

NNR

BOARD OF SWEDISH
INDUSTRY AND COMMERCE
FOR BETTER REGULATION

Presentation of NNR
ENBES seminar Stockholm
21st of January 2013

– CUTTING RED TAPE FOR BUSINESS –

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Agenda

- The history of NNR and some main topics.
- Lessons from 30 years about statistics and regulations.
- Some thoughts about improvements.

About NNR

- Founded in 1982 as an independent, non-party political organisation entirely funded by its members
- Founded due to an ordinance which required consultation with a “representative for business”.
- Members: 17 largest business organisations representing the majority of all active companies in Sweden; of all sectors and sizes.
- NNR is unique: our sole focus is on the regulatory reform.

General information about NNR

- Work for: Less and better regulation, lower regulatory costs and efficiency regulatory measures
- Coordinating business scrutiny of compulsory IAs (all new legal instruments, 300/year)
- Consult with the government and public agencies about the reporting burden
- Help to improve the legislative process and better regulation in Sweden and in the EU
- 5 persons employed

Regulation

- “Regulation refers to the diverse set of instruments that governments use to impose requirements on enterprises and citizens. Regulations includes laws, formal and informal orders and subordinate rules issued by all levels of government, and rules issued by non-governmental or self-regulatory bodies to which government have delegated regulatory power”.
(OECD 1997)
- Benefits have to justify costs (make the world better)

Different cost aspects

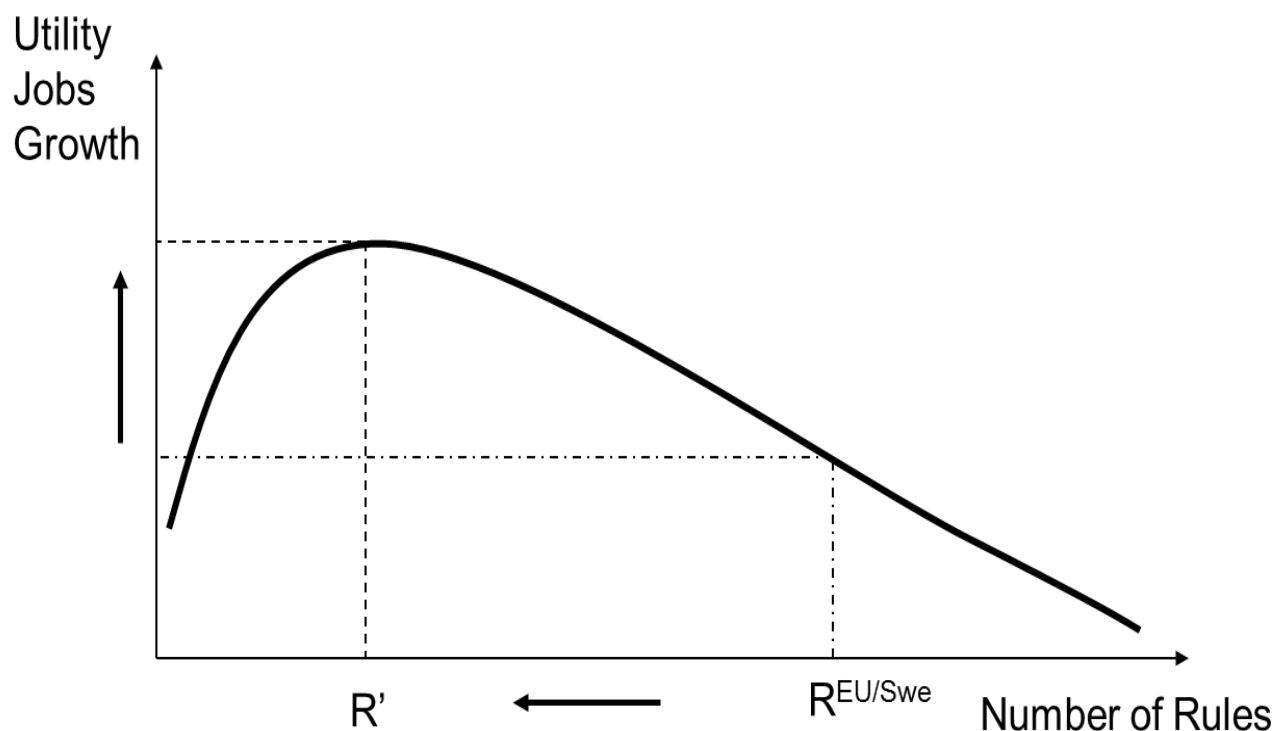
<i>Direct costs</i>			<i>Indirect costs</i>	
Administrative costs	Operational costs	Financial costs	Company level	Society level
Permits, Applications	Health reg. Environmental reg.	Income taxes Pay-roll taxes	Innovations Investments	Productivity Entrepreneurs and start ups
Reports	Production reg.	VAT	Recruitments	Growth of businesses
Statistics	IT	Other taxes		New jobs and employment
	Transports			Economic growth

The Political Economy of Regulations

1. Create history and make footprints
2. Special interests
3. Capture
4. Unintended consequences

Creates long term over-regulation and blocks deregulation/changes.

