

Perhaps some of that *janteloven* exhibited by Nordic CEOs (Chapter 5) could do US CEOs some good. CEOs should hold one another accountable. For example, US CEOs should advocate *against* ballooning their own salaries, fueled by stock options, where their pay has become a function of power rather than merit

[47] "A Call to Action from the Global Business Community: Global Businesses Support Climate Action that Enhances Competitiveness," Business Roundtable, October 28, 2021, accessed May 25, 2025, https://shorturl.at/4HPXF.

[48] "Federal Minimum Wage Policy," Business Roundtable, accessed May 25, 2025, https://shorturl.at/j20vA.

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(Chapter 6). US CEOs have the highest CEO-to-worker pay ratios globally, having inflated from 15:1 in 1965 to 350:1 in 2020 (Chapter 9) as the US has marched toward oligarchic capitalism. CEOs must advocate for alternative corporate structuring favoring long-term stewardship (Chapter 6). The Purpose Foundation in the US helps to structure US companies to encourage this stewardship approach of ownership, mirroring the benefits of the Danish enterprise foundation model within the constraints of the US legal system.[49]

Today, American business leaders would do well to heed the example of their Nordic counterparts, who faced widespread labor unrest and the rise of socialist movements in the late nineteenth and early twentieth centuries. Rather than positioning themselves in rigid opposition, Nordic business leaders recognized that the long-term viability of capitalism depended on fostering shared prosperity. They partnered with reform-minded social democrats and supported the development of strong, effective labor unions – recognizing the importance of having credible negotiating partners. Together, they helped construct policies and institutions that expanded opportunity and reinforced the social contract.

By contrast, many US business leaders and members of the economic elite today continue to rely on adversarial rhetoric – dismissing workers as "lazy" or labeling appeals for living wages as "socialist." A different approach is needed – one that acknowledges the mutual dependence of economic success and social stability. Supporting institutions that expand opportunity, ensure decent working conditions, and build public trust is not a concession but a pragmatic strategy for sustaining capitalism in a democratic society. In doing so, business leaders can help cultivate a deeper sense of shared purpose – a stronger "We" – and contribute to the foundations of capitalism itself.

Lesson 8: Cooperation Is Strength

How we discuss the world – as fundamentally cooperative or competitive – shapes our expectations and often becomes a self-fulfilling

[49] "Purpose," Purpose US, accessed May 25, 2025, www.purpose-us.com/.

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prophecy. As Lakoff and Johnson demonstrate in *Metaphors We Live By* (Chapter 9), the metaphors we use shape our deepest patterns of thought and action. When individuals and organizations view each other primarily as competitors, it encourages a zero-sum mentality that sees the world as an arena of conflict (Chapter 6). Yet addressing contemporary global challenges requires cooperation at a global scale.

No nation to date has achieved good social outcomes while staying within its fair share of planetary boundaries.[50] The path forward requires unprecedented cooperation across societies to reimagine how we can achieve human well-being while respecting planetary boundaries. An overemphasis on competition and growth as ends in themselves obscures the fundamental interdependence of social, environmental, and economic systems. What's needed instead is a narrative that recognizes cooperation as the cornerstone of long-term business success and societal flourishing.

The Nordic tripartite model involves ongoing structured cooperation among labor unions, employers, and the state. This model supports high wages and robust social security without the need for minimum wage laws, promoting shared prosperity and equitable power distribution (Chapters 1 and 3). For example, Denmark's approach to implementing a carbon tax on agriculture exemplifies how democratic processes can lead to pragmatic, cooperative solutions that align with SDG #1: "Partnerships for the Goals."

Leadership in the Nordics involves a high degree of consensus-seeking and power delegation. This leadership style is crucial for addressing the SDGs as it fosters a culture where every employee's voice matters, enhancing cooperation within organizations (Chapter 5). Leadership is understood as a dynamic process involving all, rather than a static position held by a few.

At the company level, the 'Nordic cooperative advantage' is evident where businesses create value through ongoing stakeholder cooperation, significantly impacting sustainability outcomes. These firms stand out in global sustainability rankings, showcasing the effectiveness of their cooperative approaches in addressing complex global challenges like those posed by the SDGs (Chapter 6).

