

ANALYSIS NO. 02/17

# IS THE NORDIC REGION BEST IN THE WORLD?

The number of international indices has grown substantially in recent years, many of them acquiring a considerable degree of authority and legitimacy. Consequently the Nordic Council of Ministers' policy analysis unit has studied how the Nordic Region would be ranked in some selected international indices if the region were one country. In addition, the unit has tried to identify possible explanations for the region's rankings in the indices.

## Is the Nordic Region best in the world?

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The indices we have looked at show that life in the Nordic Region is good. The region's inhabitants are among the most prosperous in the world. There is considerable freedom of the press, and the region is one of the world's least corrupt. Men and women enjoy greater equality than anywhere else on the planet. And the region's inhabitants are among the world's happiest.

## Foreword

The number of international indices has grown substantially in recent years, many of them acquiring a considerable degree of authority and legitimacy. Consequently the Nordic Council of Ministers' policy analysis unit has studied how the Nordic Region would be ranked in some selected international indices if the region were one country. In addition, the unit has tried to identify possible explanations for the region's rankings in the indices.

The study shows that the Nordic Region would rank highly in the selected indices and would fare especially well in indices measuring happiness, prosperity, corruption, freedom of the press, and equality. In other words, the indices show that life in the Nordic Region is good. The region's inhabitants are among the most prosperous in the world. There is considerable freedom of the press, and the region is one of the world's least corrupt. Men and women enjoy greater equality than anywhere else on the planet, and the region's inhabitants are among the world's happiest.

It is not a given that the Nordic Region will retain its good rankings in the indices in the future. Like all other countries, we face considerable challenges. In this study, we found three possible explanations for the Nordic countries' good rankings in the indices: governance, social capital, and relatively egalitarian and equal societies. For life in the region to be good even in the years to come, the Nordic countries must continue to work to ensure that they are well governed, that we trust each other, and that we have relatively equal societies with only small differences.

This report has been written by Truls Stende at the Nordic Council of Ministers' policy analysis unit. The report series elucidates relevant key topics from a Nordic perspective.

Copenhagen, September 2017

**Dagfinn Høybråten**

Secretary General

Nordic Council of Ministers



PHOTO: SCAMP KDK

## Summary

We often hear that the Nordic countries are at the top of one international index or another. International indices are lists ranking countries in a variety of different areas, such as inhabitants' happiness or economic competitiveness. The number of indices and the attention they attract have increased markedly in recent years, acquiring a significant degree of authority and legitimacy. Consequently the Nordic Council of Ministers' policy analysis unit has studied how the Nordic Region would be ranked in some selected international indices if the region were one country.

The indices we have looked at show that life in the Nordic Region is good. The region's inhabitants are among the most prosperous in the world. There is considerable freedom of the press, and the region is one of the world's least corrupt. Men and women enjoy greater equality than anywhere else on the planet, and the region's inhabitants are among the world's happiest. That said, there is no certainty that the Nordic Region will retain its good rankings in these indices. Like all other countries, the Nordic countries face major challenges in the years ahead. In order for life in the Nordic Region to remain good, the countries must maintain the mechanisms that support a high level of social capital, effective governance, and relatively egalitarian and equal societies.



In our work on this report, we looked at 12 recognised indices in six different areas:

- happiness and welfare
- anti-corruption and freedom of the press
- equality
- economic competitiveness
- innovation
- environment

According to our calculations, the Nordic Region would rank in the top ten of all twelve indices, and in the top three of seven of them. The region would fare especially well in indices measuring happiness, prosperity, corruption, freedom of the press, and equality. The notion that the Nordic Region would fare well is confirmed if we compare the region with Continental Europe, Southern Europe, the United Kingdom, and the United States.

Nevertheless, the region would not have come in the top of all the indices we have looked at. For instance, the region would rank a little lower in the two indices measuring aspects of the countries' economic competitiveness. That said, it is important to stress that the lowest ranking the Nordic Region would achieve is eighth, which is by no means bad. International indices must be taken with a pinch of salt as even small methodological changes may affect the countries' rankings.

We have also attempted to explain the Nordic Region's results. We have reviewed reports and analyses of the 12 indices in an attempt to identify possible patterns. We have found three potential explanations for the Nordic countries' good rankings: governance, social capital, and relatively egalitarian and equal societies. Moreover, it is likely that many of the conditions measured in the indices have a great influence on each other. A good performance in one index results in a good performance in another. This provides an important explanation for why the region would rank highly in all the indices we have looked at. For example, effective governance contributes to greater equality and more egalitarian societies, as well as to less corruption and good social capital. These factors contribute in turn to a country's economic competitiveness, and probably to increased prosperity and happy inhabitants as well.

