

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

James Breiding

Harvard Institute for Government, S8Nations

October 23, 2020

ISPS policy-related skills training series
Institution for Social and Policy Studies, Yale University



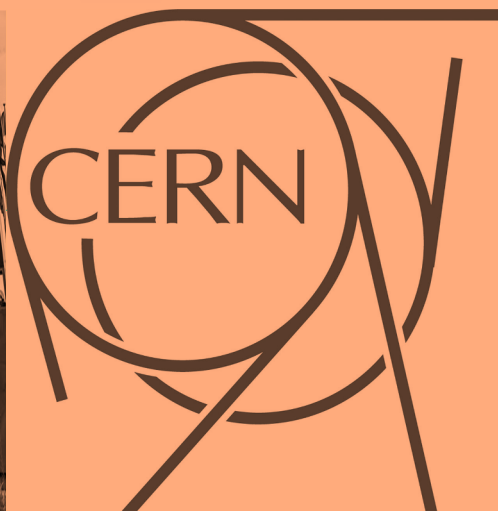
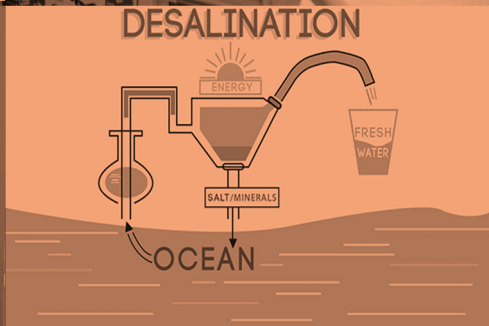


Big Lessons from Small Nations (Even for Switzerland)



Today's Presentation

- Overarching Thesis
- Secret Sauces
- Big Lessons from Small Nations
- New Order
- S8 Nations



The untold
story behind
Switzerland's
success

SWISS MADE

R. James Breiding



R. JAMES BREIDING



TOO SMALL TO FAIL

WHY SOME SMALL NATIONS OUTPERFORM
LARGER ONES AND HOW THEY ARE
RESHAPING THE WORLD



HARVARD
UNIVERSITY

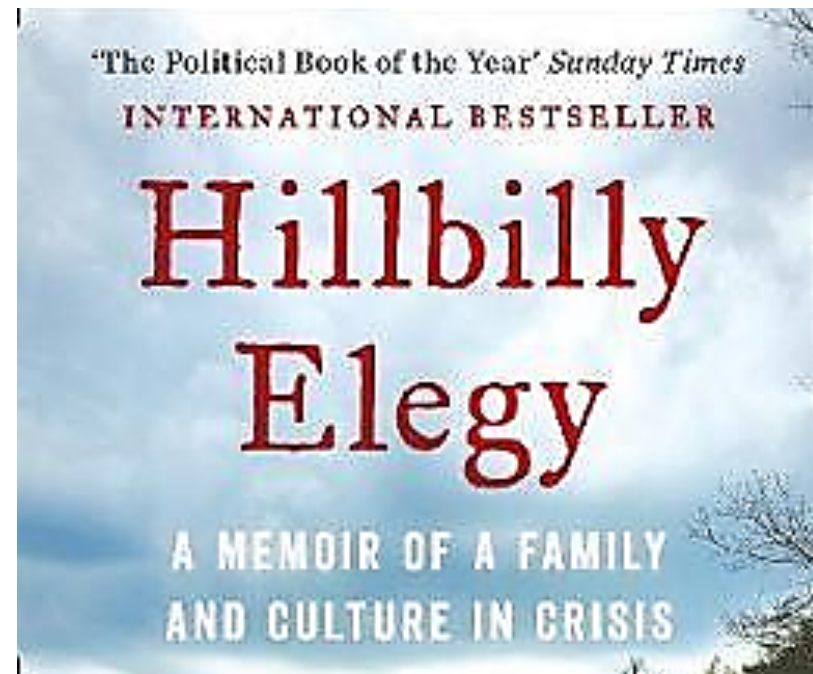
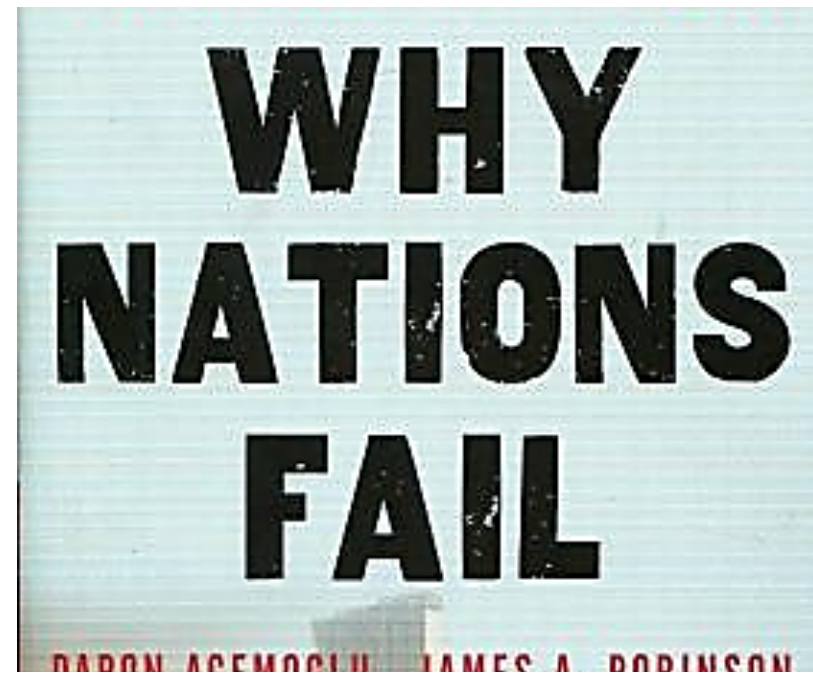
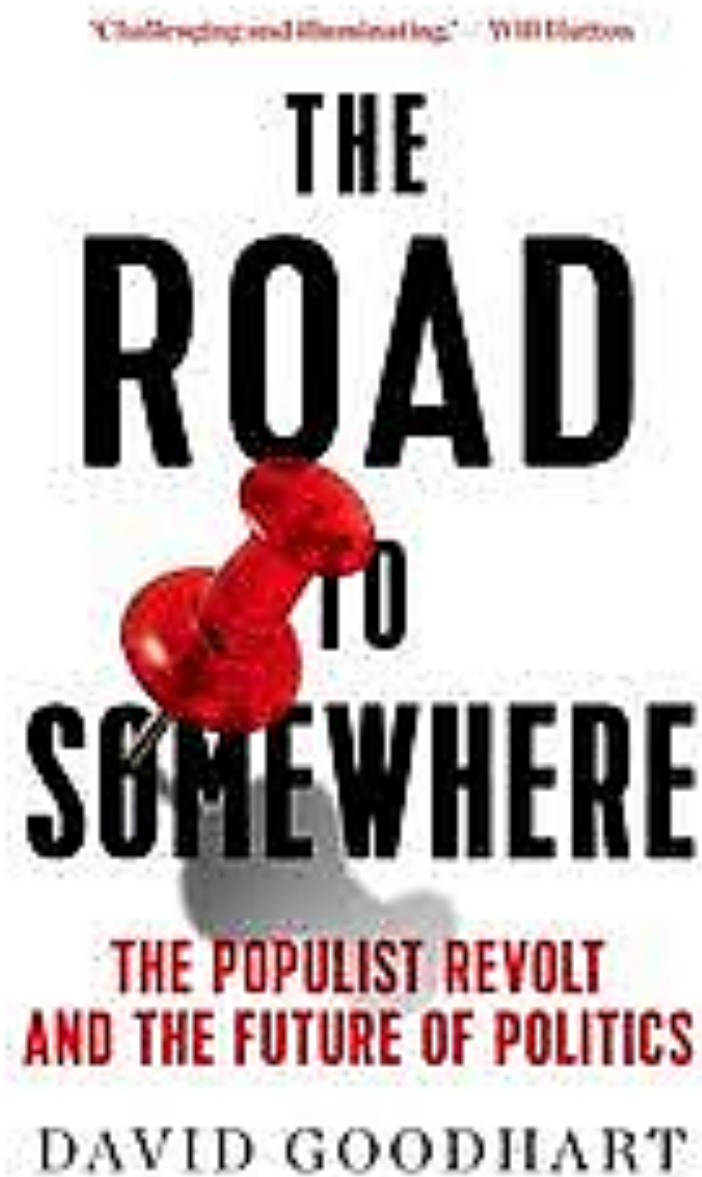
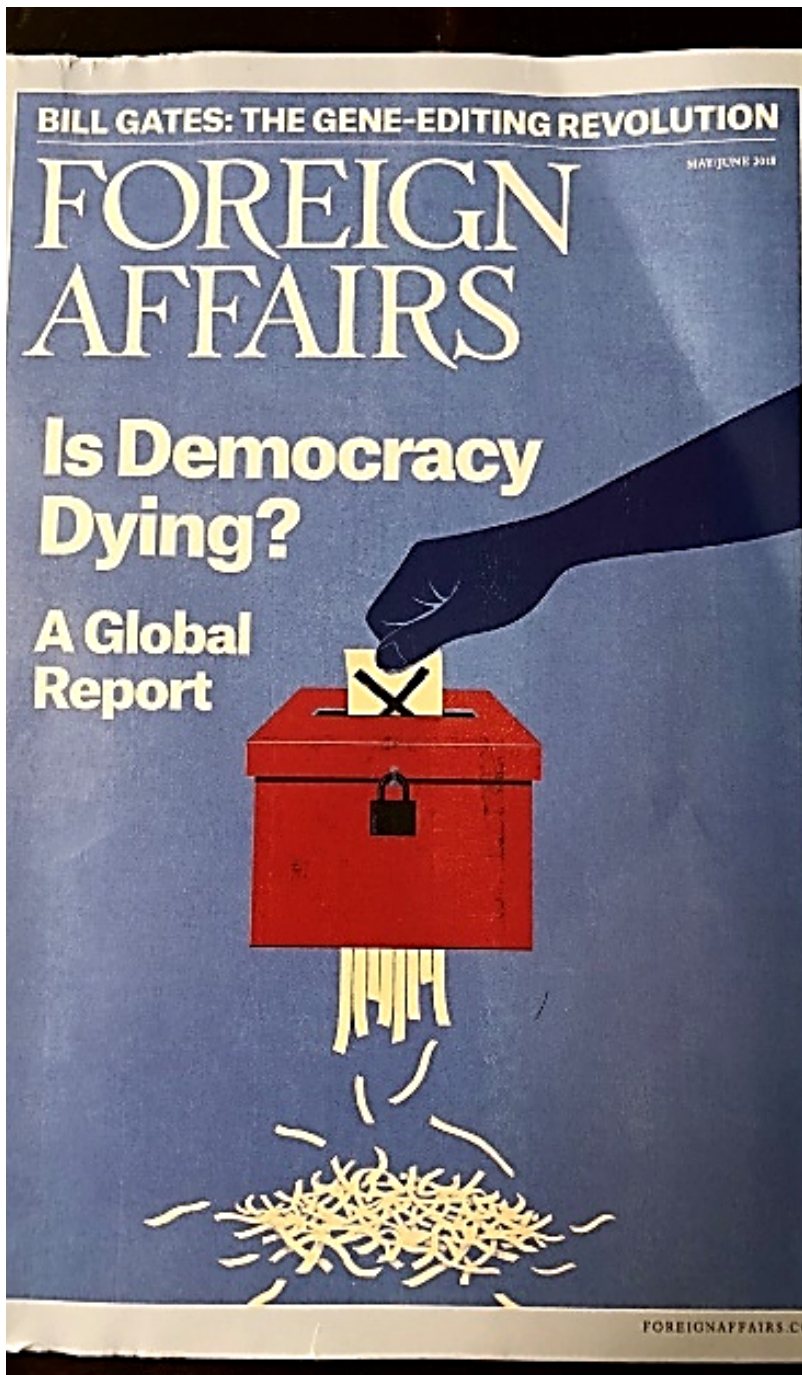