[50] Giorgos Kallis, Jason Hickel, Daniel W. O'Neill et al., "Post-Growth."

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Nordic capitalism balances competition with cooperation, harnessing the benefits of competition to drive efficiencies and innovation where advantageous, while preventing competition from undermining social welfare.

Moving away from competitive narratives that glorify extractive behaviors towards cooperative strategies like those seen in the Nordic model can guide the US and other nations towards more sustainable and equitable systems. This transformation is necessary to effectively tackle collective challenges reflected by the SDGs – complex problems that require broad collaborative efforts.

Lesson 9: Democratic Capitalism Must Supplant Oligarchic Capitalism

Democracy is weakening in the US. The 2020 Global Democracy Index characterizes the US as a "flawed democracy."[51] Oligarchic capitalism, as it is now experienced in the US, creates conditions that erode democratic principles as economic power concentrates in the hands of a small elite with outsized influence over political, legal, and cultural systems. This concentration of wealth distorts democratic processes, enabling a narrow segment of society to shape public policy, control media narratives, and fund political campaigns to advance their interests. Public accountability weakens, pluralism declines, and power becomes increasingly insulated from democratic scrutiny and oversight.

Conspicuous efforts to consolidate power through gerrymandering and voter suppression have become increasingly routine. Even more sinister, election positions at the state, county, and township levels are being weaponized with systemic "efforts to inject partisanship into under-the-radar election jobs." At the same time, election administration at the state, county, and township levels is being politicized through coordinated attempts to inject partisanship into roles that were once largely nonpartisan.[52] In *How Democracies Die*, Levitsky and Ziblatt warn, "American democracy is not as exceptional as we

[51] "Global Democracy Has a Very Bad Year," *The Economist*, February 2, 2021, accessed May 25, 2025, www.economist.com/graphic-detail/2021/02/02/global-democracy-has-a-very-bad-year.

[52] Sam Levine, "'Unlike Anything We've Seen': The Unprecedented Risks Facing US Democracy," *The Guardian*, December 16, 2021.

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sometimes believe. There's nothing in our Constitution or our culture to immunize against democratic breakdown."[53]

Oligarchic Capitalism Is Corroding American Democracy

As Robert Reich emphatically warns, "Today the great divide is not between left and right. It's between democracy and oligarchy."[54] Since the 1980s, as Wolfgang Streeck observes, the rise of neoliberal market forces has broken the postwar compromise between democracy and capitalism. His conclusion: "It is not the crisis of capitalism that challenges democracy but its neoliberal triumph."[55]

The weakening of US democracy through this neoliberal triumph reflects how American capitalism, in its current form, increasingly concentrates power in the hands of a few – undermining democratic accountability. (Chapters 3 and 4). "Oligarchy works as a patronage system that dissolves democracy, law, and patriotism. American and Russian oligarchs have far more in common with one another than they do with their own populations," wrote Timothy Snyder in *The Road to Unfreedom*, citing Charles Koch as an exemplar of the American oligarchy.[56]

The rise of powerful business leaders who downplay empathy and collective responsibility raises important concerns for the future of democratic capitalism. Elon Musk – appointed head of Donald Trump's Department of Government Efficiency in 2025 – publicly described empathy as a "bug" in Western civilization that is "exploited."[57] This framing reflects a broader trend among some influential American capitalists to portray human connection and civic responsibility as liabilities rather than strengths.

Defunding public institutions has long been a feature of the neoliberal playbook and has contributed to entrenching oligarchic capitalism in the US. Billionaires such as Koch and Menard have

[53] Levitsky and Ziblatt, *How Democracies Die*, 204.
[54] Reich, *The System*, 13.
[55] Wolfgang Streeck, "The Crises of Democratic Capitalism," *New Left Review* 71 (2011): 5–29.
[56] Timothy Snyder, *The Road to Unfreedom: Russia, Europe, America* (New York: Tim Duggan Books, 2018), 263–264.
[57] Zachary B. Wolf, "Elon Musk Wants to Save Western Civilization from Empathy," CNN, March 5, 2025, April 1, 2025, https://shorturl.at/CufJz.