# Introduction

We often hear that the Nordic countries are at the top of one international index or another. So much so, in fact, that some of us have already got bored of it. An article at Slate.com had the following title: "Will everyone shut up already about how the Nordic countries top every global ranking?"

The number of international indices has grown in recent years, as has their importance.

We have studied how the Nordic Region would fare in some indices if the region were a country. We have also attempted to explain the reasons for the region's performance.

International indices are lists ranking countries in a variety of different areas, such as economic competitiveness, prosperity, and inhabitants' happiness. The number of indices and the attention they attract have increased markedly in recent years, acquiring a significant degree of authority and legitimacy.<sup>1</sup> From a Nordic point of view it is interesting to examine how the Nordic Region would fare in a few selected indices if the region were a country. And it is this that the Nordic Council of Ministers' policy analysis unit has studied in this report.

We have also attempted to explain the Nordic Region's results. Patterns in the Nordic countries' rankings can elucidate some of the characteristics of the Nordic societies. If the region has good rankings, the explanations can point to features of the Nordic societies that are important to maintain and build upon.

## Method

To give an indication of how the Nordic countries are faring on the whole, we have looked at 12 recognised indices in six areas:

- happiness and welfare
- anti-corruption and freedom of the press
- equality
- economic competitiveness
- innovation
- environment

We have calculated an average of the Nordic countries' results. The more inhabitants a country has, the more the country's result affects the average.

Since the Nordic Region has not been given an overall score in the indices, we have done a simple calculation to determine how the region would rank were it one country. We have calculated an average of the Nordic countries' results weighted by population. Sweden is weighted the most on account of it having the biggest population, while Iceland has the smallest impact on the region's ranking.<sup>2</sup> We could have weighted the results according to factors other than population, such as gross domestic product. However, we were interested in seeing how the Nordic Region would fare as a single entity, and for this population size was the most natural figure to use as it is the fundamental rationale in the creation and maintaining of nations. Please refer to the method appendix for more information about the individual indices, how we selected them, and the calculations of the Nordic Region's rankings.

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1. Broome, André and Joel Quirk (2015): "The Politics of Numbers: the normative agendas of global benchmarking", *Review of International Studies* 41, pp. 813, 820.

2. We also checked how the region would rank if each country's position was weighted equally. The region would achieve quite similar results in most indices but would do a little worse in terms of innovation. This is partly because Sweden, the most populous of the Nordic countries, performs very well in these indices.



PHOTO: SCANPIX.DK

We have reviewed reports and analyses relating to the 12 indices to see if we can identify any patterns that explain why the Nordic Region scores well in these indices. It is important to emphasise that the three possible explanations we found do not fully explain the region's good performance but do go some way in doing so.

International indices must be read and used critically. They reduce and standardise complex phenomena to simple numerical values. For example, it is an extreme reduction to summarise the happiness of a country's inhabitants with just one number. Furthermore, the indices may come across as neutral, technocratic, and authoritative, which can be problematic when the participants behind the indices often have more or less explicit policy goals that they wish to achieve, and when the indices may be one of their means for achieving their goals. The indices can also give the impression that the normative values and agendas are neutral and universal. Finally, we would like to emphasise that the indices must be taken with a pinch of salt, as even small methodological changes may affect the countries' rankings. The researchers' choice of sources, the weighting of each source, and how the sources are used all go towards determining the countries' rankings.<sup>3</sup>

International indices must be taken with a pinch of salt. They reduce very complex phenomena to a single number.

In an attempt to take into account the criticism of international indices, we have endeavoured to look at the wider picture. Instead of focusing heavily on one index, we have studied the patterns that form when looking at multiple indices in context. When this method is used, any methodological weaknesses within a single index have less influence and we can develop an overall picture of how the Nordic Region is faring on the whole.

We have tried to find out what kind of picture can be painted by looking at several indices together.

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3. For a thorough critique of "global benchmarking" covering international indices, see Broome, André and Joel Quirk (2015): "Governing the world at a distance: the practice of global benchmarking", *Review of International Studies* 41. With regard to the indices' sensitivity to methodological changes, see e.g. page 25 of the Environmental Performance Index 2016 Report.

