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Competition Policy and the Swedish Model

Torbjörn Lundqvist

Sammanfattning

Syftet med denna artikel är att presentera ett antal resultat från en studie av konkurrenspolitikens utveckling i Sverige sedan 1945. De frågor som avhandlas rör synen på kunskap i konkurrenspolitiken, tilliten till den svenska modellen, dess förändring och vad som ersatt den, och attityderna till konkurrens och samverkan inom politik, konkurrensmyndigheter och intressegrupper. Undersökningen bygger i huvudsak på regeringens propositioner och direktiv till utredningar, betänkanden (SOU) och remissvar från myndigheter och intressegrupper.

Typiska kännetecken för den svenska modellen var en samarbets- och konsensusattityd till intressekonflikter, med institutionella arrangemang som syftade till förhandlingar och pragmatism. Detta kännetecknade också konkurrenspolitiken. Under 1990-talet kan vi se en förändring från en svensk modell till en EU-modell. Det innebar en övergång till ett mer legalistiskt och teoretiskt synsätt än tidigare.

När det gäller attityderna till konkurrens och konkurrenspolitik kom de att förändras successivt mot en ökad tro på konkurrens. Förändringen kan dock beskrivas som radikal när det gäller myndigheter och politiker. Inte minst konkurrensmyndigheterna kom att argumentera för ett "antitrust" synsätt på konkurrensbegränsningar. Företagsintressena var dock skeptiska till övertagandet av EUs syn på konkurrenspolitik.

Abstract

The aim of this paper is to present some findings from a study on the development of competition policy in Sweden since 1945. The comprehensive questions are about the view on knowledge in competition policy, the trust to the Swedish model, the change of the model and what has replaced it, and the attitudes to competition and co-operation in politics, authorities and interest groups. The study is basically built on government bills and directives to committees, committee reports, and comments on the later from authorities and interest groups.

Typical signs of the Swedish model were a consensus and co-operative attitude towards interest conflict, with institutional arrangements aimed for negotiations and pragmatism. This was also typical for competition policy. During the 1990s we find a change to an EU-model. It meant a transition to a more legalistic and theoretic view on competition.

When it comes to attitudes they changed successively in the direction of favouring competition before co-operation. The change was however radical when it comes to politicians and competition authorities. Not least the later came to argue for an "antitrust" view on competition. However, business interests were sceptical to the new competition law copying the EU-model.

Introduction

Some visions in politics tend to be of an international and general sort. We know them by names like information society, knowledge society, the sustainable society, and the competitive society. Although, internationally spread visions, they have their own signs in each country dependent on history and institutional settings. Not least is that the case with the issue of competition in Sweden. The aim of this paper is to present some findings and ideas from a study on the development of competition policy.¹

Since the mid 1980s, competition has become more and more important as a tool for shaping the future. Many tendencies in our time can help us understand this development. Several are familiar: the EU and the vision of a common market in the whole of Europe, 'globalisation' of the economy and the need for common market rules for fair competition internationally, the ideas on consumer's rights etc. In the so-called Lisbon strategy, all this is concluded by the EU's strive to become the most competitive and dynamic knowledge based economy in the world.

Neo-liberalism has meant deregulation of market economy, decentralisation of the state, and lesser government intervention in the economy.² This article springs from a research project studying the transformation of politics and the nation state from the 1970s until today. The working hypothesis for the study behind this article was the importance of the neo-liberal idea of competition. Therefore we had to explore the idea of competition in politics and study possible relations to the transformation of politics and the state. The methodological problems involved are difficult ones, but our solution was to concentrate on competition policy, a policy area where competition really was discussed seriously.

The 'strong state' in the political culture of the Swedish model can be described as an active state governing in collaboration with interest groups. The negotiated and regulated economy has in many ways been replaced by markets and competition. Here we will study how competition ideas and policy have changed in competition policy since WW II. The comprehensive questions are about the view on knowledge in competition policy, the trust to the Swedish model and the change of it, and what has replaced this model. The change is discussed in terms of a new model, or political culture. With this concept we mean, in this context, the change of competition policy regarding forms of decision making, steering, rules of behaviour, the treatment of knowledge, ideas, values etc.

The article is basically built on the study of documents: government bills, government directives to committees, and committee reports. In addition to the study of the government we have explored ideas on competition in interest groups and authorities at six different times in comments to committee reports 1951-1997. The main interest groups are the Swedish Trade Union Confederation (Landsorganisationen, here the LO) and business interest organisations, and central government authorities dealing with competition issues. This study moves along the macro political level, dealing

¹ Lundqvist, T. (2003), *Konkurrensvisionens framväxt. Konkurrenspolitik, intressen och politisk kultur*. Stockholm: Institutet för Framtidsstudier; Lundqvist, T. (2006), *Konkurrenspolitiken och den svenska modellen*, in Rothstein, B. & L. Vahlne Westerhäll eds., *Bortom den starka statens politik?* Stockholm.

² Campbell, J. L. & O. K. Pedersen (2001), Introduction, in Campbell, J. L. & O. K. Pedersen eds., *The Rise of Neoliberalism and Institutional Analysis*. Princeton: PUP.

with ideologies and ideas, interests and strategies, in governments, peak organisations in business/industry and unions, and in competition authorities.³

The idea of competition

Few if any, can deny positive effects from competition today. On the other hand, we have seen controversies for twenty years between neo-liberals and the sceptical when it comes to the extent of competition. Of course, competition belongs to human nature. Nevertheless, so does also cooperation, as man is a social creature. In an abstract way, civilization could be seen as an arrangement regulating natural competition. The basic ground for competition is scarcity of resources. Without scarcity everything would be free and competition unnecessary. When we think of competition in this very fundamental way, we realise society rests on a balance between competition and cooperation. The same is true for the modern economy. However, it is not easy to find a reasonable balance between the two in the real economy. Too little competition and the economy go static, too much then force the short sighted.

If we look back 200 years, we can note varying power relations between the two principles competition and cooperation. The regulated competition in the gild era was succeeded by economic liberalism in the mid 1800s. The interwar years were however dominated by cartels and protectionism, but after the World War II a new liberal wind blow from the west. Free trade and competition were once again on the political agenda. The cartel economy was questioned around in Europe and competition policy was introduced, yet rather mild. According to historian Wyatt Wells this development was a result of US export of the antitrust tradition.⁴

However, the 1970s meant a break for liberal ideas on competition, which could be seen as an effect of the economic crises with its unemployment. In addition, to understand the hesitation for competition and preference for solidarity in the 1970s, we need to consider the upswing for socialist ideas. In the 1980s then, liberal ideas made come back stronger than for a very long time in its neo-liberal costume. Thereafter the 1990s became the heydays of competition (policy and thinking).

From the beginning, the EEC was constituted on ideas of market competition, together with cooperation between states (to secure peace). In reality, it became cooperation for market competition. The model was the large integrated market in the USA. Therefore, I think it is fair to maintain that competition make up a grand part of the vision for the future in Europe. Together with the 'new' economy and free trade, these developments orchestrate the national competition policy – a policy that in the 90s had broadened, not only to be intended for trade and industry but also to include public sector via the competition law, deregulations and a task for the competition authority to create a common competition mentality in society.

