

# *Preface*

in

## THE NEW SYSTEMS COMPETITION

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## *Preface*

This book contains the material of the Yrjö Jahnsson Lectures which I presented in January 1999 in Helsinki. I am very grateful for the honour of having been invited to contribute to this famous series whose published results have not only had a significant impact on the course of economic thought but have also influenced my personal development as an economist ever since my student days in Münster and Mannheim. That I would be asked to deliver these lectures one day would never have crossed my mind. I am grateful to the foundation and the Finnish colleagues for the hospitality they offered to me and my wife during the lectures.

The lectures are about systems competition in the sense of competing for mobile factors of production rather than the traditional yardstick competition. While a substantial body of literature has developed on the problem of tax competition, my interest centres on a broader set of competitive instruments, including government expenditure, environmental regulation, labour standards, quality standards and even competition rules. There is such a thing as the competition of competition rules, for example.

One topic which I had wanted to include in the lectures but failed to handle satisfactorily at the time was the competition of banking regulation. In the light of the Asian banking crisis, I found this topic sufficiently important not to submit the manuscript before I had managed to add a chapter. However, due to my new obligations as president of the Ifo Institute, I did not succeed in doing so until the summer vacation of 2001. Writing the chapter was fun, and I do not regret having waited.

I have been interested in systems competition ever since my inaugural lecture as honorary professor at the University of Vienna in 1988, because I doubted the frequent claims of my fellow economists from the German Scientific Council of the Ministry of Economics that systems competition could be a construction principle for the European Community. Since then, I have published a number of policy and theory articles on various facets of the topic, including, for example, a report for the German Monopoly Commission. I have conducted graduate courses on systems competition at the University of Munich and in the Dutch doctoral programme at the University of Groningen. I also presented a number of seminars on related topics at various European universities, and I circulated earlier versions of the manuscript among my colleagues and students. This is the time to thank all those who participated in the lively discussions of my often controversial propositions and who gave many useful comments, suggestions and counter arguments which have helped me sharpen the argument. In particular, I am grateful for the comments I received from the very knowledgeable and lively audience that attended the Yrjö Jahnsson lectures.

I can only single out a few people who assisted in this publication. I received useful comments on the banking chapter from Vesa Kannianen, on the chapter on competition laws from Klaus Schmidt, and on various other aspects of the book from Ronnie Schöb, Marcel Thum and Alfons Weichenrieder. Technical assistance as well as useful comments on the content I also obtained from Regina von Hehl, Juli Irving-Lessman, Marko Köthenbürger, Robert Koll, Paul Kremmel, Claudio Thum and Frank Westermann. This is the first of my books for which I am indebted to my IBM laptop rather than my secretaries for an excellent typing job, though now the blame for the remaining errors rests firmly on my shoulders.

Hans-Werner Sinn

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