A Difficult Time to be a Large Nation



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



Discover what's right – and replicate

“There are so many more ways for things to go wrong than to go right.

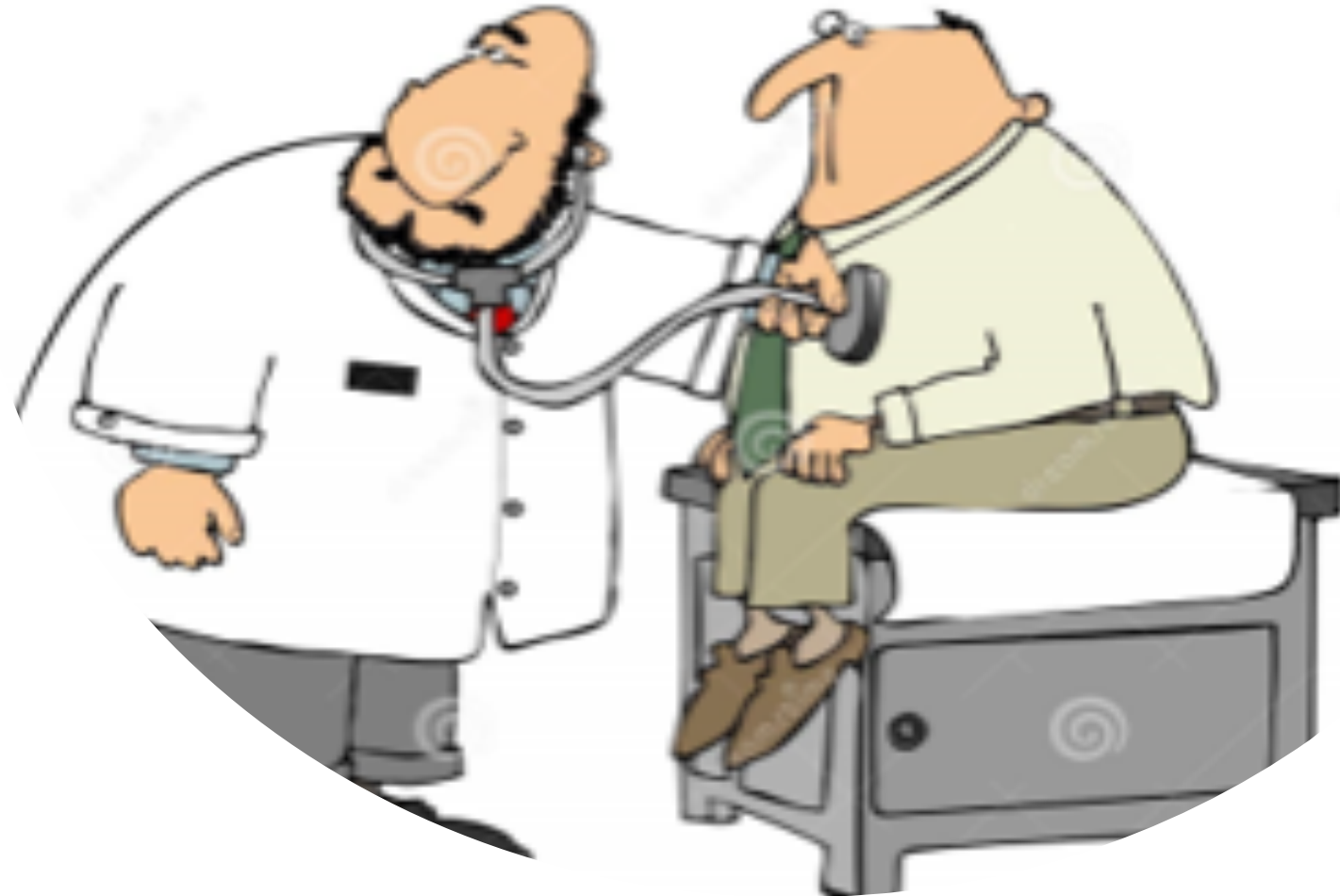
Success is far more valuable to explain than failure.”

Steven Pinker, Harvard University



Diagnosing a Nation's Health – e.g.