³ Doern, B. & S. Wilks eds. (1996), *Comparative Competition Policy. National Institutions in a Global Market*. Oxford.

⁴ Wells, W. (2002), *Antitrust and the formation of the postwar world*. New York: CUP.

Competition policy in 20th century Sweden

Why did cartels become a normal way of organising the economy in Europe in the early 1900s? Presumably we should historicise and regard cartels as a rather rational solution to a severe problem in the economy of the day, uncertainty. This functionalism does not explain cartels but make them understandable. Business swings and different crises, together with over production caused by new production technology, and followed by different forms of dumping and 'disloyal' methods of competition, necessitated action.⁵ In Sweden, the first decade of the 1900s saw an organisational wave in industry: trade and employers associations and cartels often organised by trade associations.⁶

The cartel movement was in its more advanced form a private regulation that filled a gap states much later legislated. Without a strong modern state guaranteeing property rights and ethics, trade associations in the shape of cartels created a reasonably functioning market economy. During these years, cartels did not threaten the market economy, on the contrary they were often a necessary institutional arrangement in hard times. Of course, it is difficult to prove this 'hypothesis', a research project is needed. However, the economic crises in the 1930's add reason to the argument. States, e.g. Sweden and US, were often interested in the stabilising effect of cartels and cooperation in the economy was highly valued. The state encouraged businesses and industries to co-operate to create stability. At the same time competition was devalued as it was seen to have contributed to the crises.

The legislation in Sweden, the 'monopoly law' of 1925, gave authorities the rights to investigate monopolies abusing its position on the market, but only a few official reports were made and no action committed. As a matter of fact, during the years between the wars Swedish economy was heavily cartelised. Neither during WW II did ideas of competition flourish, on the contrary it was a time of regulations. And the same must be said about the years after the war, dominated by inflation and scarcity of goods. In those circumstances price regulation was priority. But at the same time the social democratic government and the minister of trade, Gunnar Myrdal, established a bureau at The National Board of Trade to investigate different form of 'monopolies', and introduced a registration of cartels in an official register in 1946.

In lead for the Commission on economic post-war planning Myrdal saw a need of more competition and not least rationalisation in several parts of the economy. He and another economist and member of the government, Karin Koch, looked positive upon competition in the private sector, but also saw positive effects of co-operation. They were typical representatives of the 'pragmatic' school, which came to dominate competition policy until the second half of the 1980s.

This was a first step to a modern competition policy. Soon thereafter a committee was appointed whose proposals made the way for a law in 1953 against behaviour restraining competition. (In competition policy discourse nowadays the concept "anti-competitive behaviour" is in use.) A main purpose behind the law was to alter price regulation with competition, with the aim to fight inflation in a time of full employment.

⁵ See for instance Harding, C. & J. Joshua (2003), *Regulating Cartels in Europe. A Study of Legal Control of Corporate Delinquency*. Oxford.

⁶ Lundqvist, T. (1995), *Den stora ölkartellen. Branschorganisering och kartellbildning i bryggeriindustrin 1885-1914*. Uppsala; Lundqvist, T. (1998), The Making of a National Cartel in the Swedish Brewing Industry, 1885-1908. *Scandinavian Economic History Review*, vol. 46:3.

The good times in the 1950s and 1960s meant liberalisation in several fields, not least in the view upon competition. During the 1960s, politicians and experts began to see price regulation as history. But already in the 1970s price regulation was in use again, due to the economic crises and its stagflation. Once again competition was devalued. However, this time politicians did not promote cooperative solutions in businesses and industries. The state now had means of its own to govern the economy with macro economic tools, or thought they had. The legitimacy of state intervention in the economy was also relatively high. Then in the 1980s, came a renaissance for market economy and liberalism. This occurred especially after 1985.

During the early 1990s Sweden met one of the deepest economic crises ever. Back in time crises always had meant devaluation of competition ideas. This time the remarkable occurred, that competition ideas were strengthened due to a neo-liberal breakthrough. Competition ideas were no longer dependent on good times. This was a historical shift and a break from the Swedish model and Keynesian ideas of state intervention in recessions.⁷ At the same time a new competition law was introduced in 1993, differing from the old one. The Swedish model was altered even in this policy field.

During the 1950s the institutional arrangements, in force until the early 1990s, were formed. The legislation on competition in 1953 (the Restraint on Competition Act) was dominated of the principle of misuse⁸. It was not collusive behaviour as such that was troublesome; it was misuse of market power by cartels or monopolies. However, two types of behaviour were prohibited: durable and organised tendering (or bidding) cartels (often used in the construction sector) and resale price maintenance (or gross prices)⁹. Also a forerunner to the Market Court, the Free Trade Council (Näringsfrihetsrådet), and the Ombudsman for Free Trade (Näringsfrihetsombudsmannen, NO), an authority investigating market behaviour, were formed. The task for the council was to remove inappropriate market behaviour through negotiations with companies involved.

In 1956 the law was extended to include every type of behaviour that could damage competition, except on the labour market and in the public sector. A general clause was in force. The council acted as a court with members from interest groups representing industry and unions. This type of corporative profile also appeared in the direction of the new competition authority established in the 1950s and replacing the 'monopoly bureau': the Swedish Price and Cartel Board (SPK). So a Swedish model was established in competition policy in the 1950s: negotiations, interest representation and pragmatism.

In the 1950s politicians and authorities saw competition as a mean to stabilise prices and an instrument which could replace price regulation. SPK's task was to supervise

⁷ Lindvall, J. (2004), *The Politics of Purpose*. Gothenburg.

⁸ In today's competition policy language the concept abuse is used and even in some translations regarding the 1950s. However I believe abuse is too strong for the earlier period, since the legislation was forgiving emphasising on negotiations. With the Competition Act in 1993 it is correct to use the concept abuse.

⁹ "Resale price maintenance is designed to ensure that whatever the channels of distribution through which a product has passed, it shall be sold at a price fixed by the producer in advance." The British Government, Board of Trade, Report of the Committee on Resale Price Maintenance, 1948-49.

prices.¹⁰ In the beginning of the 1960s government was mainly pleased with the state of competition in the private sector. Only minor adjustments in the legislation were necessary according to the government.¹¹ The new was more reliance on information to consumers and business life with the aim to reach “price consciousness” and price competition. This was a time with high beliefs in information and rationalism, the former leading to the later. A parallel is alcohol policy where information campaigns were used trying to change alcohol culture from liquor drinking to beer and wine.¹²

Another issue of competition in the early 1960s was the concentration tendencies in the industry. However, the minister of finance was particular about the fact that concentration could have good and bad effects on competition.¹³

A consumer’s perspective became clear in competition policy in the 1960s, but even so the main purpose with the drive for price competition was to stabilise prices and press inflation. On the whole prices were in focus and several committees analysed the price issue. Another concept in use was efficiency. Already in the 1950s the concept was used in competition policy discourse, but in a bill from 1967 efficiency in the economy was said to be the goal of competition policy. At the same time competition authorities got more resources.¹⁴ The industry did swear its loyalty to the legislation, and the government seemed to believe them. But at the same time the government warned the industry harder legislation could be introduced if their loyalty diminished.