## So, how would the Nordic Region have fared?

Our calculations show that the region would fare very well in the indices we have selected. Figure 1 shows the region's rankings in the 12 indices. The number in parentheses shows the number of countries included in the index:

**Figure 1:**  
The Nordic Region's rankings in 12 selected international indices

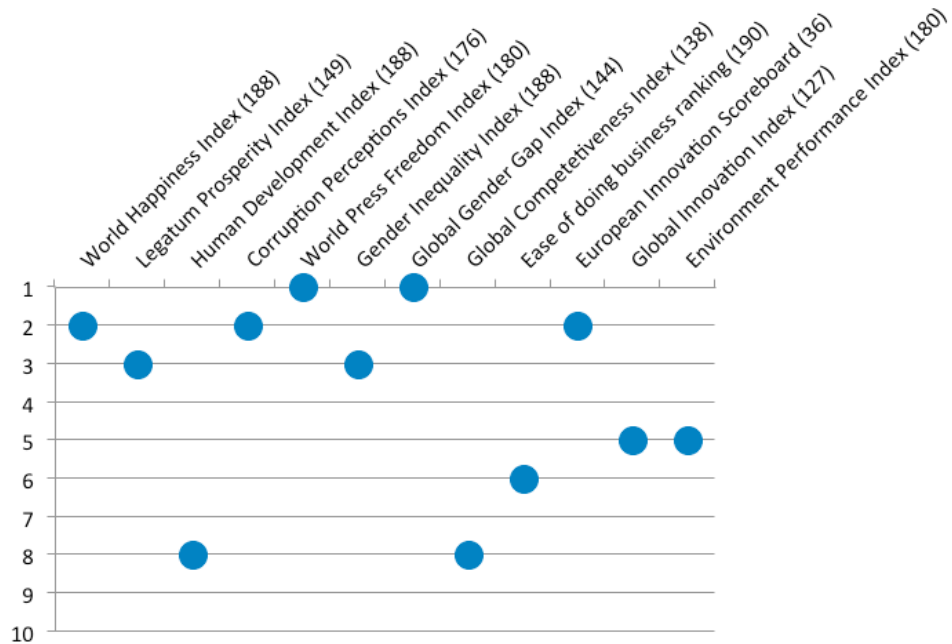


Figure 1 shows that the Nordic Region would be in the top ten of all twelve indices and in the top three of seven of them. The number of countries in each index varies. The European Innovation Scoreboard is the only index which does not cover 127 countries or more.

The Nordic Region as a whole would fare well in all the indices we have looked at. The region would fare especially well in indices measuring happiness, prosperity, corruption, freedom of the press, and equality.

The region would fare especially well in indices measuring happiness (World Happiness Index), prosperity (Legatum Prosperity Index), anti-corruption (Corruption Perceptions Index), freedom of the press (World Press Freedom Index), and equality (Gender Inequality Index and Global Gender Gap Index). In all these indices, the Nordic Region would rank within the top three. The region takes second and fifth place in the two indices measuring innovation (the European Innovation Scoreboard and the Global Innovation Index). In the Environmental Performance Index, which measures countries' achievements in key environmental areas, the region would rank fifth.

The region would rank a little lower in the Human Development Index, which ranks countries according to their degree of development. The index is based on three dimensions: life expectancy, education, and gross domestic product. Here, however, the countries at the top of the list are largely equal, and there is only a small distance between them and the Nordic Region. The region would also rank slightly lower in indices measuring aspects of the countries' economic competitiveness (Global Competitiveness Index and Ease of doing business ranking).

The Nordic Region's lowest ranking would be eighth. That's not bad by any means.

That said, it is important to stress that the lowest ranking the Nordic Region would achieve is eighth, which is by no means bad. All but one of the indices include more than 127 countries, many of these being highly developed nations

comparable to the Nordic Region. For example, 28 of the EU's member states and 51 countries globally are in the top category of the Human Development Index ("Very High Human Development").

The differences between, for example, the first and second rankings in the indices can be very small or even negligible (because they are not statistically significant). One must therefore take Figure 1 with a pinch of salt and look instead at the overall picture: the Nordic Region is largely at the top.

The notion that the Nordic Region is faring well is confirmed if we compare the region with Continental Europe, Southern Europe, the United Kingdom, and the United States – see Figure 2.<sup>4</sup>

	1	2	3	4	5
World Happiness Index	●	●	●	●	●
Legatum Prosperity Index	●	●	●	●	●
Human Development Index	●	●	●	●	●
Corruption Perceptions Index	●	●	●	●	●
World Press Freedom Index	●	●	●	●	●
Gender Inequality Index	●	●	●	●	●
Global Gender Gap Index	●	●	●	●	●
Global Competitiveness Index	●	●	●	●	●
Ease of doing business ranking	●	●	●	●	●
European Innovation Scoreboard	●	●	●	●	
Global Innovation Index	●	●	●	●	●
Environment Performance Index	●	●	●	●	●

● Nordic Region ● United Kingdom ● Continental Europe ● Southern Europe ● USA

**Figure 2:**  
The Nordic Region compared with Continental Europe, Southern Europe, the United Kingdom, and the United States

Figure 2 shows that the Nordic Region scores better than Continental Europe, Southern Europe, the United Kingdom, and the United States in eight out of twelve indices. The region comes out on top in terms of happiness, prosperity, anti-corruption, freedom of the press, equality, and the environment. Again, the region ranks slightly lower in the two indices measuring aspects of countries' economic competitiveness.