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systematized strategic philanthropy at public universities, using their donations to advance a thinly veiled neoliberal agenda under the guise of academic support (Chapter 7). This tactic – evading taxes while channeling wealth to reshape public institutions in their image – has weakened democratic accountability and tilted power further toward private interests. As public universities and other civic institutions are starved of public funding, they become increasingly dependent on private donors, leaving them vulnerable to ideological capture.[58]

While American capitalism is increasingly described as oligarchic – marked by the concentration of wealth and influence in the hands of a few – it is also beginning to exhibit signs of kleptocracy: A distinct form of oligarchy in which public institutions are systematically manipulated to serve private interests, and corruption becomes embedded to benefit a privileged segment of the elite. This reflects a crisis of governance and a structural failure that erodes public trust and inflicts lasting damage on democratic institutions.[59]

In stark contrast, Nordic societies routinely top the global indices measuring effective democracies, and their continued investments in public institutions are a significant reason. These investments serve as the efficient hand pumps of society that increase an individual's freedom. They also thwart the potential for an oligarch with an agenda to take over a public institution and undermine democratic accountability (Chapter 7).

Capitalism Needs Democracy to Function Effectively

Markets require sufficiently dispersed power to function effectively. The concentration of power in the hands of a few oligarchs and their corporations represents a fundamental paradox of oligarchic capitalism: in its drive for deregulation and concentrated power, it

[58] Jaime Lowe, "With 'Stealth Politics,' Billionaires Make Sure Their Money Talks," *New York Times*, April 6, 2022.

[59] Anne Applebaum, "Kleptocracy, Inc.," *The Atlantic*, April 14, 2025, accessed May 1, 2025, https://shorturl.at/t4I2d; Jodi Vittori, "Is America a Kleptocracy? Here's How Life Could Change for the Rich, Poor, and Everyone in Between," *Foreign Policy*, March 25, 2025, accessed May 1, 2025, https://foreignpolicy.com/2025/03/25/america-kleptocracy-trump-musk-corruption/.

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undermines the very market conditions necessary for capitalism to function (Chapter 3).

The persistent American assumption that unfettered markets automatically maximize freedom obscures the role that democratic processes of negotiation and consensus-building play in realizing freedom for the many people. As Arthur Okun wrote:

> A democratic capitalist society will keep searching for better ways of drawing boundary lines between the domain of rights and the domain of dollars. And it can make progress. To be sure, it will never solve the problem … [as] capitalism and democracy are really a most improbable mixture. Maybe that is why they need each other – to put some rationality into equality and some humanity into efficiency.[60]

The mounting failures of American capitalism in its current form – its inability to address sustainability challenges, maintain functional markets, or preserve democratic institutions – signal conditions ripe for a paradigm shift, as Kuhn would describe.

Democratic Capitalism Is Essential for Realizing Sustainable Capitalism

Realizing sustainable capitalism requires getting markets to drive sustainability outcomes through internalizing negative externalities into prices. The Nordic nations show how democratic processes make this possible: Finland pioneered the world's first carbon tax in 1990, followed soon by the other Nordic nations. Today, they maintain among the world's highest carbon taxes, which creates the market incentive for companies to reduce emissions through efficiency gains and innovation.

The policies establishing carbon taxes in the Nordics emerged through democratic processes. Nordic political leaders, in cooperation with Nordic business leaders and other stakeholders across Nordic societies, supported policy mechanisms to internalize environmental costs. In contrast, in the US, political leaders and business leaders have commonly blocked efforts to internalize the costs of carbon emissions in prices. These blocking efforts persist despite widespread public support for companies to internalize the price of carbon, suggesting

[60] Okun, *Equality and Efficiency*, 120.

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democratic processes are not functioning as they should in the US. Major carbon-emitting US corporations – which would face billions in liabilities under Nordic-level carbon prices – leverage their political influence to prevent the internalization of greenhouse gas emissions costs (Chapter 3).