The 1970s in Sweden are hardly associated with market liberalism. On the contrary, the times were dominated by price regulations, public monopolies, state enterprises, labour market policy, regional policy and so on.¹⁵ It gave the government a lot of space in governing the economy with industrial policy, however restricted by the crises. In the directives to a new competition committee the attitude to competition was relatively half-hearted.¹⁶ The dilemma of the government was to balance the international trend of deregulation and giving competition more importance in the economy, with domestic claims to save full employment. Competition policy in this context became defensive. Only obvious misuse of cartel behaviour or market position was interesting to policy makers. Instead “crises policy” stood above the competition aspect.

After more than forty years in power the social democratic party lost the election in 1976. The new Centre party led government was critical to the social democratic state. It wanted a more businesslike public sector and decentralisation of state power to local authorities. Some efforts were done with market liberal aims, but the economy and the unemployment rates worsened the possibilities for a liberal direction of

¹⁰ Government bill 1956:148 (price regulation).

¹¹ Government directive to a committee on the supervision of prices, April 29 1960.

¹² Lundqvist, T. (2005), *Den starka alkoholstatens uppgång och fall*, in Rothstein, B. & L. Vahlne Westerhäll eds., *Bortom den starka statens politik?* Stockholm.

¹³ Government directive to a committee on concentration in the industry, November 10 1961.

¹⁴ Government bill 1967:75 (a more effective competition policy); Committee reports SOU 1961:3 (a more effective supervision of prices), SOU 1964:4 (a more effective information to consumers), SOU 1966:48 (cooperation on prices and competition).

¹⁵ On price regulation, see Jonung, L. (1990), *The Political Economy of Price Controls: the Swedish Experience 1970-1987*. Aldershot.

¹⁶ Government directive to a committee on a review of the Restraints on Competition Act, dir H 1974:05.

policy. The most surprising that happened in the 1970s in the competition issue was a committee report with economic liberal signs. The report from 1978 proposed a new competition policy in line with the one introduced in the 1990s.

The 1980s can be split up in two periods, since new ideas came in use from 1985 in economic policy. But the competition legislation, slightly changed in 1982, was still in line with the Swedish model. The minister of trade, Björn Molin (liberal), did not follow the radical-liberal propositions in the 1978 committee report. He wanted to hold on to flexibility and the principle of “misuse trial” and saw the ideas of the social democratic minister of trade in the 1960s, Gunnar Lange, as a model in competition policy. The committee report proposed a general prohibition on cartels, Molin not. However, a merger control was introduced. But on the whole it was a more efficient variant of the 1953 legislation.¹⁷

Instead it was social democratic governments who began to introduce economic liberal reforms from 1985 and onwards. At the time the idea of economic regulation was in question. The first step was the deregulation and institutional change in the credit system, leading to an overheated economy a few years later. And competition policy was once again subject to a committee. The Swedish model of competition policy was to be analysed and a policy shift to an EC model was seen as a possibility in the directives from the government.¹⁸

In the early 1990s the social democratic government continued to transform the regulated economy via directives to new committees. Now also the public sector became subject for competition ideas. However, how far the social democrats were willing to go in this matter we will never know. A liberal-conservative government took over in 1991 and continued to advocate economic liberalism and competition. It had higher ambitions compared to the former government regarding deregulation and competition in the public sector.

When the social democrats came back in power 1994, their main competition issue was prices on foodstuffs. This subject has a long history in the social democratic movement. In the early 1900s when the Co-operative Union stood for much of the thinking in this issue, foodstuffs were in focus.

At the time the competition issue was clearly connected to the discussion on EC/EU and a possible Swedish membership (member 1995). In 1992 a new competition authority was established, The Swedish Competition Authority, replacing the Swedish Price and Competition Board (SPK), and the Ombudsman for Free Trade. The new competition law (the Competition Act) in force in 1993 represents a shift in competition policy from a Swedish model to an EU-inspired one.¹⁹ I will return to this subject below, but we can point out the change from the principle of misuse trial to a principle of prohibition, together with de-corporatism, legalism and sanctions.

From the beginning the new legislation was controversial and seen to create uncertainty. The Competition Authority was criticised for over ambition and ardency. They saw illegal market behaviour everywhere, according to some criticism. This criticism made the social democratic government give directives to a follow-up

¹⁷ Government bill 1981/82: 165 (propositions for a new legislation on competition).

¹⁸ Government directive to a committee on strengthen competition policy, 1989:12.

¹⁹ Government bill 1992/93:43 (on increased competition in the municipal sector), and bill 1992/93:56 (on a new competition act).

investigation on the matter already in 1995, after only two years.²⁰ The report from the committee resulted in a bill aiming to improve legal security for firms by making legislation clearer. However, in spite of the widespread critique against the EU-model, the government was arguing for its positive effects on competition.²¹

In the year 2000 the social democratic government delivered a bill on competition policy with more economic liberal features than ever. It was a document of liberal utopian thinking, in my view based on the economic theory of perfect competition, arguing for the positive effect from competition on the whole society. The vision for the future seemed to be the invisible hand. The most important concrete proposition in the bill was that the Competition Authority would get national authority to implement EU competition rules in Sweden.²² After this bill competition policy has been directed to issues as the efficiency, supervision and following-up of rules. Especially cartels have been seen as harmful to the economy and to improve the cartel hunt an informer system has been established. The squealers informing the Competition Authority about cartel activity get cheaper out.²³

Sweden has followed the road to a harder view on behaviour restraining competition. Only a few decades ago leading politicians had a diametrically different position, meaning it was an absurd idea to prohibit cartels totally. They could be good or bad, depending on purpose and context. Nowadays criminalisation of cartel behaviour is on the agenda. At the same time the development in the direction of real competition in the economy only is in the bud, according to some debaters.²⁴

There are several elements explaining this development, economic and ideological. However, I believe Doern and Wilks have a point meaning the idea of competition has become a nostrum (a cure all medicine) in the process of adapting market principles to almost every part of society.²⁵

From the 1930s onward rationalisation in industry was high on the political agenda. Today it entirely seems to be an issue for the industry. Instead politicians try to govern industry with the concept of competition. However, industry still argues for rationalisation and claims it is more important than competition. The government on the other hand, describes the period of rationalisation policy as a period when a producer's perspective was dominating competition policy, not a consumer's perspective. Nowadays a consumer perspective is used to question mergers. Earlier rationalisation and large-scale production was the obvious argument for mergers. Now argumentation focuses on dynamics and the number of companies on the market. Governments want to shape dynamic market structures. The danger with large-scale production and oligopoly is held to be locking-in into sluggish structures. Competition policy aims to create changeable market structures.

²⁰ Government directive to a committee on a follow-up on competition act, 1995:136.