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



Big Things in Small Packages

- **9 of top 10** IMD's *Global Competitiveness Report* (2019)
- **11 of top 15** per capita income
- **8 of top 10** Sustainable Dev. Goals (SDG)
- **10 of top 10** in 'Happiness' rankings



Mercer's Quality of Living Ranking 2019

| | City | Country |
|----|------------|---|
| 1 | Vienna |  Austria |
| 2 | Zürich |  Switzerland |
| 3 | Vancouver |  Canada |
| 3 | Munich |  Germany |
| 3 | Auckland |  New Zealand |
| 6 | Düsseldorf |  Germany |
| 7 | Frankfurt |  Germany |
| 8 | Copenhagen |  Denmark |
| 9 | Geneva |  Switzerland |
| 10 | Basel |  Switzerland |
| 11 | Sydney |  Australia |
| 11 | Amsterdam |  Netherlands |
| 13 | Berlin |  Germany |
| 14 | Bern |  Switzerland |
| 15 | Wellington |  New Zealand |

| | | |
|----|---------------|---|
| 16 | Toronto |  Canada |
| 17 | Melbourne |  Australia |
| 18 | Luxembourg |  Luxembourg |
| 19 | Ottawa |  Canada |
| 19 | Hamburg |  Germany |
| 21 | Perth |  Australia |
| 21 | Montréal |  Canada |
| 23 | Nuremberg |  Germany |
| 23 | Stockholm |  Sweden |
| 25 | Oslo |  Norway |
| 25 | Singapore |  Singapore |
| 27 | Stuttgart |  Germany |
| 28 | Brussels |  Belgium |
| 29 | Adelaide |  Australia |
| 30 | Canberra |  Australia |
| 31 | Helsinki |  Finland |
| 32 | Calgary |  Canada |
| 33 | Dublin |  Ireland |
| 34 | San Francisco |  United States |

*Best Places
to Live*

*Bigger doesn't mean
Better*

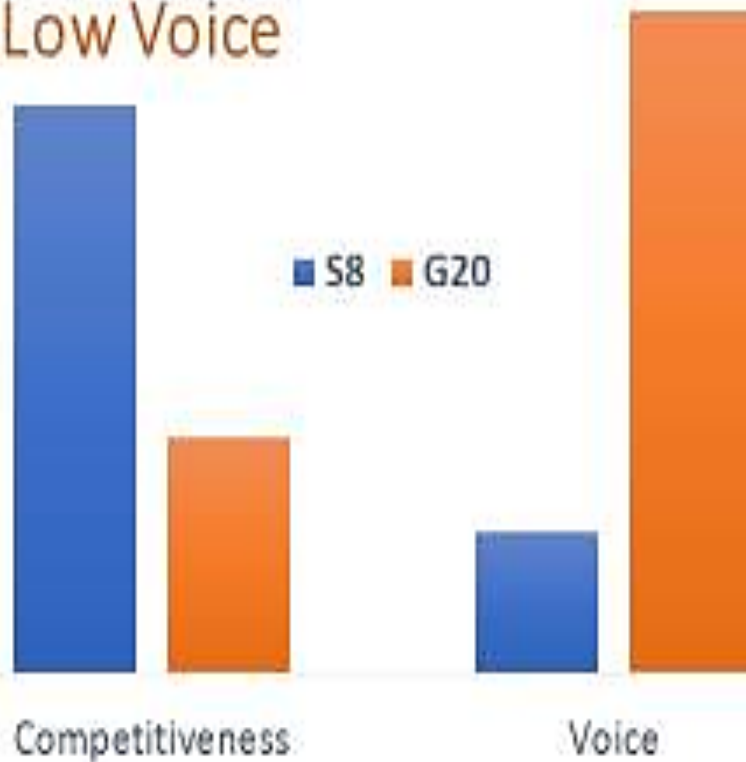
S8 Nations "Arriving at the Future First"