The matter of carbon pricing reveals a fatal flaw in neoliberal ideology that frames government intervention as inherently anti-capitalist: properly functioning markets require a democratically accountable state to correctly price goods and services by internalizing negative externalities. Without the "visible hand" of a democratically accountable government, the "invisible hand" of the market cannot realize efficient outcomes. Therefore, a democratically accountable state is essential for implementing the policy interventions needed to realize sustainable capitalism. Without such interventions, companies will continue operating beyond planetary boundaries, depleting the principal of Earth's endowment rather than living sustainably off its interest, directly violating sustainable development by compromising future generations' ability to meet their needs.

This transformation demands a fundamental shift in how we define the purpose of the firm (Chapter 6). In oligarchic capitalism, the firm's purpose is narrowly defined as maximizing profits for shareholders – the so-called Friedman doctrine that has dominated American capitalism since the 1980s. In democratic capitalism, as demonstrated by Nordic firms, the purpose expands to creating value for all stakeholders. Yet realizing sustainable capitalism requires an even more ambitious definition: creating value for stakeholders while operating within planetary boundaries. This evolution in corporate purpose reflects the broader transformation needed in how capitalism itself functions.

In *Democracy for a Sustainable World*, James Bacchus explores the deep connection between democracy and sustainable development. When democratic processes engage citizens at every level – from local initiatives to global governance – they build the institutional capacity needed to confront climate change, ecological collapse, and other pressing sustainability challenges.[61] The Nordic experience illuminates this dynamic: democratic institutions create pathways for

[61] James Bacchus, *Democracy for a Sustainable World: The Path from the Pnyx* (Cambridge: Cambridge University Press, 2025).

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bold sustainability policies that would likely falter under oligarchic capitalism, where concentrated wealth and power often block essential market reforms.

Lesson 10: Embrace the Me-We-Me Mindset – Expanding Individual Freedoms through Efficient Universal Systems

The Me-We-Me mindset represents a fundamental paradigm shift essential for realizing sustainable capitalism. The Me-We-Me mindset embraces the view that individual and societal prosperity are mutually reinforcing forces.

As demonstrated throughout this book, the Me-We-Me mindset manifests across multiple levels of society: in individual leadership through cooperative consensus-building rather than dominance, in company operations through stakeholder engagement and the "Nordic cooperative advantage," and at the societal level through universal systems that expand individual freedoms through collective investment. These manifestations, explored in earlier chapters, reveal how the Me-We-Me mindset shapes Nordic leadership, business, and social policy approaches.

While also rooted in a reverence for individualism, the Me-We-Me mindset starkly contrasts the Me-Me-Me mindset of modern American capitalism, where selfishness has become dangerously conflated with freedom. This conflation represents perhaps the greatest threat to American democracy and capitalism, as individuals increasingly view taking responsibility for society's collective welfare as an attack on individual freedom. This mindset creates a destructive paradox: in pursuing absolute individual freedom by rejecting collective responsibility, people ultimately diminish their freedoms and those of future generations. A society that cannot act collectively to address shared challenges – from climate change to education to healthcare – cannot sustain the conditions necessary for individual liberty to flourish.

The Nordic experience demonstrates how the Me-We-Me mindset can be cultivated through institutional structures and cultural norms. Universal access to education emphasizing critical thinking and civic responsibility creates citizens capable of seeing beyond narrow self-interest. Democratic processes give stakeholders real voice in decisions and foster trust in collective action. Business leadership focused on

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long-term stewardship rather than short-term extraction demonstrates how individual and collective prosperity can align. Perhaps most importantly, social systems that expand individual freedoms through collective investment provide concrete evidence that the Me-We-Me approach works.

Children and future generations stand at the heart of this mindset shift. The Nordic commitment to children's well-being reflects a profound understanding that individual freedom is enhanced, not diminished, by collective investment in the next generation. This offers a powerful starting point for building broader support for Me-We-Me approaches, as concern for children's welfare transcends political divides. When we invest in systems ensuring every child's ability to flourish – regardless of the circumstances of their birth – we create the foundation for a society where both individual and collective freedom can thrive. In such a society, the American Dream can become the reality for far more people.