²¹ Government bill 1997/98:130 (on changes in the competition act); government directive (additional) to a committee on a follow-up on competition act, 1997:38.

²² Government bill 1999/2000:140 (on competition for renewal and diversity).

²³ Government bill 2001/02:167 (on changes in the competition act for a more efficient fight against cartels).

²⁴ Braunerhjelm, P. m.fl. (2002), *Gränslös konkurrens. Sverige i ett integrerat Europa*. Stockholm. Ganslandt, M. & S. Nyberg (2002), *Konkurrens på nya villkor*. Stockholm.

²⁵ Doern, B. & S. Wilks eds. (1996), *Comparative Competition Policy. National Institutions in a Global Market*. Oxford.

This change in perspective coincides with a general development in the economy where consumption has become more important, not least for employment. In addition, it also coincides with ideas of fast changing society and a future of uncertainty. In this context the importance of competition policy has grown.

There is a dilemma for the industry in this development. Generally, they have always argued for more markets and lesser state. In this perspective it has been difficult to criticise competition policy. Documents show however that the industry has seen itself run over in competition policy issues. From their point of view the new competition policy is an unnecessary regulation.

Organised interests and central government authorities

Since interest groups generally have been important in Swedish political culture and competition policy affects them, we shall here analyse their and central government's ideas and actions in the field. Who was pursuing change and who was stepping on the brakes? Who was influential? Did this change over time? We will take a historical approach to the subject, following the times as they change.

1950s

One important economic issue during the 1950s was how to combine full employment with low inflation.²⁶ Price regulations began to be seen as obsolete. The economic problem was inflation, believed to originate from rising prices due to cartels, wage negotiations and wage drift. Of course inflation had its roots in the international economy, but it was thought to be possible to press it to some extent at national level. For that purpose the idea of more competition in the economy grew in importance, among social democrats regarding the private sector and among liberals and conservatives regarding the public sector. At the same time employer's organisations and unions tried to press inflation by centralisation of wage bargaining.

In this context the first competition legislation, neglecting the monopoly law of 1925, was put in force in 1953. More competition on markets for consumer goods and less on the labour market had the same purpose, pressing inflation in the best of export industry.

After the war the USA had become the leading economic and political force and liberal winds were blowing over Europe, not least as a result of the Marshall plan. West Germany was for instance decartelised.²⁷ All this affected opinions on competition and co-operation issues, and strongly contributed to the establishment of competition policy all over Western Europe.²⁸ In Sweden it started with the cartel register after the war, mentioned above, and in the 1950s competition policy was institutionalised as a policy field of its own.

²⁶ The economic policy trying to combine full employment with low inflation is by Rudolf Meidner characterised as "the Swedish model" in pure economic terms, Meidner, R. (1994), *The Rise and the Fall of the Swedish Model*, in Clement, W. & R. Mahon, *Swedish Social Democracy: A Model in Transition*. Toronto: Canadian Scholars' Press.

²⁷ Erhard, L. (1962), *Välstånd genom konkurrens* (Prosperity through competition). Stockholm.

²⁸ Doern, B. & S. Wilks eds. (1996), *Comparative Competition Policy. National Institutions in a Global Market*. Oxford; Schröter, H. (1996), *Cartelisation and Decartelisation in Europe, 1870-1995: Rise and Decline of an Economic Institution*. *Journal of European Economic History*, vol. 25:1.

The idea with an official cartel register was it would lead to voluntary decartelisation, and this was in line with the opinion in the industry. Cartels misusing their position should be winded up. However the social democrats and the Swedish Trade Union Confederation (Landsorganisationen, LO), under protests from the industry, moved the issue to legislation. Instead the industry demanded deregulation of the economy. Why only the private sector should spend their days under economic liberal rule, was their question.

It was a committee report in 1951, "Restraints upon competition", giving those propositions leading to the institutionalisation of competition policy.²⁹ The propositions followed the interests of the LO. It saw cartel registration as insufficient and had been lobbying for legislation since 1945.³⁰

The industry was not amused. The Swedish Federation of Industries (peak organisation for trade associations) saw competition policy as an important task for the government, but of no use if it did not include the public sector. The economic problems were not to be found in the private sector, they argued. The problems were regulations, inflation and taxes, according to the federation. Compared with those phenomena cartels and other agreements had little impact on competition in the economy. They also compared the proposals in the 1951 report with US anti-trust legislation. The problem was, they argued, the unrealistic policy going back in time in one sector, when the rest of the society is heavily collectivised. The federation was also irritated by the view of cartels in the report, giving them only negative effects. It was neglecting the fact that cartels also could have positive effects, and that competition continued inside cartels, the federation argued. Moreover, they wanted to include the labour market in the legislation. However, this argument lacked credibility since employer organisations at the same time were trying to cartelise the labour market³¹. Their first priority was though to continue cartel registration and decartelisation under the lead of their own organisation.³²

The opinions from the Merchants' Association were in line with the industry. However the merchants were eager to discuss the entrance control of new businesses and gross prices. The fact that the Merchants controlled the establishment of new businesses was controversial and in question. But it did not damage competition, the Merchants argued. It had been established in 1932 on the recommendation of the liberal government at the time, to hinder fortune hunters and over establishment during the crises. Neither could they agree to prohibit gross prices, which should be seen as a rationalisation. And they were against the establishment of a competition authority, perhaps developing in a for business life negative direction.³³

The Wholesalers' Association on their side was irritated by the description of co-operation in business life. According to them the report described it without understanding of the realities, and with biased and distorted pictures. On the contrary, co-operation is necessary and efficient, they argued.³⁴

²⁹ SOU 1951:27-28.

³⁰ The LO's comment on committee report SOU 1951:27-28.

³¹ Lundqvist, T. (2005), The Employers in the Swedish Model: the Importance of Labour Market Competition and Organisation, *Working Paper*, Institute for Futures Studies 2005:1.

³² The Swedish Federation of Industries' comment on committee report SOU 1951:27-28.

³³ The Merchants' Association's comment on committee report SOU 1951:27-28.

³⁴ The Wholesalers' Association's comment on committee report SOU 1951:27-28.

All in all, the large business interest organisations agreed that improper behaviour restraining competition should be neutralised by business life itself without legislation, that both competition and co-operation had its benefits, that government policy and regulations were a larger problem to competition than cartels and other collusive agreements, and that the labour market in case of legislation should be included in competition legislation from reasons of justice.

The government authorities involved in competition issues had a cautious attitude in the 1950s. The National Board of Trade did not want any prohibitions, arguing for “reasonable consideration” from a realistic and careful stand. The Board saw the propositions in the report as a reaction to the “surprisingly” large number of cartels in the register. The number of registered agreements demanded some action, according to the Board. And it was sceptical of the industry’s willingness to decartelise. Price control and inflation diminished the meaning of cartels easing decartelisation, but what will happen in the future, it asked. Another authority, the Price Control Board, was positive to the propositions, but stressed the importance of carefulness and pragmatism.³⁵

In the early 1950s the main interest conflicts in competition issues occurred between the social democratic opinion (including the LO) and opinions in the business life. The question was decartelisation made by the business life itself or legislation based on distrust in the willingness to decartelise. The answer was legislation as the social democratic party ruled.