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

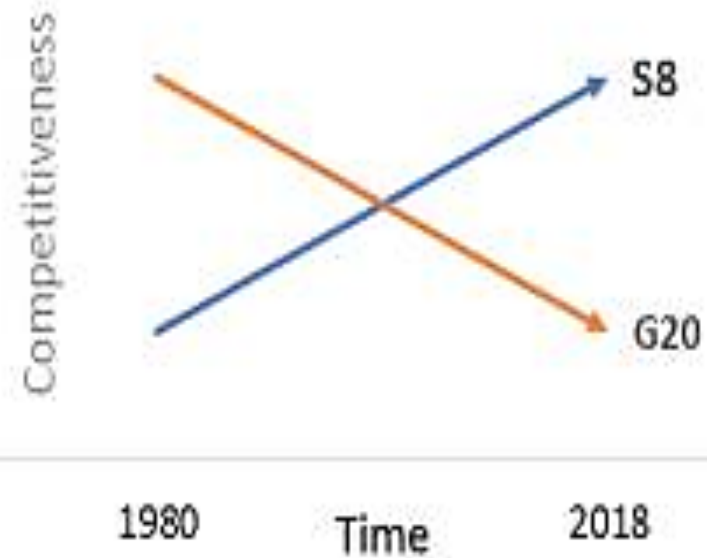


More competitive, less voice

High Performance.
Yet, Low Voice

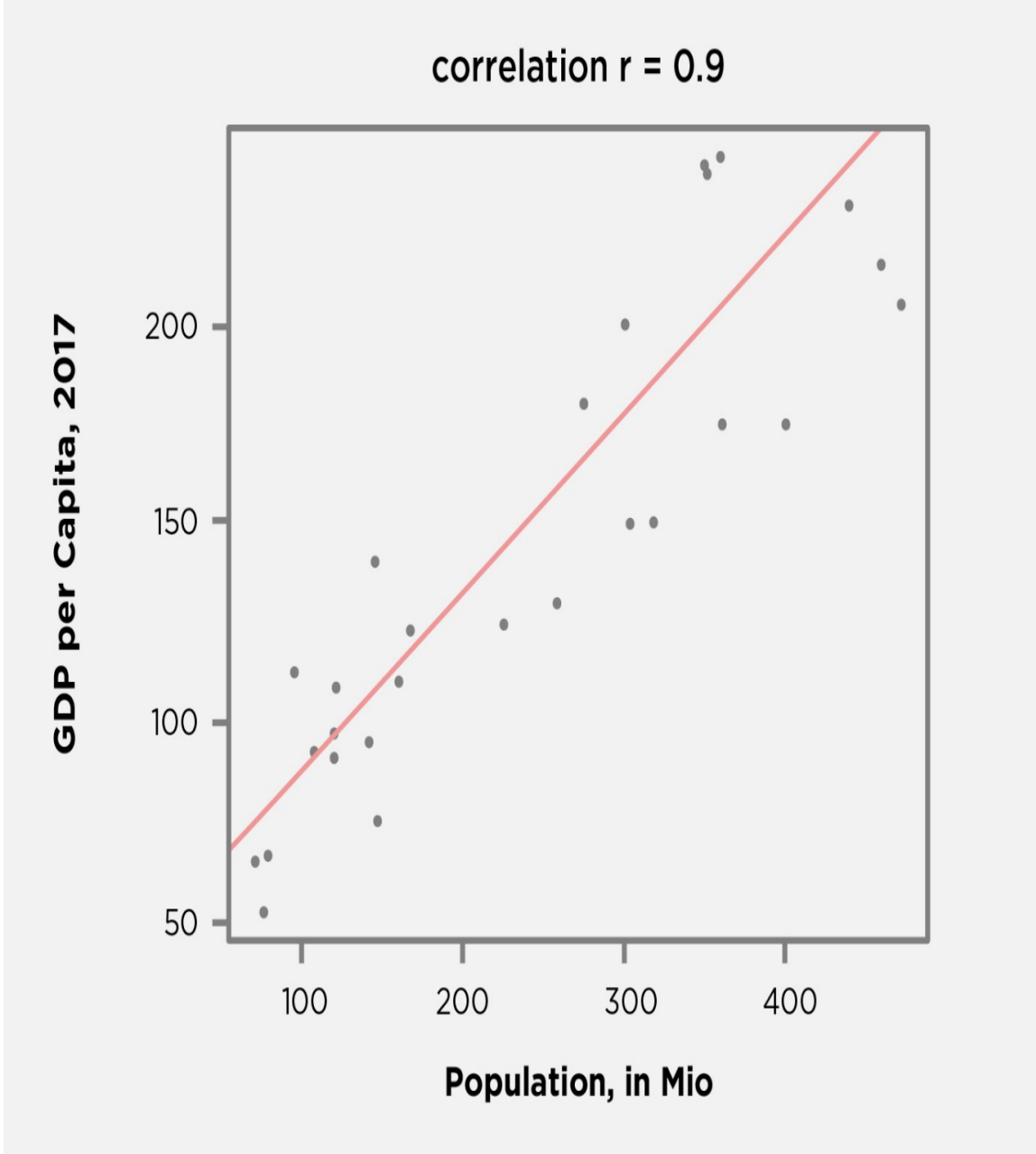


Trajectory

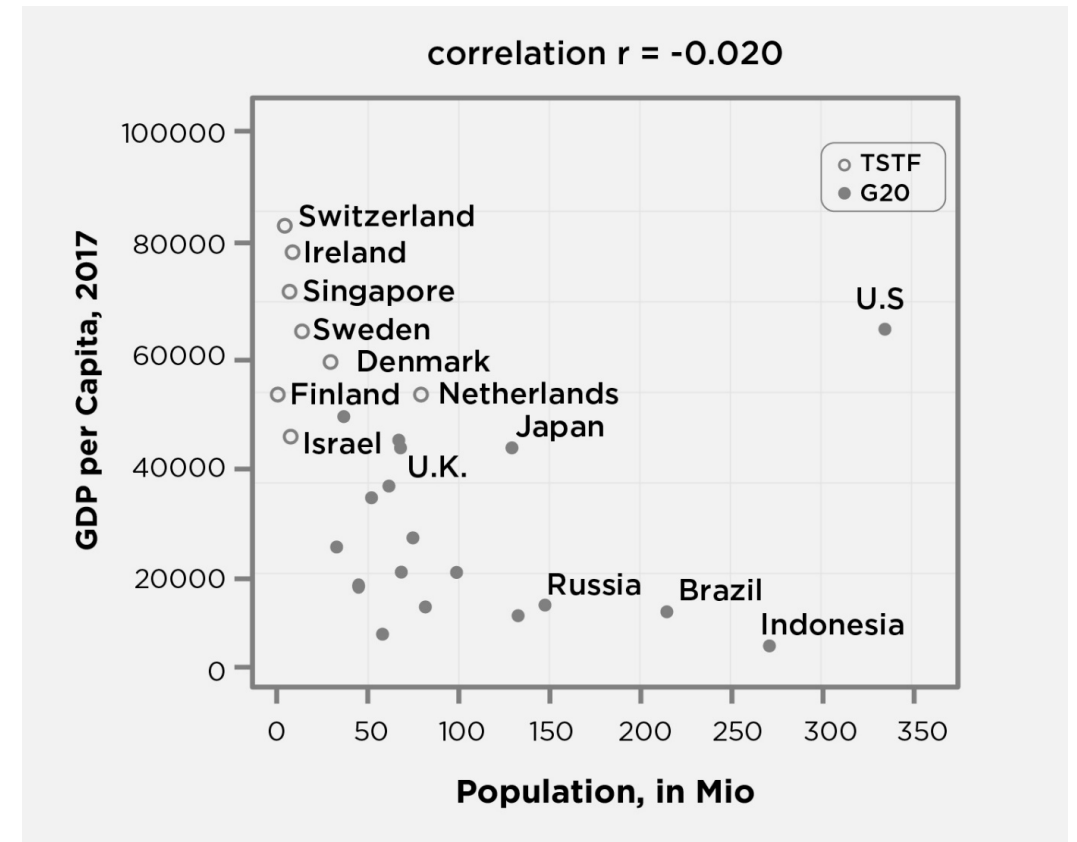
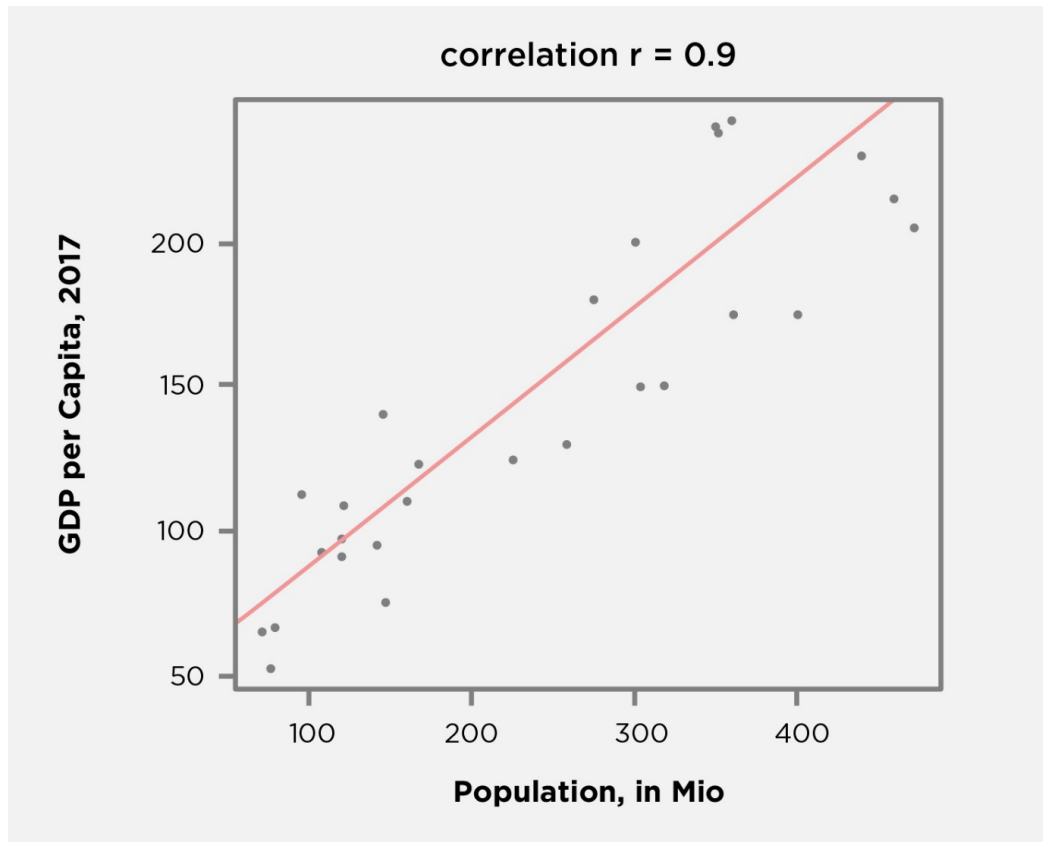


Economies of Scale

– what Gravity is to Physics



Bigger Doesn't Mean Better



Economic Power has Decoupled From Size





What's their
Secret
Sauce ?