In most indices the Nordic Region scores better than Continental Europe, Southern Europe, the United Kingdom, and the United States.

4. Continental Europe and Southern Europe are groups of countries that we have combined in our work on this report in order to compare them with the Nordic Region. The first group consists of Belgium, France, the Netherlands, Germany, Austria, Switzerland, and Luxembourg. Southern Europe consists of Greece, Italy, Portugal, and Spain. Like the Nordic countries, we have calculated a weighted average for Continental Europe's and Southern Europe's points in the indices based on the size of their populations. Based on how many points the three groups would get in the rankings, we then ranked them from highest to lowest against one another, the United Kingdom, and the United States.

## What explains the region's good performance?

Why the Nordic Region scores so well in the indices we have looked at is a rather far-reaching and challenging question. We have reviewed reports and analyses of the 12 indices to see if we can identify any patterns in the Nordic countries' good performance. We have found three possible explanations in the reports and analyses:

- governance
- social capital
- relatively egalitarian and equal societies

We will now look more closely at these three explanations. We will then reflect on how the indices and explanations interact with each other.

### Governance

Effective governance is one of the reasons that the Nordic Region scores well in several of the indices. Compared with other countries, the region has well-functioning democracies, low levels of corruption, and good press freedom.

We have seen that effective governance contributed to the Nordic countries' good rankings in several indices. In short, governance means how a country is governed; that is, how its government enforces the country's laws, if there is effective public administration, and whether the government fights corruption. A well-governed country contributes to its inhabitants' prosperity, freedom, and happiness.

Our review of the indices showed that the Nordic countries enjoy low levels of corruption in the public sector, considerable freedom of the press, well-functioning democracies, and a well-regulated private business sector.

The region's effective governance contributed to its good ranking in the Legatum Prosperity Index. This index ranks countries according to a broad definition of prosperity. Denmark, Finland, Norway, and Sweden were all ranked very highly in the index's governance category.<sup>5</sup> This category measured things such as whether the countries had effective and accountable governments and fair elections, the degree of political participation, and the level of democracy.<sup>6</sup>

Freedom of the press and the absence of corruption are signs of effective governance. The Nordic Region as a country would fare very well in the World Press Freedom Index and the Corruption Perceptions Index – see Table 1:

**Table 1:**  
Top three in the World Press Freedom Index and the Corruption Perceptions Index

World Press Freedom Index	Corruption Perceptions Index
1. Nordic Region	1. New Zealand
2. The Netherlands	2. Nordic Region
3. Costa Rica	3. Switzerland

5. ("governance", one of nine categories that the index consisted of)

6. The Legatum Prosperity Index 2016 Methodology Report, p. 9.

Table 1 shows that the Nordic Region would take first place in the World Press Freedom Index published by Reporters Without Borders. The index ranks countries according to the degree of press freedom. In Transparency International's Corruption Perceptions Index, which ranks countries according to the perception of the level of public sector corruption, the region would come second.

The Nordic Region tops two indices with respect to freedom of the press and anti-corruption.

An index that shows the Nordic Region as having effective governance is the World Bank's Ease of doing business ranking. It measures how regulations enable private sector businesses to start up, operate, and grow. The index takes into account both the flexibility and quality of business regulations. It measures how easy it is to get building permits and loans, to pay taxes, to trade across borders, and to implement contracts.

## Social capital

The Nordic countries are characterised by relatively high social capital, which contributed to the countries' good rankings in several of the indices.

The fact that we trust one another and work together in the Nordic Region has contributed to good scores in several indices.