In another committee report, “Competition and prices”, propositions were put forward which contributed to the abolishing of the price control, the establishment of the SPK (the Swedish Price and Cartel Board) and a general clause in competition legislation.³⁶

From principle reasons the LO preferred price competition before price regulation. However at the current state of the economy with cartels and inflation the LO saw price regulation as a tool to be used if necessary. The report had proposed a combination of control of both prices and cartels, which the LO found reasonable.³⁷

The business interest organisations had several objections. Certainly they preferred competition before price regulation, but the use of the concept “efficient competition” was to near the “theory of economic liberalism”. They saw economic liberalism as neither realistic nor desirable in a modern society. Also they were afraid that price regulation would continue to be used, excused by extra ordinary circumstances in the economy. For instance could the inflation from full employment bring politicians to price regulation, but with arguments blaming the private sector and the cartels. Further they opposed the establishment of a new authority (SPK), more resources to information, and a general clause with the argument that legislation only had been in force for three years. It was too early to draw any conclusions from legislation in such a short time, they argued.³⁸

³⁵ The National Board of Trade’s and the Price Control Board’s comments on committee report SOU 1951:27-28.

³⁶ SOU 1955:45.

³⁷ The LO’s comment on committee report SOU 1955:45.

³⁸ Comments on committee report SOU 1955:45 from the Swedish Federation of Industries, the Merchants’ Association, the Wholesalers’ Association, and the Association of the Swedish Handicraft and Small Scale Industries.

The tasks of the Price Control Board partly continued in the proposed new authority SPK. Therefore the Board had no objections to the abolishment of price regulation and to be closed down. They preferred competition in normal times. However they had no faith in the possibilities to force efficient competition and saw it as necessary for the SPK to be able to use price regulation. The National Board of Trade, on their hand, opposed the general clause giving authorities the possibility to supervise private firms.³⁹

1960s

The committee on recommended prices delivered its report “Price co-operation and competition” in 1966. Should the legislation on co-operation on prices be tightened up, was the issue. The answer became more effective implementation of the legislation in force.⁴⁰

The LO was pleading a consumer’s perspective on competition policy. Informed and price conscious consumers could contribute to the rationalisation of society.⁴¹

The business interests were very critical to the view of price competition in the report. Co-operation was sometimes necessary and other forms of competition were as important as price competition. The criticised “vertical recommended prices” (prices set by wholesalers, also called gross prices) could even mean more price competition, according to the Swedish Federation of Industries. The Federation was also against enlarged registration at the SPK, involving vertical prices and large enterprises. The Wholesalers had similar meanings, also agreeing on the “standing” argument of the bad quality of the report. The unity was however broken by the Merchants, arguing for vertical prices in the cartel register.⁴²

In the mid 1960s, government authorities regarded competition policy well functioning. The National Board of Trade warned for an extensive bureaucracy in the competition policy field and saw legislation as sufficient. The Ombudsman for Free Trade (NO), an eager defender of price competition, praised business life for its actions and loyalty to the legislation. However, the Ombudsman also agreed with the report the need for more effective price information. The Free Trade Council and the SPK praised the negotiation system and shared the negative opinion in the report towards a general prohibition on price co-operation. The SPK also wanted to play down the possibilities for competition to press inflation, as it was caused by economic imbalances in Sweden and internationally.⁴³

To conclude, both government and authorities were relatively pleased with competition and the functioning of competition policy in the 1960s. The LO was however prompting for more price competition in the private sector to safeguard real wages. On the whole price competition was the main issue in competition policy. A consumer’s perspective was seriously introduced in this policy field at the end of the

³⁹ The National Board of Trade’s and the Price Control Board’s comments on committee report SOU 1955:45.

⁴⁰ SOU 1966:48.

⁴¹ The LO’s comment on committee report SOU 1966:48.

⁴² Comments on committee report SOU 1966:48 from the Swedish Federation of Industries, the Merchants’ Association, and the Wholesalers’ Association.

⁴³ Comments on committee report SOU 1966:48 from...

decade. Another distinctive feature was the use of information to influence producers and consumers to develop a price conscious attitude. The business interest organisations opposed the focus on price competition and tendencies to see price co-operation as generally harmful.

1970s

In 1978 the report from the committee investigating competition policy had several radical proposals: general prohibitions on cartels and market sharing, merger control, split of market dominant firms (read monopolies), and abolishing the principle of negotiations.⁴⁴

The LO was pleased with the propositions and saw prohibitions on cartels and market sharing as well needed. What really pleased the LO was however the propositions on merger control and the possibility to intervene in firms with a dominant market position. Moreover, the union wanted to strengthen the competition authority by letting other authorities participate in investigations on mergers and acquisitions.⁴⁵

The business interest organisations opposed a “change of system”. The Swedish model of negotiations and the principle of misuse trial were praised. It was rare to hear business interests use the concept Swedish model in a positive manner, but here they did as it was in their interest. They argued it was out of question to abolish negotiations with the motivation it was ineffective. Instead they saw the model as especially relevant in a small country exposed to international competition. Therefore competition policy had to consider the position of Swedish companies in international competition. In this context, the organisations saw trade policy as the important “competition policy” and wanted to see a connection between domestic and international regulation of competition.⁴⁶

They also criticised what they saw as a tendency to give theories on competition priority before reality. Even more severe critique was given to the proposal on company split and a general cartel prohibition. It was proposals without considerations to extreme situations, such as economic crises. And a proposed prohibition on consulting between firms, to hinder collusive behaviour, was a threat to legal security, the organisations argued. And why legislate on acquisitions when it rarely hampered competition, they asked.⁴⁷

The Merchants made their own comment on the report. On the whole they agreed with the other business interest organisations. For instance, government intervention in the economy was seen as a greater threat to competition than occasional restrictions to competition made by companies. The Merchants also questioned the notion that restrictions on competitions always were leading to less efficiency.⁴⁸

The National Board of Trade described the proposals from the committee as close to EC competition rules. The Board opposed control of acquisitions. It was difficult to avoid arbitrariness, and it could hinder necessary rationalisations.⁴⁹

⁴⁴ SOU 1978:9.

⁴⁵ The LO's comment on committee report SOU 1978:9.

⁴⁶ The Business interest organisations' joint comment on committee report SOU 1978:9.

⁴⁷ The Business interest organisations' joint comment on committee report SOU 1978:9.

⁴⁸ The Merchants' Association's comment on committee report SOU 1978:9.

⁴⁹ The National Board of Trade's comment on committee report SOU 1978:9.