The Regulation Curve (Karlson 2009)



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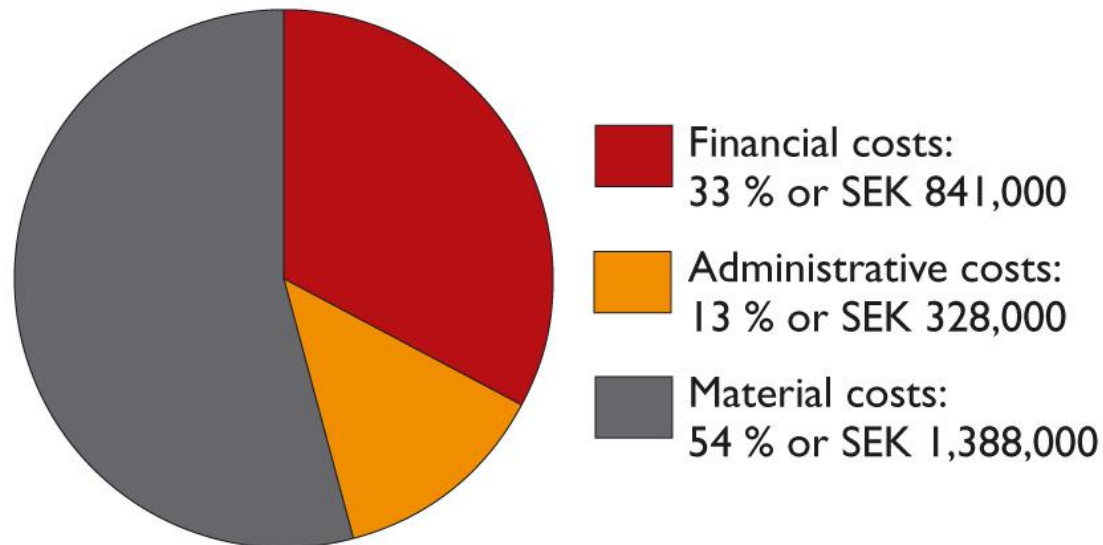
Stjernsunds Farm

**Turnover 1,7 million EUR/number of employees 7/
total regulatory costs 275 000 EUR,
costs per employee per year 39 000 EUR**

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The Total Costs of Regulations to Business, one company "Stjernsund's Farm"

Regulatory costs per requirement type, 2005



What drives the demand for more information/statistics?

- A more complex society (new policy areas, globalization)
- Special interests. strong force for free information in “my area”
- Political system focus on making footprints by introducing new measures, statistics are used as a tool for monitoring.
- Hard to abolish existing surveys/variables – always someone who complains.
- The price for using statistics are zero ($MC = 0$), which creates a rise in demand over time.
- The price mechanism are not allowed to allocate resources to areas of highest interest – instead allocation over the budget.
- Users needs – poor documentation and knowledge (Sweden has a recommendation, but no audit)

Some problems in the design of surveys

- The increasing demand are not sustainable.
- Reuse of existing data are not always the first option.
- Nice to know needs – have to be a policy relevant purpose.
- Take into account what information the companies themselves have in their systems.(machine to machine solutions).
- Weak process at ministry level for coordinating the statistical system (pillar thinking).
- Complex variables and surveys neglect the problems causing measurement errors, example: - Please specify the quantity of diesel used for forest and agricultural purpose? (Farmers was here the population).

Measures for the future

- Reuse of existing data have to be increased.
- Data vs information for inspection purpose (potential source)
- Remove fees and obstacles between authorities for sharing.
- Impose the price mechanism – a public good?
- Discussion about monitoring political initiatives have to take place ex ante – not ex post
- Just give me a figure! Public knowledge of using and interpretation of statistical information are a problem (Swedish “shoe case”).
- Do not accept poor requirements from Eurostat, ECB – GIGO principle is applicable.
- Impose the same budget requirement for increased efficiency on all statistical authorities (SCB has that already but not others).
- Users need and profile – better information are essential.

Summing up...lessons for the future

- Checks and balances is needed.
- Implement better tools and methods for a transparent scrutinizing of all proposals ex ante.
- Statistics are an important part in a wider context.
- Remember - “a complex world needs simple information”.

Thanks for your attention!

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