Social capital can be defined as social networks, norms, and the level of trust in a society. Social capital contributes to individuals and groups relying on and cooperating with each other.<sup>7</sup> It can have many positive effects in a society. A high level of social trust in a society is beneficial to the economy, reduces crime, and promotes individuals' happiness.<sup>8</sup>

The Nordic countries are among the most prosperous in the world, and good social capital may have contributed to this. Denmark, Iceland, and Norway score highly in the "social capital" category of the Legatum Prosperity Index, which in turn contributes to the Nordic countries' good rankings in the index. The category measures things such as social cohesion, political participation, and trust in social institutions. According to the report relating to the index, social capital has a direct impact on a country's prosperity. Social trust, family networks, and social cohesion improve inhabitants' welfare.<sup>9</sup>

Strong social foundations may also have contributed to the fact that the inhabitants of the Nordic countries are among the happiest in the world. On the World Happiness Index the Nordic countries take four of the first five places. According to the researchers behind the index, a key explanation for the region's top rankings is that the Nordic countries not only benefit from a strong economy but also have strong social foundations. The researchers argue that this says a lot about a country's happiness.<sup>10</sup> An illustration of this is that the United States is less happy than the Nordic countries, despite having a higher gross domestic product per capita than four of the Nordic countries. According to the researchers, the Nordic countries' lower levels of corruption, greater personal freedom, and higher levels of social support are reasons for their being far ahead of the United States.<sup>11</sup>

The Nordic Region tops an index measuring inhabitants' happiness. This is partly because we feel that we can trust each other.

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7. Keeley, Brian (2007): "Human Capital – How what you know shapes your life", OECD Insights, p. 102.

8. Andreasson, Ulf (2017): Trust – The Nordic Gold, NCM analysis, p. 11

9. The Legatum Prosperity Index 2016 Methodology Report, p. 10.

10. World Happiness Report 2017, p. 36.

11. World Happiness Report 2017, p. 181. The degree of social support is based on whether there is someone you can rely on when you are having problems. Personal freedom is based on whether you are satisfied with your freedom to choose what to do with your life.

Although Finland has struggled economically, the country fares well in an index measuring happiness and another measuring prosperity.

Finland is an example of a Nordic country that achieves happiness and prosperity despite not necessarily having the strongest economy. Finland has struggled financially since the 2008 financial crisis but still ranks fifth in the World Happiness Index. Finland has also climbed to third place in the Legatum Prosperity Index. The primary reason that Finland does so well in the latter is that the country scores well in terms of governance, the environment, and education.<sup>12</sup>

## Equal and egalitarian societies

There is a relatively low level of inequality between people in the Nordic Region, and we're right at the top when it comes to gender equality. This may explain why the region scores well in these indices.

The Nordic countries have the lowest income inequality in the world, and the sexes are more equal than anywhere else.<sup>13</sup> We saw that this could be an explanation for the Nordic countries' good rankings in several indices.

Research may support the notion that low levels of inequality in the Nordic countries contributed to their good performance in the World Happiness Index. According to the index-related report, some studies indicate that an increase in inequality reduces happiness. Other studies indicate no correlation between happiness and equality.<sup>14</sup>

The low levels of corruption and relatively low level of inequality between people are interrelated.

Furthermore, there is a correlation between the low levels of inequality in the Nordic countries and the low levels of corruption. As previously mentioned, Transparency International's Corruption Perceptions Index, which ranks countries according to the perceived level of public sector corruption, shows that four Nordic countries rank in the top six countries people perceive as the least corrupt. According to an analysis published together with the index, corruption correlates with inequality. Corruption leads to the unequal distribution of power in society, which in turn leads to the unequal distribution of wealth and opportunities. And when elites are in power without having to answer to the people, corruption can flourish. Countries with large economic disparities are among the most corrupt, and vice versa.<sup>15</sup>

It is also likely that gender equality has a positive effect on countries' prosperity. The Nordic Region is one of the most gender-equal places in the world – see Table 2:

**Table 2:**  
Top three in the Gender Inequality Index and Global Gender Gap Index

Gender Inequality Index	Global Gender Gap Index
1. Switzerland	1. Nordic Region
2. The Netherlands	2. Rwanda
3. Nordic Region	3. Ireland

12. The Legatum Prosperity Index 2016, Finland.

13. The OECD's ranking of member countries according to the Gini coefficient, which measures income inequality, shows three of the Nordic countries occupying the top three places. Finland comes fifth, while Sweden comes tenth. See the OECD's Income Inequality Update November 2016.

14. World Happiness Report 2017, page 57.

15. Heinrich, Finn (2017) "Corruption and inequality: How Populists mislead people", Transparency International.



Table 2 shows that the Nordic Region would come third in the Gender Inequality Index and first in the Global Gender Gap Index. Both indices rank countries by differences between the sexes. *The Global Gender Gap Report*, which is affiliated with the Global Gender Gap Index, argues that there is a correlation between gender equality and economic growth. The report refers to research results that indicate a strong correlation between gender equality and economic growth. The fact that the Nordic countries are the most gender-equal in the world also has a positive effect on trust within society. In addition the report shows that women's participation in political life leads to the increased credibility of institutions and better democratic outcomes.<sup>16</sup>

There is research that shows that gender equality and economic growth are interrelated.