The exception among authorities was the Ombudsman for free trade who recommended the radical propositions in the report. He motivated the extension of prohibitions with the difficulty to prove harm on competition. And regarding acquisitions he saw them as a kind of cartel agreement to be examined. The committee report did also propose the possibility to examine already ceased restrictions on competition, which pleased the Ombudsman who saw it as a way to establish cases of precedent.⁵⁰

The SPK was however sceptical and stressed that competition was subordinated more general goals in economic policy, not a goal in itself. Further, co-operation between companies could be vital to survive competition from abroad. Therefore competition policy should not hinder economies of scale. The SPK also wanted labour interest to be considered in competition policy.⁵¹

Also the Swedish Consumer Agency had a sceptical attitude to an excessive belief in competition. Regarding acquisition it was not an issue only for competitions authorities, since considerations had to be taken regarding employment, service and the supply of goods. The Agency wanted to keep the pragmatic attitude to competition policy it seems. However, and hardly logical, it agreed to downplay the importance of negotiations.⁵²

The economic problems in the 1970s meant a brake with the trend from the 1950s of increasing importance given to the idea of competition. The governments ruling the 70s were occupied in trying to save full employment, and once again used price regulations to combat inflation. In this political context it is perhaps surprising to find radical-liberal ideas on competition in a committee report from 1978. Afterwards this report can be seen as before its time. However internationally these ideas were in swing and the Americans had already started its deregulations of markets under President Carter. The main supporters of the ideas in the report were the LO and the Ombudsman for free trade, but from different positions. The former had an interventionist stand, the later a market liberal. The business interest organisations and several authorities opposed a shift from a Swedish model to a market liberal one. In 1982 the 1978 report was used in a new bill on competition policy. However, as we saw above, the liberal minister of trade was sceptical to the lion part of the new radical ideas on competition. The Swedish model in competition policy survived the 1980s.

The early 1990s

A committee on competition policy delivered its main report in 1991, "Competition for Greater Welfare".⁵³ The report proposed adaptation to EC competition rules, for instance general prohibition instead of misuse trial in single cases, and a Market Court without interest members (de-corporatism). Another proposal was the establishment of a new competition authority with no roots in price regulation efforts and with the only task to advocate competition.

⁵⁰ The Ombudsman for Free Trade's comment on committee report SOU 1978:9.

⁵¹ The SPK's (the Swedish Price and Competition Board) comment on committee report SOU 1978:9.

⁵² The Swedish Consumer Agency's comment on committee report SOU 1978:9.

⁵³ SOU 1991:59.

The LO was mainly positive to the proposals in the report, for instance tougher competition rules in both private and public sector. At the same time the LO was warning for too much faith in competition ideas and a tendency to make it a goal in itself. However, the LO was critical to the proposal excluding interest members from the Market Court.⁵⁴

The Swedish Federation of Industries was positive to the competition legislation in force and wanted to keep the Swedish model. Therefore the Industry opposed adaptation to EC competition rules. The Federation was supportive to a new competition authority, however directed towards deregulation and increased competition in the public sector. Together with barriers to free import, regulations were the real competition problems in the economy, they argued. The Federation disagreed to proposals on the break up of companies abusing their market position, and to merger control. Also they complained over the quality of the analysis behind the proposals, meaning it was based on unproven theories. Moreover they feared this could open for state intervention in the structural rationalisation of businesses. Regarding the proposals to prohibit horizontal price agreements and market sharing, they had a hard time swallowing the arguments in the report. According to the Federation, the report wanted a shift in competition policy because it was to ineffective, due to time-consuming investigations and tough proof claims. The Federation wanted to keep the principle of misuse trial in a single case. And their critique of the proposal to replace interest members with economists and jurists in the Market Court was severe.⁵⁵

The authorities stand out as the instigators for competition in the early 1990s. The National Board of Trade agreed on the whole to the view on competition in the report. It was important to reduce restrictions to competition at home for Sweden as she advocated a harmonised European market and free trade internationally. From the same standpoint the Board was positive to replace interest members in the Market Court.⁵⁶

The Consumer Agency was very pleased with the prohibition on price cartels and market sharing, and harder sanctions. However, the Agency wanted more emphasis on the consumer goal in competition policy.⁵⁷

Also the Ombudsman for Free Trade was very pleased with the committee report, copying EC competition rules. However the importance of rules, more important was attitudes to competition. He wanted a policy with long-term aims keeping competition pressure up, and without considerations to goals in other policy field such as regional, employment and environment policy. With this report Sweden now had joined the predominant ideas on competition, found in all important economies today, by stating the necessity of competition to growth, efficiency and welfare. The report proposed a merger between the Ombudsman and the SPK into a new competition authority. The Ombudsman was positive, and saw this move as necessary to handle greater demands to deregulate and to implement the new competition rules. However the proposal included advanced investigations into market conditions. The Ombudsman opposed such a direction for the new authority, wanted it to concentrate on the application of legislation. There was already enough

⁵⁴ The LO's comment on committee report SOU 1991:59.

⁵⁵ The Swedish Federation of Industries' comment on committee report SOU 1991:59.

⁵⁶ The National Board of Trade's comment on committee report SOU 1991:59.

⁵⁷ The Swedish Consumer Agency's comment on committee report SOU 1991:59.

international literature on anti-competitive behaviour to use, he argued. He was pleading for the use of precedent.⁵⁸

The method he was advocating he called direct. He saw it as the opposite to the indirect method used by the SPK, aiming to investigate industrial branches and make the results official. The idea behind this method was to create pressure on firms behaving in an anti-competitive manner. However, the Ombudsman warned that the market transparency this was leading to could damage competition. Uncertainty about the behaviour of competitors was an incentive to competitive behaviour, he argued.⁵⁹

Moreover, the competition authority should be an independent watch dog for competition, according to the Ombudsman. This independency did not include corporatist arrangements. Interest representation threatens both efficiency and legal security, he argued. The new authority should therefore have no body of directors. Independency required a managerial body in head, steering the authority in an impartial and independent way, he argued.⁶⁰

The ombudsman was worried of concentration tendencies in the economy. Therefore an efficient merger control was necessary in the future. The argument of economies of scale should be treated with moderation. The Ombudsman was positive to the abolishment of the Market Courts duty to negotiate, and of harder sanctions. Moreover he was sceptical to regulations and saw deregulation as a main task for the new authority. It could also be mentioned that he wanted more entrepreneurial management in public sector.⁶¹

On the whole the SPK was positive to the proposals in the report. It pleaded for an extensive promotion of competition ideas, including deregulation and competition in the public sector. Regarding cartels the SPK wanted a general prohibition, motivated by the difficulty to prove single cases harmful, when at the same time economic literature and experience showed their harm on competition.

According to the SPK the new competition authority should be independent without organised interests involved. And it should not handle any price regulation as the SPK had done. Instead the authority's tasks ought to be broadening into trade issues, public purchasing, government subsidies and other activities distorting competition. The SPK also pleaded for free entrance and the abolishment of import restrictions. The EC inspired competition rules proposed by the committee was in line with the ideas of the SPK.⁶²

The SPK was pleading for a broad competition policy. Through information and the moulding of public opinion, competition ideas could be spread into the whole society, it argued. In this vision of a society permeated by competition ideas, the competition authority also should try to spread a competition mentality into the public administration. Competition policy had an overriding role in the economy and the

⁵⁸ The Ombudsman for Free Trade's comment on committee report SOU 1991:59.