The Me-We-Me mindset represents a paradigm shift away from extraction toward sustainability and stewardship, emphasizing the systems approach needed to address collective challenges. The Nordics demonstrate this mindset in action. A subset of US leaders have embraced a stewardship approach that reflects the Me-We-Me mindset. They have leveraged their platforms as business leaders, seeing themselves as lobbyists for society first, and their companies second.

This vision is not new. Over a century ago, Frederick Winslow Taylor – the father of scientific management – argued that the goal of management should be to secure "the maximum prosperity for the employer, coupled with the maximum prosperity for each employee" (Chapter 3). Around the same time, Swedish Prime Minister Per Albin Hansson, in his famous "People's Home" speech, laid the moral foundation for Nordic capitalism by insisting that workers must not be treated as "rented creatures," valued only as inputs (Chapter 4). While the US largely abandoned Taylor's balanced ideal in favor of shareholder primacy, the Nordics institutionalized a stakeholder vision, designing a society in which prosperity and dignity could be shared.

Adopting a Me-We-Me mindset constructively directs us toward higher-order considerations of building the good society. "We should measure the prosperity of the nation not by the number of

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millionaires, but by the absence of poverty; the prevalence of health; the efficiency of the public schools; and the number of people who can, do read worthwhile books," remarked W. E. B. DuBois.[62] DuBois was describing the good society, using terms little different than those of Denmark's Grundtvig and a society rooted in *Bildung*, as evidenced by the modern-day Nordics (Chapter 4).

DuBois was highly critical of capitalism and was sympathetic to socialist causes. For DuBois and other self-described socialists, capitalism did not deliver a good society. In a letter to Coretta Scott, Martin Luther King Jr. remarked,

> I imagine you already know that I am much more socialistic in my economic theory than capitalistic. And yet I am not so opposed to capitalism that I have failed to see its relative merits. It started out with a noble and high motive, viz, to block the trade monopolies of nobles, but like most human systems it fell victim to the very thing it was revolting against.[63]

King advocated for the US to adopt a variety of democratic socialism.

In the face of capitalism's critiques, "the Nordic model of capitalism achieves virtually everything that contemporary democratic socialists say we should want," as Lane Kenworthy describes in his 2022 book, *Would Democratic Socialism Be Better?*.[64] The fundamental critiques many socialists have about capitalism are more often critiques about American capitalism and the ills resulting from a hyper-individualistic Me-Me-Me mindset.[65] Insofar as US capitalists perceive the rise of self-described socialists as a threat to capitalism, embracing a Me-We-Me mindset and a more Nordic-style variety of capitalism represents an excellent opportunity to "save capitalism" in the US.

[62] Heather Gray, "Another Look at W.E.B. Du Bois," Institute of the Black World 21st Century, February 25, 2019, accessed March 1, 2022, https://ibw21.org/editors-choice/another-look-at-w-e-b-du-bois/.

[63] "Coretta Scott," Martin Luther King, Jr. Research and Education Institute, Stanford University, *c.* July 18, 1952, accessed May 25, 2025, https://kinginstitute.stanford.edu/king-papers/documents/coretta-scott.

[64] Lane Kenworthy, *Would Democratic Socialism Be Better?* (New York: Oxford University Press, 2022).

[65] Henderson, *Reimagining Capitalism*; Dominic Barton, Dezsö Horváth, and Matthias Kipping, eds., *Re-imagining Capitalism: Building a Responsible Long-Term Model* (New York: Oxford University Press, 2016).

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Parting Reflections

Mounting sustainability crises, growing inequalities, and the continued erosion of democratic institutions reveal the profound limitations of American capitalism. The consequences of our collective action – or inaction – will profoundly impact the well-being and freedom of future generations.

History shows that moments of crisis create opportunities to mobilize action. As Milton Friedman noted, "Only a crisis produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around."[66] Nearly a century ago, Childs' *Sweden: The Middle Way* sparked American interest in Nordic approaches following the Great Depression.