## The indices are interrelated

A key explanation for the Nordic Region's good performance in the indices we have looked at – in some cases very good – is that to some extent the indices are interrelated and influence each other. A good performance in one index results in a good performance in another.

A good illustration of this is the relationship between the index measuring the perception of corruption (Corruption Perceptions Index) and one of the indices measuring prosperity (Legatum Prosperity Index). The region scores very well in the Corruption Perceptions Index. This index is also one of the sources on which the Legatum Prosperity Index is based. Consequently the Nordic Region's good result in the Corruption Perceptions Index is both a good result in itself and a reason for a good result in another index. Moreover, we have seen that one and the same cause can affect the results of multiple indices. Both the Human Development Index and the Global Competitiveness Index are based on UNESCO education statistics. If a country has a good education system, this contributes to good results in several indices. We have not carried out a thorough analysis of the extent to which the indices are based on each other or on the same source, but it is likely that this occurs in more cases than those we have pointed out here.

Some of the indices are based on others. Sometimes they measure the same things. This is an important explanation for why the Nordic Region would fare well in all the indices we have looked at.

Moreover, it is highly likely that many of the conditions measured in the indices influence each other. For example, effective governance contributes to more equality and more egalitarian societies, as well as to less corruption and good social capital. These factors also contribute to a country's economic competitiveness and probably also to increased prosperity and happy inhabitants.

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16. The Global Gender Gap Report 2016, side 27.

## Conclusion: the Nordic Region is a good place to live

According to our calculations, the Nordic Region would be in the top ten of all twelve indices and in the top three of seven. The region would fare especially well in indices measuring happiness, prosperity, corruption, freedom of the press, and equality. The notion that the Nordic Region would fare well is confirmed if we compare the region with Continental Europe, Southern Europe, the United Kingdom, and the United States.

The region would not come top of all the indices we looked at. For example, the region would rank a little lower in the Human Development Index and in the indices measuring aspects of the countries' economic competitiveness. That said, it is important to stress that the lowest ranking the Nordic Region would achieve is eighth, which is by no means bad.

There is a big question mark when it comes to why exactly the Nordic Region performs so well in international indices. And we stress again that international indices must be read critically. We have reviewed reports and analyses from the 12 indices to see if we can identify any patterns that explain why the Nordic Region scores well in these indices. We have found three possible explanations in the reports and analyses: governance, social capital, and relatively egalitarian and equal societies.

Moreover, it is likely that many of the conditions measured in the indices have a great influence on each other. A good performance in one index results in a good performance in another. This provides an important explanation for why the region would rank highly in the indices we have looked at. For example, effective governance contributes to greater equality and more egalitarian societies, as well as to less corruption and good social capital. These factors also contribute to a country's economic competitiveness and probably also to increased prosperity and happy inhabitants.

The indices we have looked at show that life in the Nordic Region is good. The region's inhabitants are among the most prosperous in the world. There is considerable freedom of the press, and the region is one of the world's least corrupt. Men and women enjoy greater equality than anywhere else on the planet. And the region's inhabitants are among the world's happiest. That said, there is no certainty that the Nordic Region will retain its good rankings in these indices. Like all other countries, the Nordic countries face major challenges in the years ahead. In order for life in the Nordic Region to remain good, the countries must maintain the mechanisms that support a high level of social capital, effective governance, and relatively egalitarian and equal societies.



## Method appendix

### A little more information about the selected indices

We decided that we would look in more detail at the Nordic Region's performance in selected indices within six areas:

- happiness and welfare
- anti-corruption and freedom of the press
- equality
- economic competitiveness
- innovation
- environment

Within these areas, we started to review and assess the relevant indices based on internet searches and material in the Secretariat to the Nordic Council of Ministers. We looked at things such as whether the indices were prepared by well-known and respected organisations. We also looked at whether the methods behind the indices seemed reasonable, although we have not verified the methods or analysed them in any great detail. Following our review, we categorised the 12 indices listed below according to six themes. We looked at the most recent version of each index. Most indices are from 2016 or 2017.

