

KNIFE AND FORK

It is early morning. The sun is rising over the waters of the Kattegat strait, somewhere between Denmark and Sweden. The sea is calm, and dawn in this coastal setting brings a deeper meaning to the word ‘tranquillity’. My family and I are camping on the island of Læsø with my younger brother, Gunnar, and his family. We do this every summer: leave the peninsula and main islands behind and go camping together on one of Denmark’s several hundred smaller islands, exploring the clement shores and blue waters of this ocean-bound kingdom.

Læsø, off the north coast of the Jutland peninsula, is probably our most peaceful destination so far. It epitomises the Danish concept of *hygge*, a convivial way of spending time together on cosy, pleasant activities (often involving food and drink) and celebrating a sense of sameness. Here on the island we don’t have to worry about theft, vandalism or similar disagreeable things. Nor do we need to hide our valuables, and we leave our tents and cars unlocked. Our reservation was made over the telephone, without online forms or encrypted credit-card numbers. We will pay for our stay when we leave. Theoretically, we could drive away quietly early in the

morning without paying, but that would never occur to us or to any of the other campers. This is a safe, comfortable, peaceful place. When the children wake up, they run down to the beach to play or roam the campground on their own. When the babies get tired, their parents leave them to nap outside in their baby carriages.

In the words of Poul Nyrup Rasmussen, a former Danish prime minister (and no relation to other recent PMs with the same surname): **You rarely see a Dane with a knife in one hand without a fork in the other.** This certainly rings true on Læsø. Here, anyone can safely turn their back to a stranger holding a knife without fear of being stabbed.

Immediately after this holiday I go to a conference in South Africa, travelling directly from the peaceful island of Læsø to Durban, the second-largest city in South Africa.

As soon as I get off the plane I sense a radical difference. There are armed guards everywhere, and people hold their belongings close. On the very first day I am obliged to adjust my view of other people – to prevent the remainder of my life from becoming very chaotic and very brief. The receptionist instructs me not to open the door to my hotel room: If someone knocks, I must hide all my valuables, ask who's there, then call reception. If they can vouch for the person on the other side of the door, it's OK to open. I find myself wondering whether I will be assaulted next time I pass a stranger in the hallway.

This probably makes sense. I am visiting a society where the police force is corrupt or absent, and where lawlessness is rife in the streets – and maybe in the hotel hallways too.

On the first conference day, panic breaks out after numerous attendees are assaulted. Thugs lurking near the hotel pursue guests who venture outside carrying valuables. One sits on the victim, holding a knife to their throat, while the other searches the victim's pockets. Like a typical food-loving camper on Læsø, the muggers have a knife in one hand, but they certainly don't have a fork in the other. After a stream of complaints and insistent demands from the attendees, the organisers arrange for a bus to pick us up the next morning. We can now dash from the hotel lobby to the bus, avoiding assaults and squeezing into the bus like terrified lemmings.

I haven't done research on South Africa, and I don't know the country beyond these personal experiences, but clearly such obsessive security concerns and constant fear of others has a huge impact. It isn't easy to protect all one's valuables all the time, and such vigilance takes a lot of energy. It would be insane to behave in Durban as one would on Læsø, letting kids rove unsupervised, or strolling along the beach after dark.

Many Danes remember a news story from 1997 about a Danish woman living in New York City who left her 14-month-old daughter asleep in a baby carriage outside a café in New York City. The mother, who was sitting inside, could see her baby through the window, so

in her view all was well. Then a concerned citizen called the police. They soon arrived at the scene, took the child into custody and arrested the mother. Begging to see her daughter, she was taken to the police station, strip-searched, cuffed and detained in a cell while she could hear her baby crying.