⁵⁹ The Ombudsman for Free Trade's comment on committee report SOU 1991:59.

⁶⁰ The Ombudsman for Free Trade's comment on committee report SOU 1991:59.

⁶¹ The Ombudsman for Free Trade's comment on committee report SOU 1991:59.

⁶² The SPK's (the Swedish Price and Competition Board) comment on committee report SOU 1991:59.

problems it had to handle were, according to the SPK: regulations, the degree of organisation in the society, and a much too large public sector.⁶³

So, the SPK advocated an independent and legalistic competition policy aiming for efficiency, economic growth, low prices and freedom of choice for consumers. I believe it is fair to say it treated competition as an idea which should direct society.

It became the liberal-conservative government Carl Bildt (the Moderate party) who carried the new legislation through. Hereby Sweden adapted to a negative view on co-operation, abolished the principle of misuse for a principle of prohibition on cartels, and weakened the institution of negotiations. An EC model of “anti-trust” policy had replaced the Swedish model under the protests from the business interest organisations. The main pushers seem to have been experts in the competition bureaucracy and in the ministry of finance.

Second half of the 1990s

The new Competition Act was controversial, and already in 1995 the social democratic government decided to appoint a committee to follow it up.⁶⁴ The task was to evaluate the effects of the law for the years 1993-1996. The conclusion from the committee was a need to simplify and clarify the law.⁶⁵

The LO still had confidence in the idea of competition. However, their critique of the development of competition policy after 1993 was severe. They talked about a rigid and doctrinaire application of the law, and saw competition as a new dogma standing above democracy. Foremost, the LO was critical to the Competition Authority and its interest for agreements on the labour market.⁶⁶

The business interest organisations had been critical to the new views on competition in competition policy, and they still were. The Federation of Industries wanted the Competition Authority to abandon its legalistic scrutiny of details, and its preconceived opinion on competition and co-operation, claiming that the former always is good and the later bad. The Federation also criticised the Authority to be inefficient and slow, and to cause insecurity of justice. The Swedish government should try to reform EC competition rules instead of accepting them as they are, they argued. And the Merchants’ Association wanted to see rules adapted to Swedish conditions regardless of EC rules. Several companies pleaded for the importance of co-operation. A common comment was the need of more flexibility and security of justice. The Swedish Bankers’ Association concluded that an “overwhelming majority” had been opposing the far reaching adaptation to EC legislation.⁶⁷

A lot of critique was directed to the Competition Authority. However, it only saw positive effects of the principle of prohibition. It was understandable it took some years for the companies to adapt to the new situation, they argued. Other authorities were not as positive. The Swedish Agency for Economic and Regional Growth meant

⁶³ The SPK’s (the Swedish Price and Competition Board) comment on committee report SOU 1991:59.

⁶⁴ Government directive 1995:136.

⁶⁵ SOU 1997:20.

⁶⁶ The LO’s comment on committee report SOU 1997:20.

⁶⁷ Comments on committee report SOU 1997:20 from the Swedish Federation of Industries, the Merchants’ Association, and the Swedish Bankers’ Association.

that the Competition Act was ill functioning and one county administration wanted to see a reversal back to pragmatic principles.⁶⁸

Changing attitudes to competition – some conclusions

We can conclude the LO was lobbying for harder competition rules in the private sector in the post war period. Even in the early 1990s the union was pleading for more competition and a closer supervision of market behaviour. The LO was praising the positive effects of market economy and competition, stabilizing prices and increasing efficiency. Competition pressed inflation which had effect on real wages. The utility of free enterprise was the efficiency of competition, the union argued. However when the Competition Authority directed its activities towards the public sector and to a lesser degree the labour market, the LO stepped on the brakes. According to the union, competition was treated in a dogmatic way by the Competition Authority, and treated as an ideology standing above democracy. This was not a sustainable direction of society, the LO argued. There are benefits from competition up to a certain limit, beyond it is harmful.

The attitude to competition policy has not changed much in the private sector since the 1950s, even if we can see a successive, or gradual, adaptation. In the 1950s they opposed legislation preferring decartelisation organised by the industry. Later the private sector defended a legislation built on the principle of misuse, opposing adaptation to EC rules. The Swedish Federation of Industries wanted to keep the corporative Swedish model.

The development of competition policy went however the business interests' way if we include deregulation and trade policy. From the 1950s onwards the industry frequently asked why only the private sector had to compete. Economic liberalism restricted to the private sector was of limited effect, they argued. So, on the whole, competition policy went the way of business interest, in spite of the Competition Act of 1993. However, here we concentrate on attitudes to competition policy in a more narrow sense. Then we can notice the critique against committees and authorities to have a theoretical and unrealistic look upon markets, and to depreciate co-operation and overestimate competition. Translated to academic life, the industry had an institutionalist or economic history approach to markets, while authorities took a neoclassical (economics) or law stand. For instance, the industry's critique of the use of unproven economic theory instead of empirical investigations on the deep could have taken place in an economic history seminar.

In the 1940s and 1950s the attitudes to competition at authorities were characterised by a careful and pragmatic view. However positive to competition, they did not see cartels as harmful per se. Cartels could be good or bad, depending on the situation. During the 1960s the competition authorities still advocated the principle of misuse and other signs of the Swedish model. Both the Ombudsman for Free Trade and the Swedish Price and Cartel Board (SPK) were satisfied with the development and agreed against a general prohibition on price cartels.

The committee report in 1978 was radical proposing EC competition rules. The Ombudsman now had changed position and agreed on the whole to the report. The SPK, however, opposed the proposals and defended the Swedish model. Competition

⁶⁸ Comments on committee report SOU 1966:48 from the Swedish Competition Authority, the Swedish Agency for Economic and Regional Growth, and the County Administrative Board of Kronoberg.

is a mean, not a goal in itself as it tended to be in the report, the SPK argued. Also other authorities were sceptical. Only the Ombudsman was positive among authorities.

Next committee report from 1991 followed the ideas from 1978. This time it led to a change in policy, replacing the Swedish model with EC rules. Now the sceptical authorities from 1978 followed the Ombudsman in its positive attitude to a new competition policy.

The LO was mainly positive to the report and a shift to an EC model. However a few years later, when the Competition Authority directed its efforts to the public sector, and to some degree the labour market, the LO joined the critics.

Together with the committees, the Ombudsman for Free Trade stands out as the important actor in the competition policy change. However, it was politicians (and experts in ministries) who pointed out the direction. Not least important was the social democratic government Ingvar Carlsson (1988-1991).

A widespread critique on the implementation of the Competition Act led to a follow-up investigation already a few years later. This shows how controversial this issue was in the 1990s.

From a Swedish model to a new model

With a beginning around 1900 Sweden developed to one of the better-organised countries in Europe, when it comes to interests. Business and industry, farmers, unions, temperance movement, nonconformists – they all created influential interest organisations with affect on policy. This corporatism leads the way to a negotiation economy. Historians, and other scholars, often use the term “the Swedish model” for this form of governing, including the great importance of collective bargaining at peak level between unions and employers.⁶⁹

Competition policy in this model was characterised by pragmatism and negotiations. Competition yes, but it was sub-ordinated other values in the economy. Labour market policy and regional policy were often valued higher. In the beginning of the 1990s, the Swedish model really became questioned by its liberal and conservative opponents. During a few years several of its basic institutions were deregulated. And it was not just a re-regulation; it was a break-up of a model for governing.