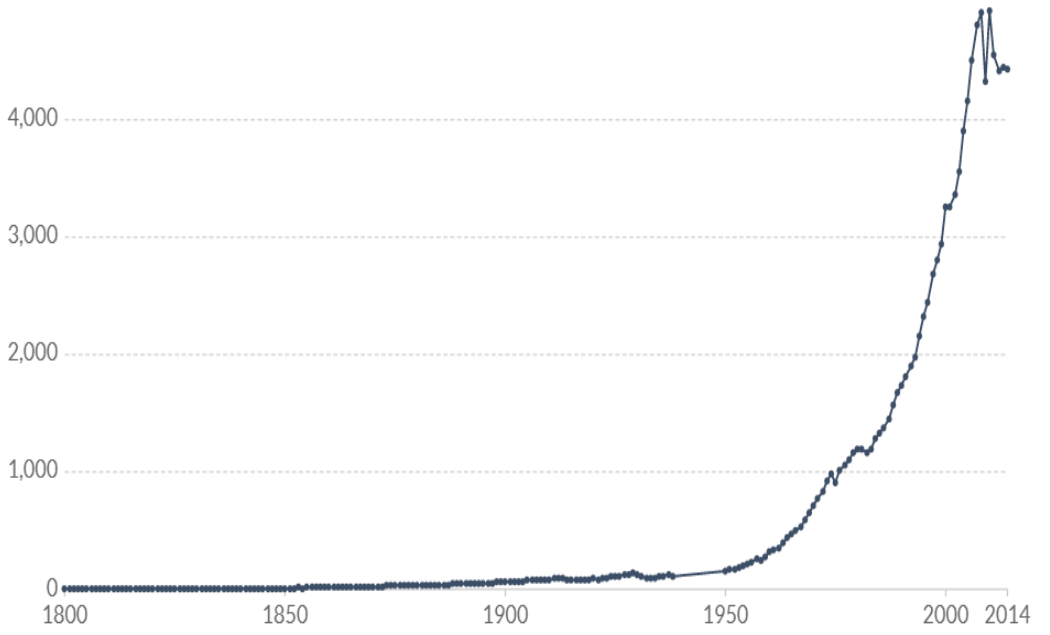
Wealth Creation via Exports

The value of global exports

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

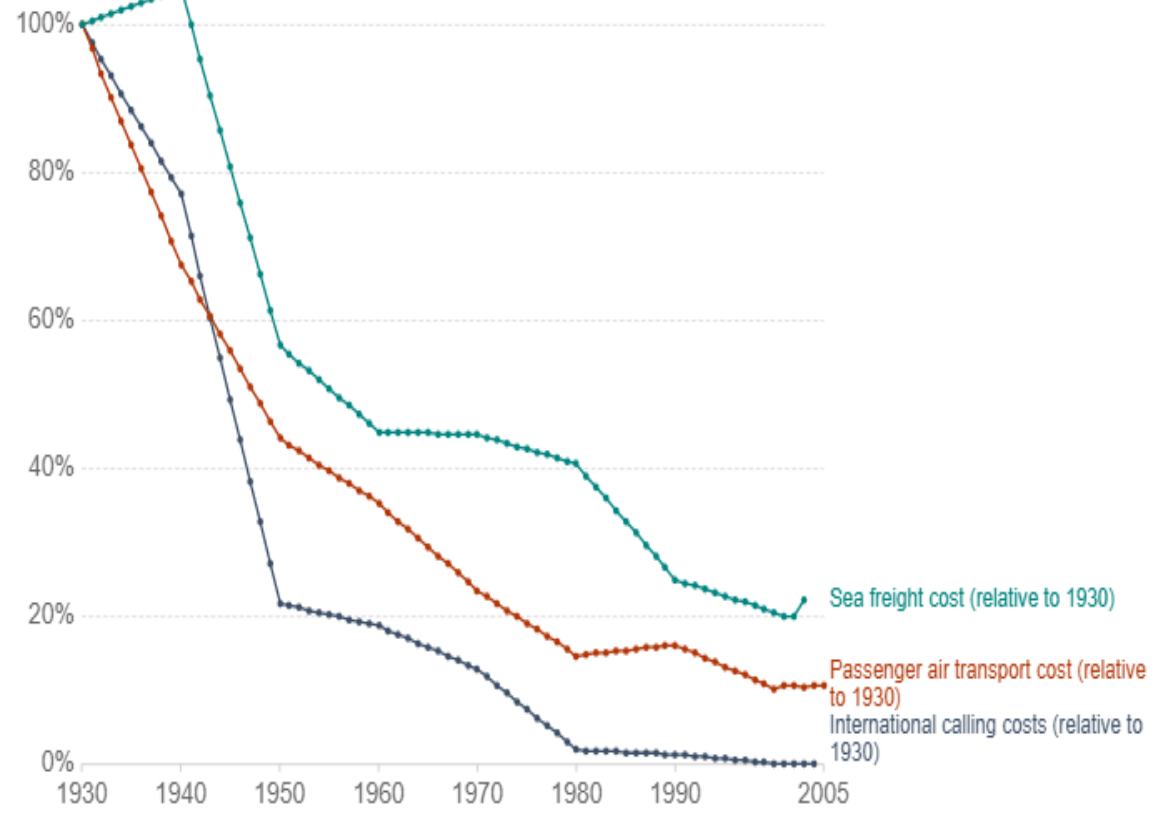


LINER LOG



Source: Federico and Tena-Junguito (2016)

CC BY



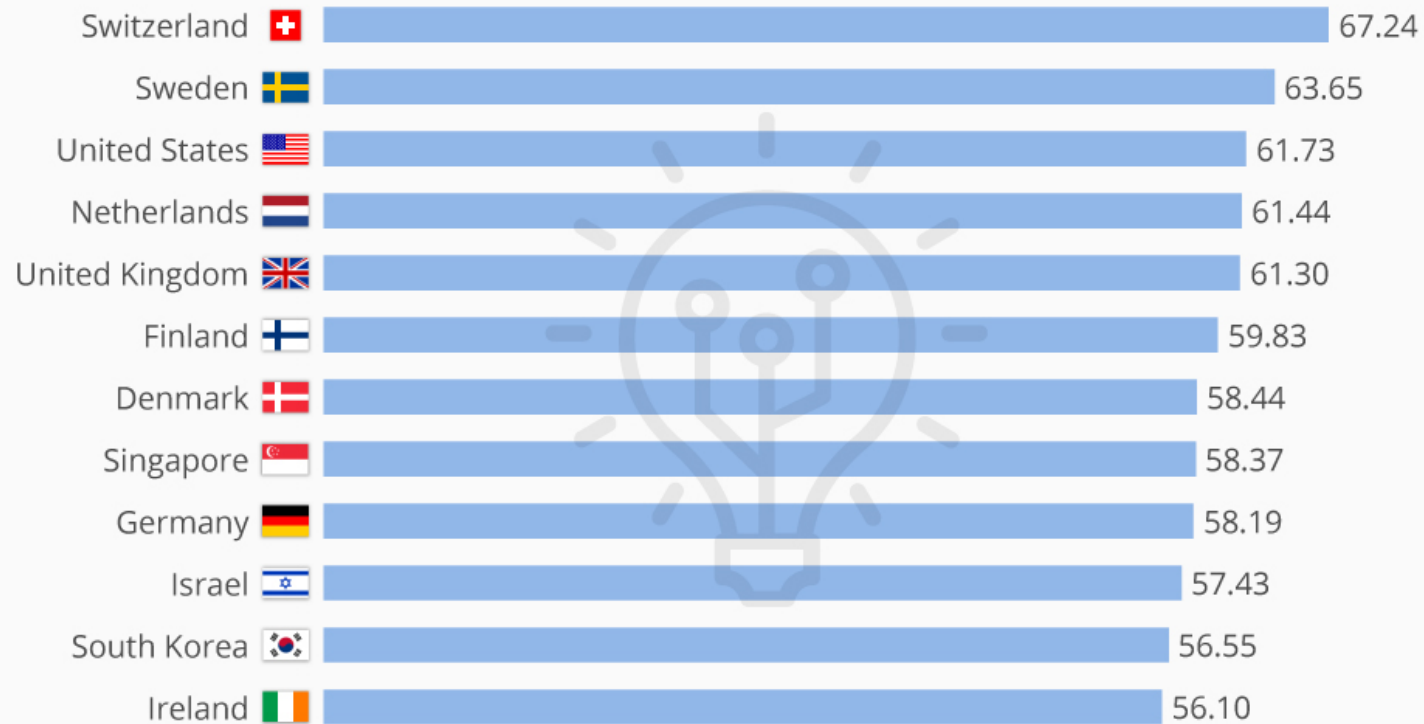
Source: Transaction Costs - OECD Economic Outlook (2007)

OurWorldInData.org/international-trade • CC BY

Capitalism = Innovation

The World's Most Innovative Countries

2019 rankings of the Global Innovation Index (100=most innovative)

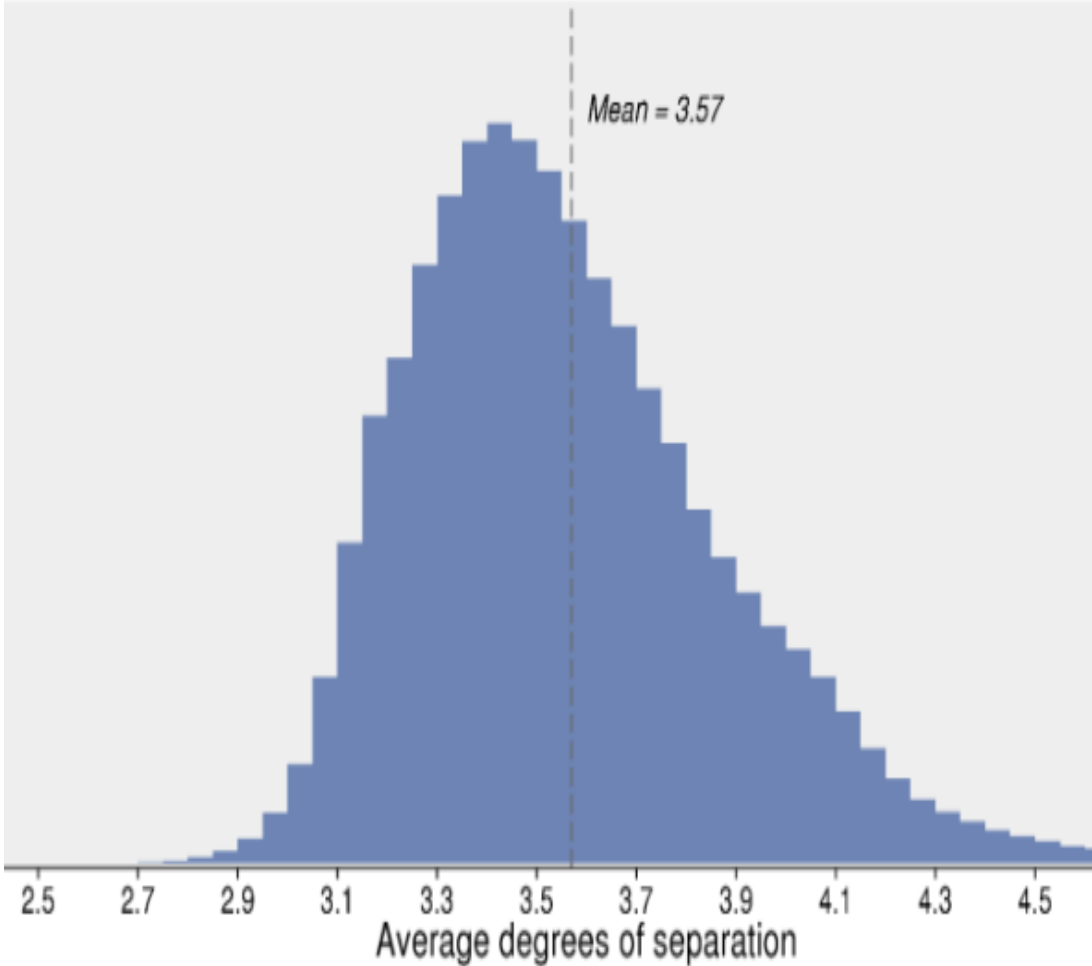
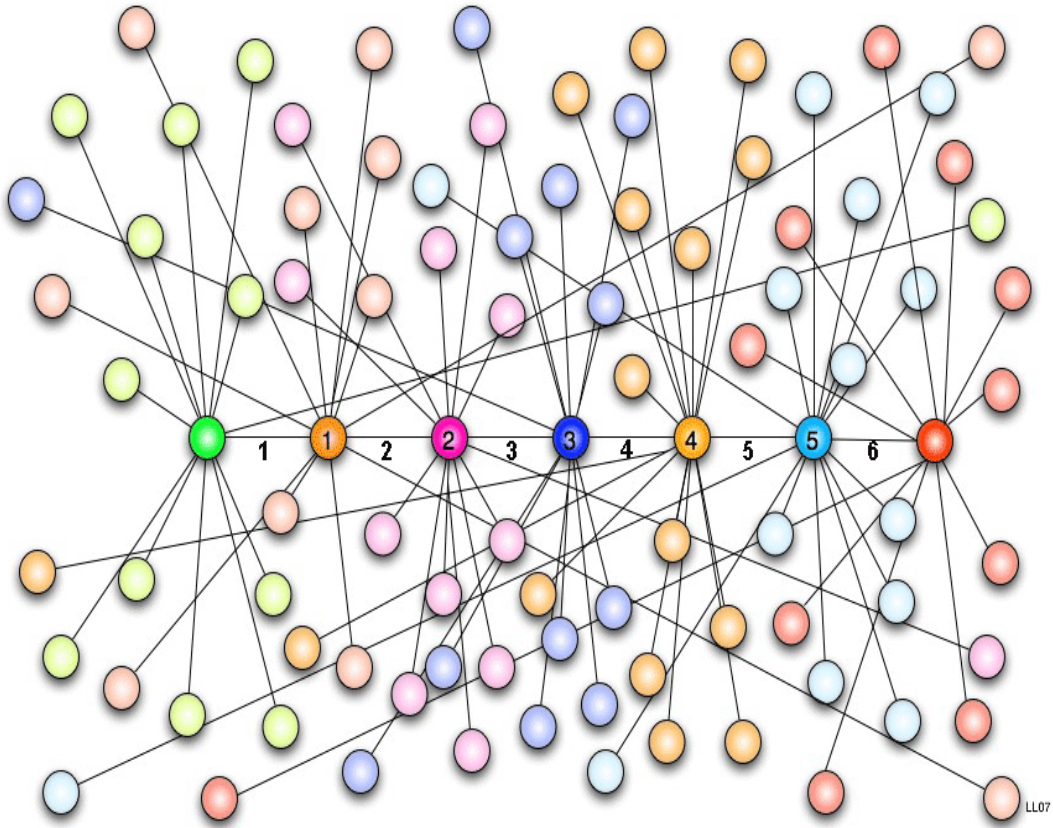