Index and year	Published by/ in report	Description	Number of countries/ territories	Link
<b>Happiness and welfare</b>				
Human Development Index, 2015	United Nations Development Programme (UNDP), <i>Human Development Report 2016</i>	Ranks countries according to their degree of development.  The index consists of three dimensions, which are based on several data sources: How long you live (which reflects the likelihood of having a long and healthy life), your educational attainment (which reflects the opportunity for acquiring knowledge), and gross domestic product (which reflects the opportunity for achieving a good standard of living).	188	<a href="http://hdr.undp.org/en/2016-report">hdr.undp.org/en/2016-report</a>
Legatum Prosperity Index, 2016	Legatum Institute	Ranks countries according to a broad definition of prosperity.  The index reflects both wealth and welfare. It aims to provide a meaningful measure of a country's success without being limited by gross domestic product.  The index consists of nine dimensions and is based on 104 variables. The nine dimensions are economy, business climate, governance, education, health, safety, personal freedom, social capital, and environment.	149	<a href="http://prosperity.com">prosperity.com</a>
World Happiness Index, 2014-2016	United Nations Sustainable Development Solutions Network, <i>World Happiness Report 2017</i>	Ranks countries on a scale of 1 to 10 according to inhabitants' own assessments of how good their life is.	155	<a href="http://worldhappiness.report/ed/2017/">http://worldhappiness.report/ed/2017/</a>
<b>Anti-corruption and freedom of the press</b>				
Corruption Perceptions Index, 2016	Transparency International	Ranks countries according to the perception of public sector corruption in the country.  The index is compiled from a combination of questionnaires and assessments of corruption levels, which are collected by several reputable institutions.	176	<a href="http://www.transparency.org/news/feature/corruption-perceptions-index_2016#resources">http://www.transparency.org/news/feature/corruption-perceptions-index_2016#resources</a>
World Press Freedom Index, 2017	Reporters Without Borders	Ranks countries according to the degree of press freedom.  Based on a qualitative analysis of answers to questions put to experts as part of questionnaires and of data on violence towards and abuse of journalists.	180	<a href="http://rsf.org/en/ranking">rsf.org/en/ranking</a>
<b>Equality</b>				
Global Gender Gap Index, 2016	World Economic Forum, <i>The Global Gender Gap Report 2016</i>	Ranks countries by differences between the sexes.  Consists of four dimensions: economic participation and opportunity (including participation in the labour market and wages), education (literacy and participation in school), health (gender balance at birth and life expectancy), and political power (seats in parliament, seats at ministerial level, and number of years with a woman head of state).	144	<a href="http://reports.weforum.org/global-gender-gap-report-2016/">http://reports.weforum.org/global-gender-gap-report-2016/</a>
Gender Inequality Index, 2015	United Nations Development Programme (UNDP), <i>Human Development Report 2016</i>	Ranks countries by differences between the sexes.  Built around three dimensions: reproductive health, empowerment, and the labour market.	188	<a href="http://hdr.undp.org/en/composite/GII">http://hdr.undp.org/en/composite/GII</a>

Index and year	Published by/ in report	Description	Number of countries/ territories	Link
<b>Economic competitiveness</b>				
Ease of doing business ranking, 2017	World Bank, <i>Doing Business 2017 – Equal opportunity for all</i>	Ranks countries according to how easy it is to run a business there.  The index measures aspects of regulations that enable or prevent private sector businesses from starting up, operating, and growing. Uses 11 sets of indicators.	190	<a href="http://doingbusiness.org/rankings">doingbusiness.org/rankings</a>
Global Competitiveness Index, 2016–2017	World Economic Forum, <i>The Global Competitiveness Report 2016–2017</i>	Ranks countries according to their economic competitiveness.  The index measures the set of institutions, policies, and factors that determines an economy's level of productivity. This in turn determines the level of prosperity a country can achieve. Built around 12 dimensions and 114 indicators.	138	<a href="https://www.weforum.org/reports/the-global-competitiveness-report-2016-2017-1">https://www.weforum.org/reports/the-global-competitiveness-report-2016-2017-1</a>
<b>Innovation</b>				
European Innovation Scoreboard, Summary Innovation Index, 2016	EU Commission, <i>European Innovation Scoreboard 2017</i>	Ranks countries in Europe by how innovative they are.  The index summarises countries' performance according to a variety of indicators. It distinguishes between three types of indicators: enablers (human resources, research, etc.), company activities (what companies are doing by way of activities), and output (the impact of companies' activities).	36	<a href="http://ec.europa.eu/growth/industry/innovation/facts-figures/scoreboards_en">ec.europa.eu/growth/industry/innovation/facts-figures/scoreboards_en</a>
Global Innovation Index, 2017	Cornell University, INSEAD and World Intellectual Property Organization, <i>The Global Innovation Index 2017 – Innovation Feeding the World</i>	Ranks countries according to how innovative they are.  Measures countries' innovation according to 81 indicators covering areas such as political climate, education, and infrastructure.	127	<a href="http://globalinnovationindex.org/gii-2016-report">globalinnovationindex.org/gii-2016-report</a>
<b>Environment</b>				
Environmental Performance Index, 2016	Yale University – <i>Environmental Performance Index 2016 Report</i>	Ranks countries according to how they perform in terms of key environmental issues in two areas: protection of human health and protection of ecosystems	144	<a href="http://reports.weforum.org/global-gender-gap-report-2016/">http://reports.weforum.org/global-gender-gap-report-2016/</a>