Today, Nordic capitalism can guide what will become the next version of American capitalism. The neoliberal ideas that were lying around because of Milton Friedman and his Mont Pelerin colleagues shaped the responses to the crises of the 1970s. Nordic capitalism offers lessons that can help inform the next version of American capitalism. While no nation has yet achieved full sustainability within planetary boundaries, the Nordics' strong democratic institutions and proven success in achieving progress in many of the SDGs position Nordic capitalism well to serve as a guiding North Star.

Nordic capitalism demonstrates how business success and societal prosperity reinforce each other. People cooperate through democratic processes to build efficient universal systems that expand positive freedoms for all members of Nordic societies – the freedom to access healthcare, education, and other essential services (Chapter 7) – all of which is generally supported by the Nordic business community. Through these efficient systems, individual and collective flourishing become mutually reinforcing. As *The Economist* succinctly assessed, "Nordics show that countries can balance a business-friendly environment with strong safety nets."[67]

The mounting failures of American capitalism's "Me-Me-Me" mindset – where selfishness has come to be dangerously mistaken for

[66] Friedman, *Capitalism and Freedom*, xiv.
[67] "To See What European Business Could Become, Look to the Nordics," *The Economist*, January 2, 2025, accessed May 25, 2025, https://shorturl.at/CArJx.

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freedom – reflect what Kuhn might recognize as conditions ripe for a paradigm shift. The "Me-We-Me" mindset at the heart of Nordic capitalism offers a compelling alternative: a paradigm in which individual and societal flourishing reinforce one another.

Evolutionary science also helps explain the need for a paradigm shift. Multilevel Selection theory illuminates how societies that balance individual competition with group cooperation create conditions that support both societal and individual prosperity. Nordic capitalism exemplifies this balance, resulting in societies achieving higher levels of collective well-being. Realizing such a balance requires structures and cultural norms that foster cooperation and consensus-building alongside healthy competition. The Triangle of Tensions (Chapter 2) depicts how negotiating between the efficiency, equality, and sustainability dimensions demands strong consensus-building skills. Nordic societies use democratic processes and stakeholder engagement to strike a balance.

In this light, democracy emerges as the essential mechanism through which free societies build consensus and coordinate cooperative actions for shared benefit. As challenges like climate change and healthcare access demonstrate, individual well-being increasingly depends upon efficient collective solutions – a practical reality that Nordic societies have long recognized. Capitalism and democracy work better together through a well-functioning, democratically accountable state. Okun wisely noted, "a democratic capitalist society will keep searching for better ways of drawing the boundary lines between the domain of rights [*democracy*] and the domain of dollars [*capitalism*]," and the task is never complete.[68]

A well-functioning, democratically accountable state is necessary for realizing sustainable capitalism to effectively coordinate the "visible hand" of the state and the "invisible hand" of the market.[69] These fundamental forces must work hand in hand in democratic capitalism, as Nordic capitalism demonstrates. However, the entrenched rhetoric of neoliberalism has created a self-fulfilling prophecy: As state capacity diminishes, it reinforces beliefs about

[68] Okun, *Equality and Efficiency*, 120, the bracketed terms are my additions to clarify Okun's meaning.

[69] Jeremy Moon and Jette Steen Knudsen, *The Visible Hand: Government Regulation and International Business Responsibility* (Cambridge: Cambridge University Press, 2017).

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government inefficiency, justifying further reductions in the state's role – a core tenet of the neoliberal ideology.[70] Nordic citizens, by contrast, have demanded and secured an efficient, democratically accountable state – strengthening both their democracy and capitalism.

The ideals and mythology of the US can be leveraged to make the American Dream a reality for more people, both current and future generations. The Land of the Free is a powerful narrative, and the transformation from Me-Me-Me to Me-We-Me embodies America's founding principle *E pluribus unum* – "Out of many, one" – where individual success and collective prosperity reinforce rather than oppose each other. American society need not invent new stories about itself; it must do the hard work to turn its existing stories into reality. Just as Grundtvig transformed Nordic mythologies into practical steps of self-improvement through folk schools and cooperative movements rooted in democratic ideals, so too must the US transform its powerful folklore into concrete actions that expand freedom and prosperity for all Americans.