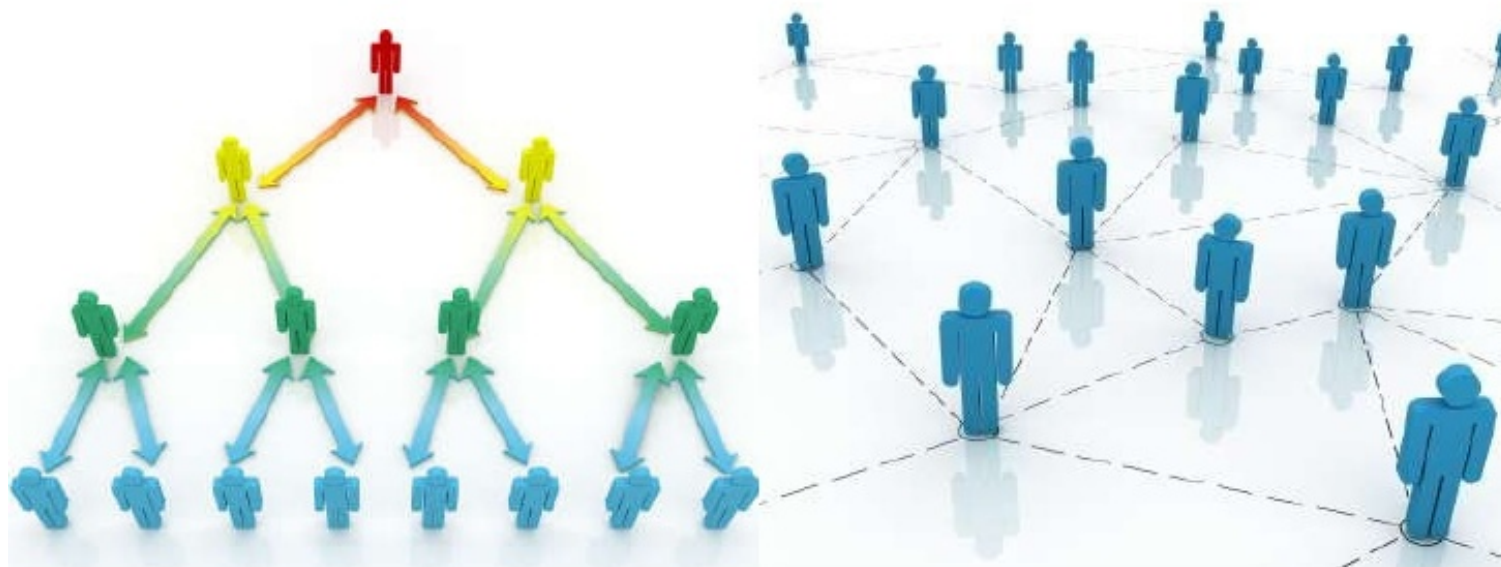
More 'We';
less 'Me'

Shorter Degrees of Separation

(= > trust; less fake news)