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## Calculations of the Nordic Region's rankings

We have studied how the Nordic Region as a whole would perform in the indices if we count the region as a single country. The Nordic Region is not given an overall score in the indices, so we have done a simple calculation to determine how the region would rank. Based on population size we have calculated a weighted average of the Nordic countries' results. Sweden's weighting is the greatest on account of it having the biggest population, while Iceland has the smallest impact on the region's ranking.

As for the Nordic countries, we have calculated a weighted average of Continental Europe's and Southern Europe's points in the rankings based on the size of their populations. The population figures we have used are from 1 January 2016 and taken from Eurostat.

When, for example, we calculated the Nordic Region's ranking in the World Happiness Index, we multiplied each country's points by its share of the region's population. We then added up the weighted scores to determine the Nordic Region's ranking.

## In search of explanations

We have reviewed reports and analyses relating to the 12 indices to see if we can identify any patterns that explain why the Nordic Region scores well in these indices.

We discovered some patterns. It is important to emphasise that the three possible explanations we have identified do not fully explain the region's good performance but do go some way in doing so.

The detail and availability of the method appendices, analyses, and reports related to the indices vary. Consequently we have placed more emphasis on some indices than others in our search for explanations. This means that there may, of course, be explanations for the Nordic Region's performance other than those we have mentioned.

## Sources

For a list of the indices used, see above. Below is a list of method reports and appendices to the indices that we have referred to in the report:

Heinrich, Finn (2017) "Corruption and inequality: How populists mislead people", Transparency International, [https://www.transparency.org/news/feature/corruption\\_and\\_inequality\\_how\\_populists\\_mislead\\_people](https://www.transparency.org/news/feature/corruption_and_inequality_how_populists_mislead_people)

*The Legatum Prosperity Index 2016 Methodology Report*

The Legatum Prosperity Index 2016, Finland

### **The other sources we have used are:**

Andreasson, Ulf (2017): *Trust – The Nordic Gold: NCM analysis*

Broome, André and Joel Quirk (2015): "The Politics of Numbers: the normative agendas of global benchmark-ing", *Review of International Studies* 41

Broome, André and Joel Quirk (2015): "Governing the world at a distance: the practice of global benchmarking", *Review of International Studies* 41

Keeley, Brian (2007): "Human Capital – How what you know shapes your life", *OECD Insights*

OECD: Income Inequality Update November 2016

Slate.com: "Will everyone shut up already about how the Nordic countries top every global ranking?" (2014). [http://www.slate.com/blogs/the\\_world/2014/08/29/will\\_everyone\\_shut\\_up\\_already\\_about\\_how\\_the\\_nordic\\_countries\\_top\\_every\\_global.html](http://www.slate.com/blogs/the_world/2014/08/29/will_everyone_shut_up_already_about_how_the_nordic_countries_top_every_global.html)



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### Is the Nordic Region best in the world?

We often hear that the Nordic countries are at the top of one international index or another. International indices are lists ranking countries in a variety of different areas, such as inhabitants' happiness or economic competitiveness. The number of indices and the attention they attract have increased markedly in recent years, acquiring a significant degree of authority and legitimacy. Consequently the Nordic Council of Ministers' policy analysis unit has studied how the Nordic Region would be ranked in some selected international indices if the region were one country.

The indices we have looked at show that life in the Nordic Region is good. The region's inhabitants are among the most prosperous in the world. There is considerable freedom of the press, and the region is one of the world's least corrupt. Men and women enjoy greater equality than anywhere else on the planet and the region's inhabitants are among the world's happiest. That said, there is no certainty that the Nordic Region will retain its good rankings in these indices. Like all other countries, the Nordic countries face major challenges in the years ahead. In order for life in the Nordic Region to remain good, the countries must maintain the mechanisms that support a high level of social capital, effective governance, and relatively egalitarian and equal societies.

This report is written by the Nordic Council of Ministers' policy analysis unit. The report series will highlight relevant topics that are central from a Nordic perspective. This is the second report in the series. The first was "Trust – the Nordic Gold", which was published in spring 2017.

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