Looking at the Nordics can be like holding up a mirror to American society, reflecting back truths that can be uncomfortable for many Americans to confront. An honest gaze into the mirror reveals an American society that falls short of its cherished myths and proclaimed ideals about freedom and democracy. Americans face a choice: they can examine their reflection and commit to improving the imperfections they see, or stare down at the ground in denial, insisting that the US is uniquely free and that to suggest otherwise is unpatriotic.

Learning from Nordic capitalism requires courage to move beyond complacency and denial and to look up with curiosity and hope. Nordic capitalism shows that an alternative to the American version of capitalism rooted in neoliberalism exists and by most measures performs better. Grounded in democratic principles and practices, Nordic capitalism serves as a guiding light in a time of disorientation and division. It is time to move past the Cold War era claim that Nordic societies are "socialist" and recognize that their comparatively strong

[70] Reagan, "Inaugural Address, 1981." Reagan declared, "Government is not the solution to our problem; government is the problem."

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performances are the outcome of a well functioning form of democratic capitalism.

Like the North Star, Polaris, Nordic capitalism offers direction rather than a fixed prescription. Polaris wobbles in the night sky, a reminder that even the best benchmarks are imperfect, yet it still offers valuable guidance. Nordic capitalism provides guidance and a solid foundation from which to realize sustainable capitalism, if we choose to look up.

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Appendix A: Remember the People behind the Numbers

COMMENTARY

Remember the People Behind the Numbers

by Robert Strand

An event occurred on November 25th, 1997 that changed me for ever and has prompted me to write this piece. A close lifelong friend was killed in a preventable "industrial accident" while working at a manufacturing site of a subsidiary of a Menard's subsidiary in Eau Claire, Wisconsin. The chain has since been investigated and cited for numerous saftey violations. This tragic event has caused me to question many aspects of my life, including my role in society as an engineer.

My point is basic: we need to ensure that the legacy we leave behind as engineers is positive. Consider the tremendous influence that corporations exert on a global basis. Keep in mind that we, as engineers, will work for these corporations. In time, we will control many of them. Therefore, we are in a position to influence these corporations and help monitor the impact they have on the lives of innumerable people. We have control over whether that impact is ultimately a positive or a negative one. Engineers are in the privileged position to affect change for the better.



Robert Strand with friend Jesse Brone

I hope that, in the process of becoming leaders in industry, we do not forget one very basic, important fact: corporations are more than just entities whose identities come solely from a corporate logo. Corporations are made of a series of individuals and prosper only with the collected efforts of each individual. Obviously, companies thrive not only due to the work of higher-level engineers, but also because of the efforts of the individuals who work directly on the products we design or processes we implement. As engineers, we should not and cannot reduce these people as simply inputs for the product or as numbers in the process. We must remember that these links in the process are people, individuals with lives and concerns.

I am under the impression that my friend was regarded merely as input. He could not have been a person in the mind of the workload analyst or site manager who failed to ensure proper training and working conditions that he or she knew should have been in place to protect my friend. Rather, he was regarded simply as a number. Sadly, this manner of abstracting human beings away to numbers appears to be prevalent among the world's corporations. A spreadsheet full of workload numbers possesses a dehumanizing power and creates a trap easy to fall into. It is a trap, however, that we must avoid. We must all make sure that we are sensitive to the needs and concerns of all whom we work with and all whose work we may affect. The fact that we do not always see the faces of the victims of our negligence does not reduce our responsibility in the tragedy that follows.

We may not see the people we impact on an everyday basis in the way, for example, educators and health care workers do. We do, however, play an important, but often overlooked, role in the well being of our corporations' workers that is crucial to so many lives. Our contributions to workers' lives and society in general, however, should not simply be a by-product of our work. We must make them a focus. I propose that at each step, at every level, we treat the human element of our work as if it were our dearest friend. Would I allow this plan to be implemented if my friend were working on the job site? Would I design the product as such if my friend were using it in his car? What safety measures would I require if my friend worked in this plant?

