



ECONOMIC CRISIS, RESILIENCE AND RECOVERY NORTHERN EUROPE AND THE BALTIC STATES

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Mats Johansson,
Royal Institute of Technology, Stockholm
mats.johansson@abe.kth.se



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ECONOMIC CRISIS IN NORTHERN EUROPE – A SPLIT PATTERN

- **Overproduction/underconsumption crisis or financial crisis?**
- **Depression or stagnation?**
- **North vs South**
- **Different countries – different living standards**

Northern Europe – stagnation and expansion

- **With some exception:**
- **Iceland**
- **Latvia**
- **Both financial crisis, banking problems,**
- **Rising unemployment in all Northern countries, especially Iceland and Latvia, but lower compared to the crisis countries in Southern Europe**
- **For most of the countries in Northern Europe – stagnation, not depression!**

"Recovery"

Recovery: Iceland – devaluation of the "krona", free fall

Stimulated the tourist economy that increased

But: emigration, people left Iceland,
especially highly educated,
blue collars,
young adults

It's over now!

Latvia: fighting against the deficit – the EU put a pressure on the economic policy, very restrictive, no devaluation (the Euro-area as a carrot?)

Northern Europe – a resilient macro-region?

- With a few exceptions – no deep crisis?
- **Why?**
- The economic structure – not dependent of only one export product
- Good export countries – high incomes, no crisis
- Banking system was functioning
- No (or small) currency fluctuations
- No (or small) wage cuts, with some exceptions
- Restrictive economic policy but no drastic employment cuts (the Economist: “Sweden best in Europe”)

Regional effects

- Big cities and metropolitan areas – almost no effects of the “crisis”, good purchase power, high consumption as usual
- Rural areas in the surroundings of big cities – increased population, immigration
- Remote and sparsely populated areas – depopulation, but this was only a continuance of a long-term trend that was accentuated
- (Old) Industrial districts – problems but this was also a continuance of deindustrialization process that was accentuated (mature phases of the product-life cycle)
- In most of the countries – high consumption, high demand
- **But with some exceptions (shortly): Iceland, Latvia but much better of than Southern Europe**



Thanks for listening

Questions, comments, critics?