

# The Future Ain't What It Used To Be: A Nordic View

Christine Meyer  
Director General

The Norwegian Competition  
Authority

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# Nordic economies - common features

- Small open economies
- Large public sectors
- Slowdown in the economy due to financial crisis



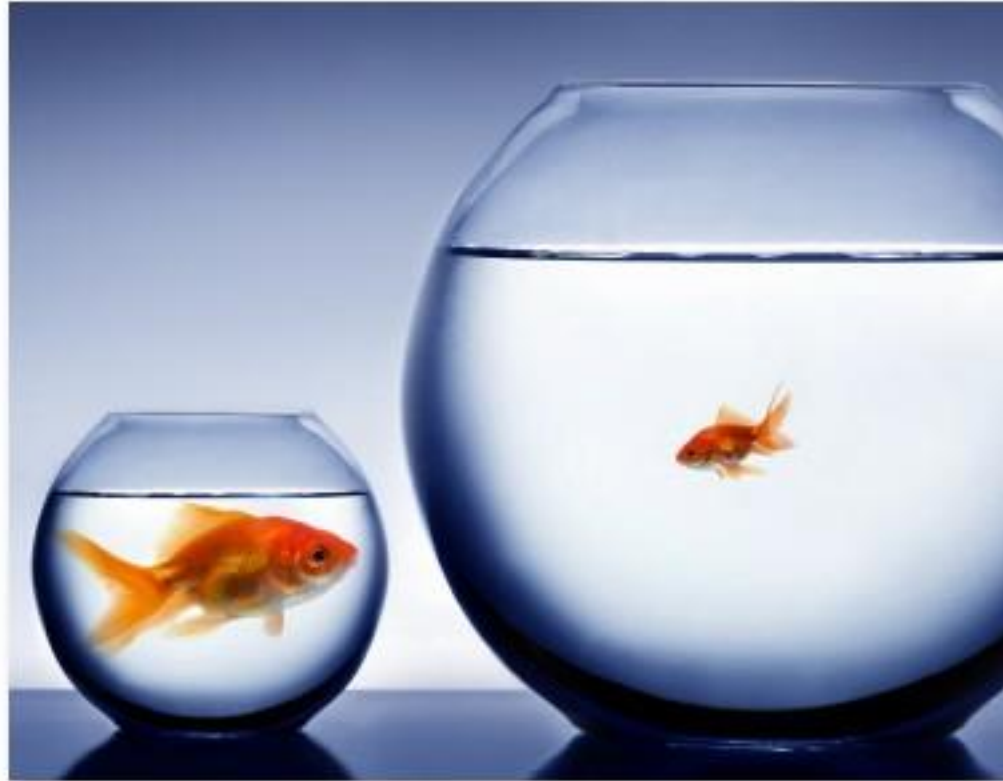
# Small economies - networks

- Close social networks
  - Top and middle managers attend the same schools and universities
  - Tradition for business and industry federations
- Fertile ground for cartels and anti-competitive behaviour



# Small economies – dominant firms

- Old monopolies are protected and sustained
- Too focused on economies of scale
- Successful companies become too large for their home markets



# Large public sectors

- The Nordic model
  - Ambitious welfare systems
  - High levels of taxation
  - Public services are financed by the state
  - Public services are to a large extent produced by the state



# Financial crises

- Has hit the Nordic countries, but to a different extent
- The productivity growth has slowed down substantially
- Wave of regulation and protectionism over Europe
- Exacerbates the challenges faced in small economies



# Productivity growth in the Nordic countries

Table 2.1 Productivity and employment in manufacturing and domestic industries

	Denmark	Sweden	Norway	Finland	EU-15
Compound annual productivity growth rates, 2000-2010					
- Manufacturing industries	2.4	4.5	2.5	4.0	2.3
- Domestic industries <sup>1</sup>	0.8	1.3	1.6	1.0	1.0
<i>Total economy</i>	0.4	1.6	0.4	1.4	1.0
Employment, share of total (%)					
- Manufacturing	11.4	14.4	10.5	14.2	13.7
- Domestic industries <sup>1</sup>	48.7	45.7	47.9	47.3	52.7
- Other industries <sup>2</sup>	39.9	39.8	41.6	38.5	33.5
<i>Total economy</i>	100	100	100	100	100

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**A Vision for  
Competition**

Competition Policy towards 2020

# So what's the solution?





# Small economies - networks

- Strong enforcement of competition law
  - Pursue cartels and anti-competitive behaviour
  - Establish working leniency programs
  - Imprisonment
- Advocacy
  - Provide guidance to business federations
  - Use the networks to get the businesses to comply



# Small economies – dominant firms

- Enforce abuse of dominance
- Lower entry barriers
- Provide a level playing field for old state-owned monopolies and newcomers
- Open the economy for export and import
- Demerge corporations



# Large public sectors

- Apply competition law to the public sector
  - Ex. healthcare
- Provide boundaries for public entities to enter the private sector
- Introduce rules of fair play
  - Enforcement of state aid
- Apply and enforce public procurement laws



# Recover from financial crises

- Review of anti-competitive measures
- Closer look at reasons for low productivity growth in domestic industries
- Deregulation
- Decentralisation



# Review of the building and construction industry



# Nordic economies

- drive in favour of competition

