

# **COLLABORATION AND LIFE SATISFACTION**

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The paper suggests and discusses the hypothesis that the degree of life satisfaction (happiness index) in developed countries significantly depends on the level of collaboration achieved in the country. The rationale of this hypothesis is based on the analysis of three research areas, which, as far as I know, are still developing in isolation from each other. These are the thesis of Nordic exclusivity, the theory of majoritarian and consensus democracies and the division of modern market economies into liberal and coordinated ones.

In terms of per capita GDP in 2019, the Scandinavian countries are among the top 25, but only Norway is ahead of the United States, behind Ireland and Switzerland however. Nevertheless, this does not prevent many authors to speak about the Scandinavian exclusivity primarily because the Scandinavian countries are systematically ranked top in the happiness index. As noted in (Martela et al., 2020, p.130), they are also "global leaders" in many other indices, such as the level of democracy and political rights, lack of corruption, trust among citizens, a sense of security and social cohesion, income distribution and the Human Development Index. In the cited paper, along with the per capita GDP level, five other factors are pointed out as the most important determinants for the Scandinavian countries' domination by the happiness index: availability of social support from relatives and friends, healthy life expectancy, indicators of freedom of life choice, charity and perception of corruption in government and business. However, when comparing the 15 richest countries by these indicators, the authors find that the thesis about Scandinavian exclusivity is not quite accurate: the Netherlands and Switzerland are very close to Scandinavia - unlike the United States and Arab countries (p. 134-135).

In order to better understand the nature of the relatively high level of life satisfaction of the inhabitants of Scandinavia and several other European countries, it is useful to refer to the two classifications of Western systems, proposed relatively recently, both gave rise to numerous studies. One is based on differences in economic institutions, and the other on political institutions.

In the paper (Hall, Soskice, 2001), it is proposed to distinguish two types of capitalist systems depending on the nature of interactions between agents: liberal market economies (LME) and coordinated market economies (CME). In the first type of economy, firms interact mainly on the basis of short-term contracts, focusing on market prices and other market signals. In LMEs, firms coordinate their activities with each other, with business associations, trade unions and banks on the basis of strategic collaboration that includes information exchange, monitoring and

negotiation. The USA is a typical LME representative, which also includes the UK, Canada and Australia. LMEs include Germany, Austria, Sweden, Norway, Finland, Denmark, Belgium, the Netherlands and Switzerland (Hall, Gingerich, 2009, pp. 452-453). In these countries, collaboration mechanisms are not less important than economic competition.

We get a similar result for political mechanisms by following Lijphart's classification (Lijphart, 2012), which distinguishes between majoritarian and consensus democracies. To characterize the differences between them, Lijphart generates two indices. The first (EP) reflects the relationship between the executive branch and political parties (executives-parties dimension), and the second (FU) reflects the relationship between the central government and regional administrations (federal-unitary dimension). Each of the indices is a composite of five indicators. The EP index is designed to take into account the fact that consensus democracies usually have some form of proportional representation, that parliament and government include representatives of many parties, that there is a balance of executive and legislative power, and that there is a corporatist system of relations between interest groups aimed at finding compromises and coordination of actions. The majority voting system is characterized by the dominance of two parties in parliament and the formation of single-party governments, the superiority of the executive over the legislative power and general competition of interest groups as well. Lijphart shows that movement to consensus democracy through the EP index has a positive impact on government effectiveness, levels of corruption, legality, crime and conflict risk. Changes in the second index do not produce unambiguous results. By the first index, all five Scandinavian countries are considered consensual, and this time they are not only joined by the Netherlands and Switzerland, but also by Belgium, Austria and Germany.

Lijphart wrote: "...the majoritarian model of democracy is exclusive, competitive, and adversarial, whereas the consensus model is characterized by inclusiveness, bargaining, and compromise..." (p. 2).

I also analyze the large-scale reforms that are carrying out in Scandinavia and several other Western European countries in the past 10-15 years, aimed at improving the interaction between state and society (Polterovich, 2021). It is shown that the success of these reforms will support the trend towards a greater role for collaboration as a coordination mechanism (Polterovich, 2018) and is likely to increase life satisfaction in advanced countries.

## **References**

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