Hierarchy vs. Network

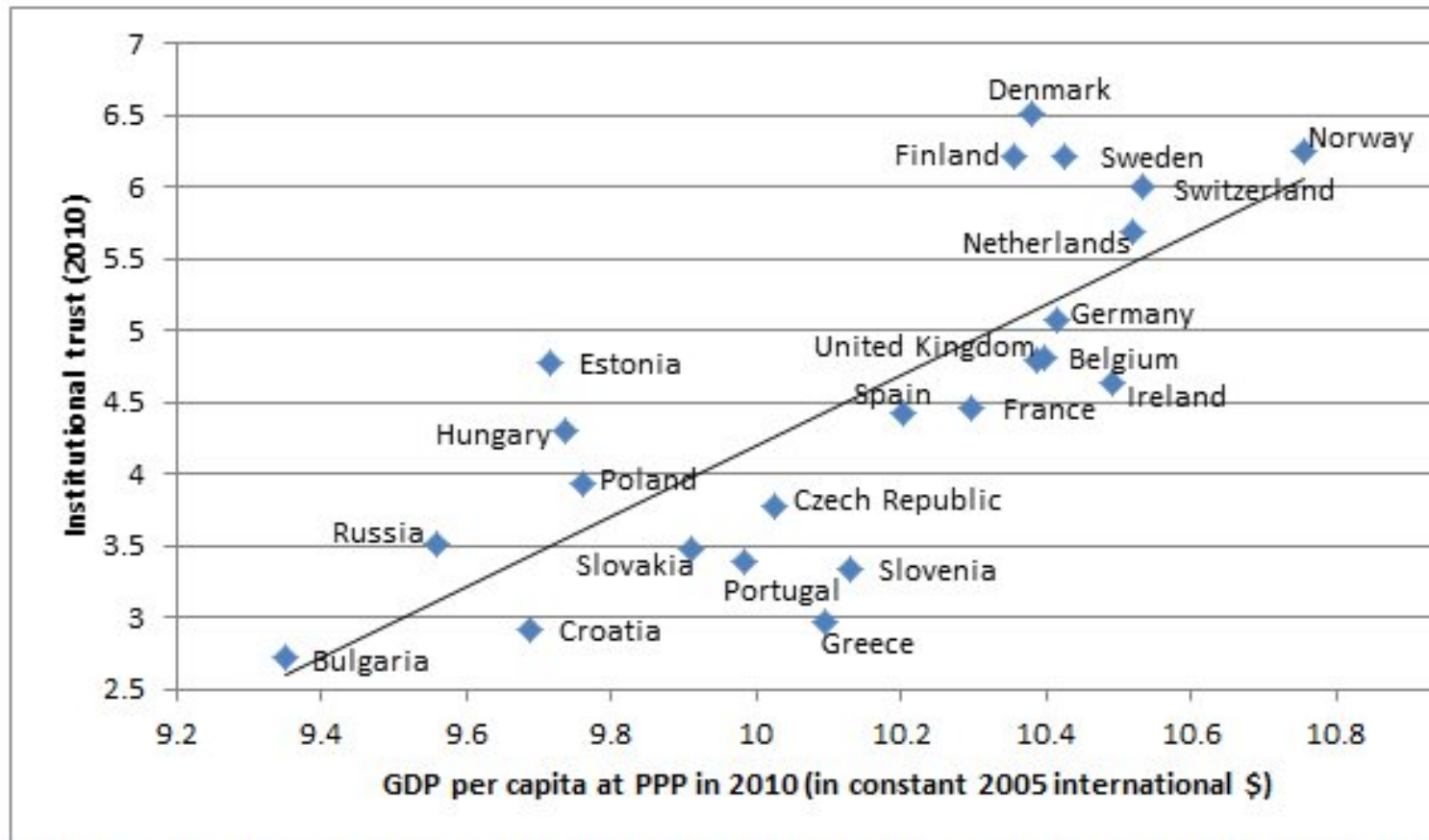


Adaptability
vs Sheer
Strength

Co-
dependency
vs directive

TRUST MATTERS

Institutional trust and GDP per capita

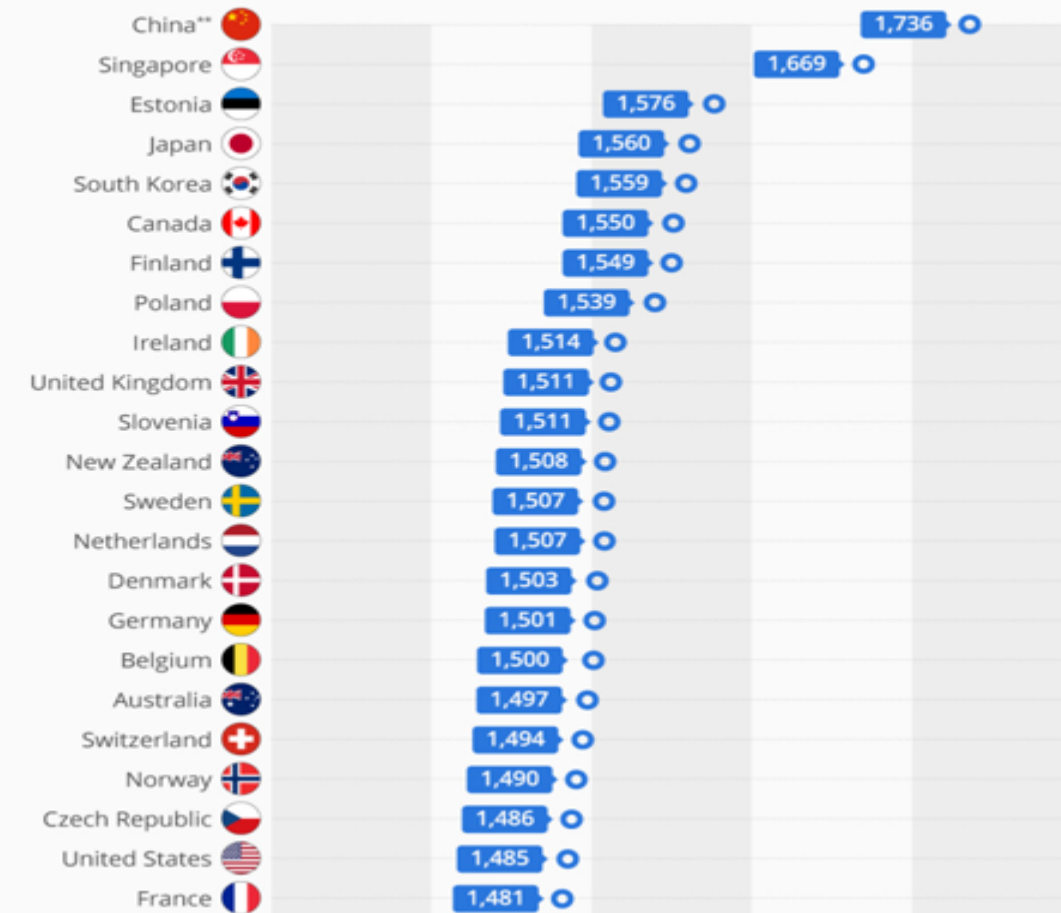


Source: Authors' calculation from European Social Survey 2010 and World Bank data.

Yes, PISA scores matter but even more important is **Educating Better Citizens**

PISA 2018: The Top Rated Countries

Sum of mean science, reading and mathematics scores from the OECD PISA Results 2018*



Good Citizenry:

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

‘Marshmallow’ Test

Ability to solve slow-unfolding but
critical problems

debt

climate

pensions

inequality



Modesty Helps





*Small
nations
adapt to
endogenous
forces
because they
must*

Big Lessons from Small Nations (Examples)



Copenhagen – Relearning Life at 3km per hour |
(1970 vs Today)

Streets in Zwolle,
Netherlands,
made from
recycled plastic



'Naked Produce' – NZ ditches plastic packaging

Before



After



Singapore Health Care – “Skin in the Game”



US) Singapore Health Care - BETTER **BANG FOR BUCK** (75% <

Bloomberg Health Care Efficiency

| Rank | Rank 1Y Ago | Chg | Economy | Efficiency Score | Life Expectancy | Relative Cost % | Absolute Cost \$ |
|------|-------------|-----|-------------|------------------|-----------------|-----------------|------------------|
| 1 | 1 | - | Hong Kong | 87.3 | 84.3 | 5.7 | 2,222 |
| 2 | 2 | - | Singapore | 85.6 | 82.7 | 4.3 | 2,280 |
| 3 | 3 | - | Spain | 69.3 | 82.8 | 9.2 | 2,354 |
| 4 | 6 | 2 | Italy | 67.6 | 82.5 | 9.0 | 2,700 |
| 5 | 4 | -1 | S. Korea | 67.4 | 82.0 | 7.4 | 2,013 |
| 6 | 7 | 1 | Israel | 67.0 | 82.0 | 7.4 | 2,756 |
| 7 | 5 | -2 | Japan | 64.3 | 83.8 | 10.9 | 3,733 |
| 8 | 10 | 2 | Australia | 62.0 | 82.4 | 9.4 | 4,934 |
| 9 | 12 | 3 | Taiwan | 60.8 | 79.7 | 6.2 | 1,401 |
| 10 | 9 | -1 | U.A.E. | 59.7 | 77.1 | 3.5 | 1,402 |
| 11 | 20 | 9 | Norway | 58.9 | 82.3 | 10.0 | 7,464 |
| 12 | 14 | 2 | Switzerland | 58.4 | 82.9 | 12.1 | 9,818 |
| 35 | 21 | -14 | U.K. | 46.3 | 81.0 | 9.9 | 4,356 |
| 54 | 50 | -4 | U.S. | 29.6 | 78.7 | 16.8 | 9,536 |