The woman was released with a warning, and mother and child were reunited. What she had failed to appreciate was that in the United States, leaving a baby outside in a carriage, unattended, is regarded as deeply irresponsible. In court the woman argued that Danes traditionally, routinely, let babies sleep outside cafés, that we do not fear kidnapping, and so on. Historically, one of just a few known examples in Denmark of someone stealing an occupied baby carriage is from 1978, when a mentally disturbed woman pushed a baby carriage along for a few blocks – and did the baby no harm.

But how should we interpret the difference between leaving a baby carriage outside a café in New York City and in Copenhagen? And what are the societal and civic consequences of similar differences between Durban and Læsø? It would take a trip from my home base in Aarhus to Washington, DC to help me identify this as my field of research.

TOP ECONOMISTS AND THEIR STUPID QUESTIONS

In the mid-1990s, I went to Washington to pursue my studies at Maryland University. My supervisor, Mancur

Olson, and his colleagues repeatedly asked me why Denmark and the other Nordic countries were performing so well, in economic and social terms.

While in Washington, I also met the Nobel laureate Douglas North. He talked about the importance of a society's institutions and norms, and like Mancur Olson, Wallace Oates, Barry Weingast and other leading economists, North was extremely interested in solving what economists called 'the Nordic puzzle': What was so special about Scandinavia? How could it be so successful? Did we have some secret resource? They simply wondered what was at the bottom of it all. I was somewhat annoyed. I had come to the US to study what was going on in America, and I really couldn't see why they found Denmark so intriguing. Also – needless to say – I felt a bit uncomfortable about not having an adequate response to their queries.

After I returned to Denmark their unrelenting questions stayed with me, and I too began to wonder, and to search for an explanation. I kept in touch with Mancur Olson, and his enthusiasm and contagious energy pushed my work in a fruitful direction. In the mid-1990s, Olson headed up a large research project for the World Bank on the concept of 'social capital', which has to do with the value of social networks. More precisely, he was tasked with finding out how social capital could be applied in developing countries.

Along with the Danish professors Martin Paldam and Peter Nannestad, I was fortunate enough to be ap-

pointed to the steering group for this project. It was an unforgettable journey with Olson at the helm. He was extremely inventive, and a great motivator. Always on the go, always eager to discuss any topic. It says volumes about Olsen's personality that after his death Maryland University dedicated a university chair in his name, to "the man who couldn't sit still".

The results of the project inspired me, and it struck me that **the solution to the Nordic puzzle might be found somewhere economists rarely look**. Not in the ground as raw material, nor inside people's heads as education, but rather in the relations between people. The keyword might just be *trust* – and trust was precisely the topic I was invited to speak on in Durban, the city where I had to flee violent assailants several times.

My emerging thoughts crystallised into this hypothesis: In the Nordic countries, we have a particularly large pool of trust compared to other countries, especially developing countries. In fact, our entire welfare system is founded on trust, in the sense that we are confident most others (and not just we, ourselves) will contribute to the common good. In addition, citizens must be able to trust in their public institutions, and be able to believe that tax revenues will be invested and redistributed as promised. Inversely, the authorities actually have to deliver the goods, put their money where their mouth is, and give their citizens value for money.

If you were the only honest taxpayer and you found out everybody else was shirking or moonlighting, you

would feel stupid and stop paying taxes to those who were taking advantage of you. According to my hypothesis, the social trust we Danes have in other people might well be our unique raw material: the goldmine that could explain our inordinately high levels of wealth and happiness.

Reportedly, Vladimir Lenin once said that trust is good, but control is better. Is that really true? Like the other Nordic peoples, Danes are lucky to live in a highly efficient and highly trusting society. Doubtless, my personal experience of a summer's day on Læsø is not representative of how all Danes perceive their fellow human beings. Even so, **it is possible to measure trust in large groups, and to establish that Danes are world leaders in trusting.** Also, findings document that trust has real economic advantages.

On the following pages I will share with you the remarkable story of our trustful Danish society. This is the story I should have told Olson, Oates and Weingast all those years ago back in Washington, when they just wouldn't stop asking me stupid questions.