My friend's death could have been avoided had the corporation for which he worked been more concerned about him as an individual. His was an extreme case of a corporation failing to accommodate the needs of its workers. Employee #53773 may seem easy to replace when thought of simply as a unit in the production process, but my friend's life cannot be replaced. As engineers, we owe it to society to remember the individuals behind the numbers. We have the power to make our impact on their lives a positive one. If we as engineers can learn something about remembering the individuals we affect within the corporations of which we are or will become a part of, perhaps my friend's death was not in vain.

There is a hole left in my heart after my friend's life was stolen. Let us use our talents as engineers and our compassion as human beings to not let this happen again.

Author Bio: Robert Strand is a senior industrial engineer at UW-Madison.

Figure A.1 *Wisconsin Engineer*: "Remember the People behind the Numbers." *Source*: Robert Strand, "Remember the People behind the Numbers," *The Wisconsin Engineer* 102, no. 3 (April 1998): 8, accessed May 13, 2020, https://search.library.wisc.edu/digital/AHKDY4BQ56Q6MJ8P/pages/ADRSAKXFPL3QV48E. Reproduced with permission from *The Wisconsin Engineer*.

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Figure A.1 reproduces a 1998 commentary I wrote for *The Wisconsin Engineer* after the death of my close friend Jesse Brone in a workplace accident.

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Appendix B: The Manifesto of Nordic Capitalism

The Manifesto of Nordic Capitalism

A commitment to making everyday life better for the many and securing freedom for current and future generations.

We reject denial. We face complex challenges head-on, guided by scientific evidence and a sense of responsibility for current and future generations. We champion education that cultivates critical thinking and informed decision-making, recognizing that lasting solutions require an educated, engaged citizenry.

We invest in children. We strive to ensure that every child grows up in a safe, nurturing environment with opportunities to thrive. By investing in a good childhood for all, we strengthen the foundations for individual and collective flourishing.

We expand freedoms. We uphold equality of opportunity, ensuring everyone has access to the tools and conditions needed to pursue a meaningful life with dignity and purpose.

We celebrate stewards. We elevate those who exhibit decency, embrace humanistic values, and demonstrate ethical leadership in stewarding enterprises that create long-term societal value.

We practice good governance. We build trust through transparency, accountability, democratic processes, and stakeholder dialogue – shaping institutions that serve the interests of society.

We balance cooperation and competition. We design systems that foster cooperation where it strengthens society and embrace competition where it drives efficiency, sparks innovation, and serves the common good.

We anchor capitalism in democracy. We see capitalism as a tool to serve society – not an end in itself. We disperse power in line with democratic principles.

We embrace a Me–We–Me mindset. We preserve and enhance individual freedom through strong collective institutions – so each

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person can flourish with dignity and opportunity. We uphold the principle that a flourishing society depends on individuals who take responsibility for themselves and for one another. We recognize that individual and collective prosperity reinforce one another.

We are pragmatic. We choose what works over ideology, approaching challenges with humility and curiosity to learn from experience – our own and others' – as we continuously improve systems to better serve the common good.

We aspire to live within planetary boundaries. We embrace our responsibility to live within the Earth's limits – and to demonstrate that it is possible to meet the needs of the present without compromising the ability of future generations to meet their own needs. Though small in scale, the Nordic nations show what can be done, offering examples to inspire action well beyond their borders. We commit to the ongoing pursuit of sustainable capitalism – through continued cooperation across the Nordic region and in willing collaboration with partners worldwide to secure lasting peace and prosperity.

The Manifesto of Nordic Capitalism is inspired by the New Nordic Cuisine Manifesto, which offered a clear vision and sparked meaningful dialogue and change across the Nordic region – and beyond.[1]

[1] Nordic Council of Ministers, *New Nordic Food Manifesto*, accessed May 24, 2025, www.norden.org/en/information/new-nordic-food-manifesto.

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