

Let's do things better

* *By Gunnar Hökmark, MEP (SE)*
Vice-President of the European Enterprise Institute
ghoekmark@eei-net.org

Mr. Hökmark has been serving as Chairman of the Committee of the Constitution of the Swedish Parliament and as Chairman of the International Committee of the Moderate Party.

In order to make Europe the most competitive economy in the world we have to promote competition in all areas of the economy. Without competition there is no competitiveness. This is even more important when we are talking about the new economy and the knowledge society rather than industrialism.

Industrialism is based on the idea of large-scale production. It is characterized by high productivity and big investment. The Western world would have never become so successful without competition and the rise of new industries, however the establishment of industrial economies also fuelled the notion that you could actually plan all production processes, thus meeting consumers' demands. This notion was not only widespread among socialist politicians in the east but also among lots of politicians as well as economists in the west.

The "Swedish Model" was also based on the idea that the government was able to decide on the ideal structure of welfare systems and create perfect conditions for big business and big trade unions in order to let large companies develop their potential to the fullest. This has been more or less the predominant way of political thought in most Western European societies and one of the reasons why the European economy still lacks competitiveness, thriving business and science on the edge. Compared to the US and the rapidly developing economies of South East Asia, for example, we still have much more rules and regulations in Europe for large enterprises and unions as well as much higher taxes for financing centralized welfare systems controlled by the government.

The explanation for all of this is that we have a very low understanding of what competition is all about and what its value really is. Western Europeans tend to regard competition as a race between already existing and static businesses rather than between dynamic enterprises giving rise to innovation and new products.

The important value of competition is not just that it is lowering the general level of prices. That is an important advantage indeed,

however not the most important one. On the other hand, competition really does offer a variety of choice, i.e. low quality and low prices, high quality and high prices or sometimes even high quality and low prices, red or green, beautiful in one way or another etc. All of this is fine but it is not the greatest benefit of free competition.

Even the fundamental fact that we can avoid bad products and services by choosing something else, for instance, the restaurant on the other block or the hairdresser in another street or a car that also works under extreme weather conditions. This is all very good but not the most important feature of competition.

The most important trait of free competition is that you can always do better, thus paving the way to innovation. The fact that customers, restaurant guests, car drivers etc. are satisfied with particular goods and services they purchase does not discourage entrepreneurs from developing and providing even better, new products and services. The fact that a free market economy and free competition allow companies to produce something good instead of something bad is an important advantage, however the fantastic and dynamic dimension of competition is that you can produce and deliver something that is better than good.

Thus, even if customers, politicians, or CEOs are satisfied things will always be improved, either step by step or in leaps and bounces. In science and research there will always be a demand for something that goes beyond the present limits of human understanding and imagination. Marketers and sales people always demand something that is better than what competitors produce, even if the respective competitors are very good at what they are doing. Entrepreneurs always hope to out-compete the present market leaders by providing, for example, even cheaper air tickets, even better cell phones, computers, or cars. Composers or investors always dream of performing to the best of their abilities or break present records. Engineers, accountants and salespersons always have the motivation and pride to find new ways to make things better, in one way or the other. That really is what the meaning of life is all about, namely that as an individual you can always add something that you have thought out yourself, that your efforts really do make a difference and that you can change the world.

This is why I think Europe must do better in order to be the most competitive economy. It is not enough to provide what you believe is the best infrastructure or good social cohesion. That might all be very important. Yet, without free economic competition all across the world you will impede the process of doing better than just good. For this reason, we must promote free competition now after Europe has failed to achieve the goals of the Lisbon agenda. Now

competition has to be promoted in all areas of the economy, i.e. in health care, welfare, science and research, schooling, energy, financial services, transport, agriculture, the media as well as between institutions. We need to foster an attitude of doing better rather than well. We need an entrepreneurial Europe struggling day and night to become something more.



This Opinion is a publication of the European Enterprise Institute

The EEI is a Brussels-based think tank aiming to promote entrepreneurship in the EU policy community and to provide a platform for the ideas and philosophy of the entrepreneurship throughout Europe. The EEI seeks to strengthen the network of likeminded think tanks and foster the Euro-Atlantic dialogue.

EEI activities are based in three main pillars: Analysis, Opinion and Network. The EEI publishes policy papers, e-opinions and the twice-yearly European Enterprise Journal. The EEI operates the website www.eei-net.org. EEI events are held on policy topics of current interest in and outside Brussels.

The EEI is not affiliated with any political party. The EEI is a non-profit international organization registered in Belgium and the United States. The EEI welcomes private contributions to its activities. EEI Membership is open to individuals as well as corporations and other legal entities.

Questions or comments?
Please contact:
EEI Executive Director
Jacob Lund Nielsen
on +32 2 233 38 37
or e-mail to
jnielsen@eei-net.org