Israel – Unit 8200 Special Military Forces

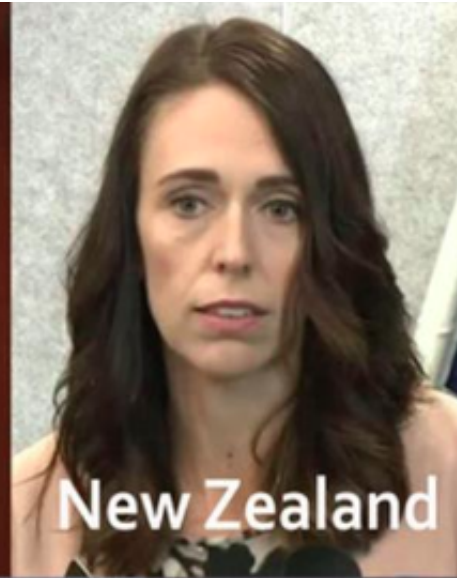




Germany



Taiwan



New Zealand



Iceland



Finland



Norway



Denmark

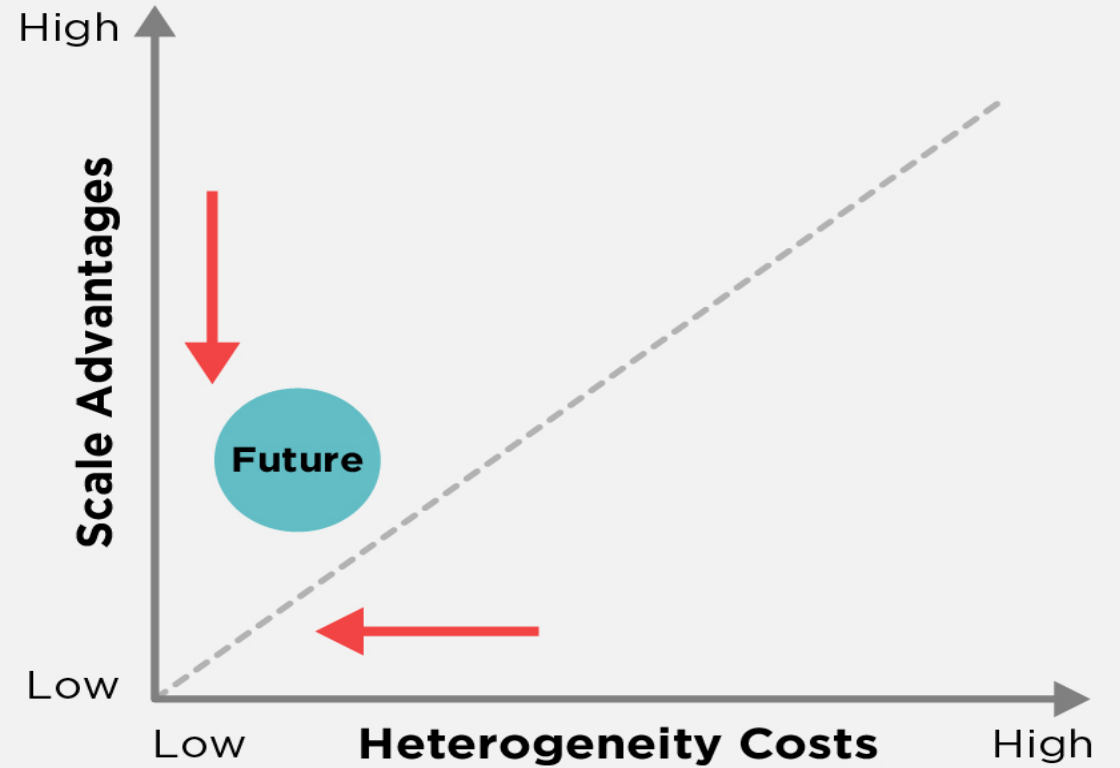
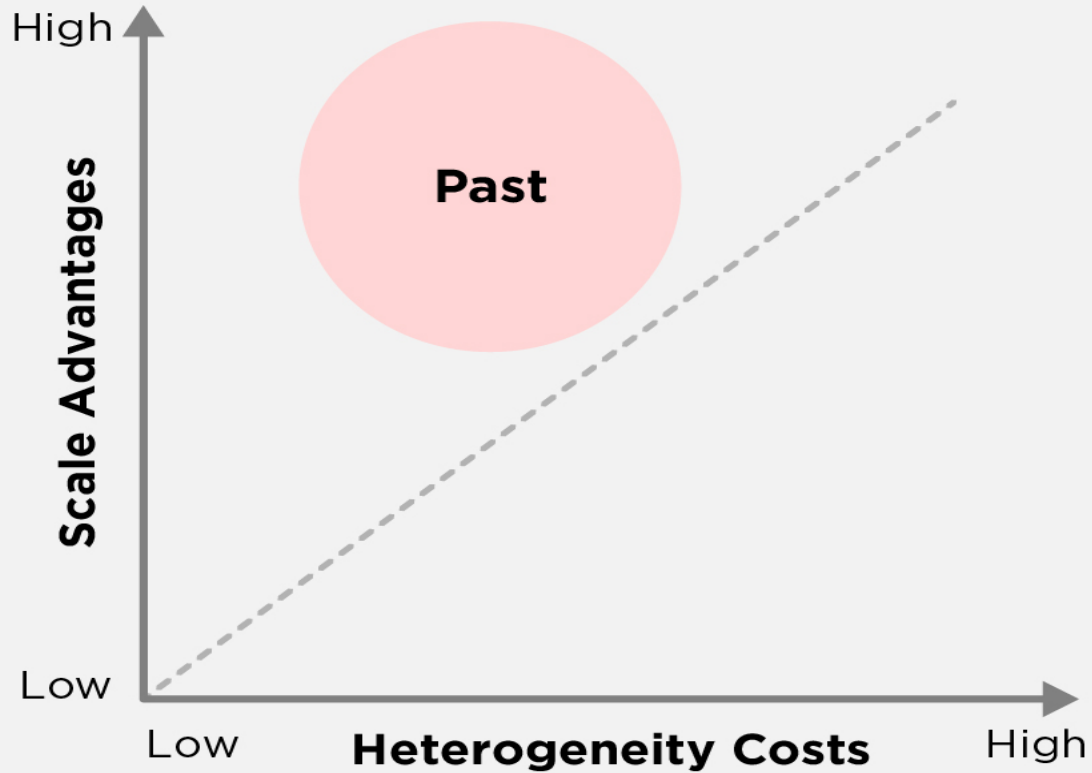
Best at
Dealing with
Covid 19 =
Small Nations
+ Female
(mainly
young) Heads
of State



Arriving at the Future First - examples

What will nation states look like in the future?

Changing dynamics of state formation



Source: Alesina and Spolaore, 2005 R.J. Breiding 2019

Future of Citizens



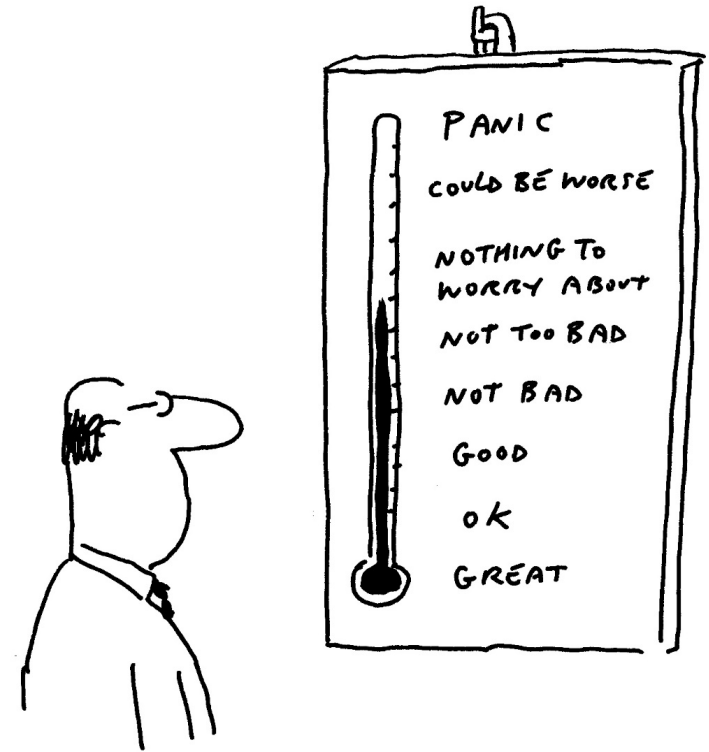
AUSTRALIAN
SKILLED IMMIGRATION
POINTS REQUIREMENT



 **EDUCATION EMBASSY**
EDUCATION & MIGRATION SPECIALISTS

Societies will be Severely Stress-Tested

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



Old Order

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

New Order

- *Example set by Small, Smart Nations)*
- **More** markets
- **Better** Government
- **Result**
- *More Cooperation and less polarization*



The
Economist



Alamy/Getty Images

Leaders

Jun 18th 2020 edition >

Geopolitics

The new world disorder

If America pulls back from global institutions, other powers must step forward

Objectives: From Pragmatic to Ambitious

- *“Look over the Garden Hedge”*
- “Good Housekeeping Seal” – accelerate progress
- Fill void of multilateral institutions driven historically by US/UK
- Experiment !



A small selection from the growing SS network:



Chan Heng Chee
Singapore
Ambassador



Miika Huttunen
CEO,
Slush



Jim Snabe
Chairman,
Siemens/Maersk



Feike Sijbesma
Honorary
Chairman, DSM



Rianne Letschert
Rector,
Maastricht Univ.



Urs Wietlisbach
Co-Founder,
Partners Group



Steven Pinker
Prof. Psychology
Harvard Univ.



Wiebe Draijer
CEO,
Rabobank



André Hoffman
Vice Chairman,
Roche



Risto Siilasmaa
Former chairman,
Nokia



Paul Polman
Former CEO,
Unilever



**Bengt
Holmström**
Nobel Laureate
Prof. Econ MIT



*We must dare to see our lives
in a wholly different light.*

How do they do it elsewhere?

*What can we learn from
other societies?*

*Are we engaged and doing
our best?*

Reimagining the World

Thank you !



Breiding@post.Harvard.edu



Q&A