The first step was taken in 1985 when important parts of the regulation of credits were changed and banks got a freer position on the financial market.⁷⁰ A few years later employers dismantled peak level bargaining. In addition, economic macro policy was changed to fight inflation with interest policy rather than to ease full employment. In this context, the new competition policy was a part in an attack on the ‘inefficient’ Swedish model. This was more than a shift in economic policy. When

⁶⁹ Magnusson, L. (2000), *An economic history of Sweden*, London; Lundh, C. (2004), *Wage formation, labour market institutions and economic transformation in Sweden 1860-2000*, Stockholm; Lundqvist, T. (2005), *The Employers in the Swedish Model: the Importance of Labour Market Competition and Organisation*, *Working Paper*, Institute for Futures Studies 2005:1.

⁷⁰ Ottosson, J. (2002), *Avregleringar eller omregleringar*, in Isacson, M. & M. Morell eds., *Industrialismens tid*. Stockholm; Svensson, T. (2001), *Marknadsanpassningens politik. Den svenska modellens förändring 1980-2000*. Uppsala.

the competition authority at the time tried to explain why competition was a problem in Sweden the answer became a description of the Swedish model: regulations in agriculture, housing, transports, over-organised society, large public sector. So it was a political culture in transition, a culture of negotiations, interest participation and pragmatism. This was now to be replaced by clear rules of the game, legalism and competition. The idea was to take Sweden into an economic liberal era.

Corporatism in competition policy was typical for the Swedish model: pragmatism and legitimacy through interest organisations.⁷¹ As in other areas of policy, it was implementation suited to the situation, and the interests gave legitimacy to the actions. When this changed, so did also a political culture. In competition policy this change is summarised in the table below.

Table. Changed political culture in competition policy.

Swedish model	New (EU) model
Empirical knowledge	Theoretical knowledge
Negotiations	Rules of the game
Principle of misuse	Principle of prohibition and abuse
Pragmatism	Legalism
Regulations	Competition
Interests	Disinterest
Corporatism	De-corporatism, independence
Influence via information	Direct intervention and sanctions

The concepts in the table are on a gliding scale. The aim is to try to catch a tendency rather than an absolute change. We begin with the first pair. In the Swedish model every case of suspected misuse of position, restraining competition, had to be empirically investigated in the single case. In the new competition policy theoretical considerations, both economic and law, has grown in importance. That is part of a general tendency to emphasise “the rules of the game” instead of negotiations. At the same time we must remember that rules of game are nothing new and negotiations still exist. However, the tendency is so clear we can speak of a transition from a principle of misuse to a principle of prohibition (and abuse), from the single case investigation to the prohibition of whole groups of market behaviour. In this coherence it is a change from pragmatism to legalism.

The change from regulations to competition as an organising principle in the economy is fundamental however not absolute. Still there is a lot of regulation and competition has been important in policy since at least the 1850s. However, private regulation (cartels) and the regulation of the public “natural” monopolies have been replaced with competition on the market. Perhaps the most striking change is in the role of the state, from a participator to an enabler of the game. The “enabling state”⁷² creates the rules and supervise the game of competition, but should ideally not act in transactions. Of course this economic liberal ideal is far away in real economy, but the direction or tendency goes this way.

⁷¹ Rothstein, B. (1992), *Den korporativa staten. Intresseorganisationer och statsförvaltning i svensk politik*. Stockholm.

⁷² See for instance Rose, N. (1999), *Powers of freedom: reframing political thought*. Cambridge, for an interesting discussion on the enabling state in advanced liberalism.

The participation of organised interests in the governance of the economy, and in the directions of authorities, was characteristic of the corporative Swedish model. The aim with interest participation in directions and in the Market Court was to contribute with insights and experiences from the reality. The disinteresting of competition authorities and the Market Court was motivated with the need for independency, enabling impartial judgement of cases, especially when foreign companies were put on trial at the Court. It was a question of international credibility. Moreover, it was important to keep the LO out, hindering it from bring in labour market considerations. This development was part of a general de-corporatism towards independent authorities⁷³. According to the governors it was a necessary step in strive to let competition permeate policy.

The SPK's (the Swedish Price and Competition Board) task was to influence producers and consumers to behave in a rational competitive way via information. The Ombudsman for Free Trade described it as an indirect method. In the new competition policy steering with information still is in use, but in different ways. It is no longer an alternative to direct intervention. Rather information today aims to propagate competition on a more general level in society, to shape a "competition mentality".

When the competition legislation replaced the industry's own efforts to decartelise it rested on scepticism of the seriousness of the industry to solve the problem. The social democratic government and the LO did not believe the industry able to create competition on their own. On the other hand they had great belief in governing, exemplified in the indirect method of information, aiming to make the industry competition minded. So indeed, they trusted the industry to be rational. In the 1990s government believed in the rationale of profit maximising, leading to cartel behaviour. At the same time there is a change to lesser trust in companies' loyalty to competition legislation. Therefore efforts have been made to make markets more transparent to authorities, and an informers system has been introduced.

Conclusions

The so called "Swedish model" has been studied from a number of perspectives, however not competition policy. The study aims to fill this hole, or at least take a step towards a history on competition policy in Sweden. The article is guided by questions of change in political culture, and we find a change from a distinct Swedish model to an EU model. But the article also deals with attitudes to competition and competition policy among government, business interest organisations, unions and authorities involved in competition issues. We study change and continuity in this field from the post war years until the early 21st century. It took almost fifty years for anti-trust to conquer Sweden after its appearance in Europe.

When it comes to attitudes to competition and competition policy they changed successively and among experts radically over the period. Efforts from the LO and the social democrats institutionalised competition policy in the 1950s, while the authorities had a low profile and the industry opposed legislation. The LO continued to be positive to more competition and in the late 1970s the Ombudsman, as the only authority, agreed to a radical shift in policy. In the early 1990s also the other

⁷³ Rothstein, B. & J. Bergström (1999), *Korporatismens fall och den svenska modellens kris*. Stockholm.

authorities had changed attitude and were in favour of EC rules. However, the industry was critical to the view of competition in the Act, pleading for the Swedish model and its pragmatism.

We have argued there was a Swedish model in competition policy which was changed when policy adapted to principles in the EU. Typical signs of the Swedish model were a consensus and co-operative attitude towards interest conflict with institutions aimed for negotiations and pragmatism. This was also the case in the competition policy, institutionalised in the 1950s. When EU-rules were implemented a new more legalistic model came in use that build more on theory than before, and with a more outspoken consumer rights perspective. However, and even if it's not discussed in this paper, we have to remember that a similar development have occurred in several European countries; a development from corporatism to liberalism including a tendency to trade negotiations for legalism.

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