Icelandic Competition Authority 20th anniversary

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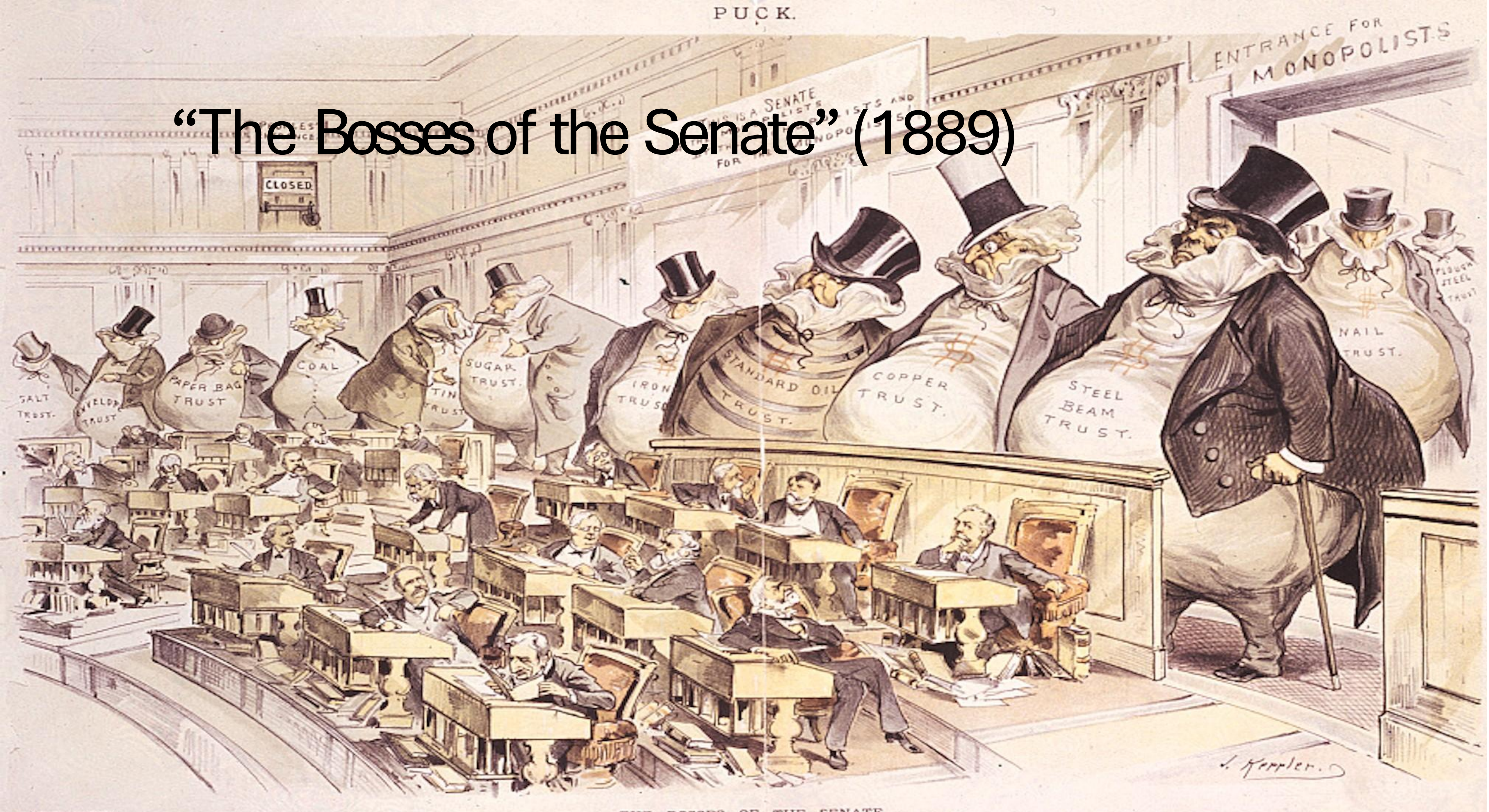
Why competition policy

- Protect consumers (and workers), promote efficiency, and foster innovation
- Universal goals
- In small countries like Iceland they take on particular importance

- Historically, the motivation was deeper
- When the US first adopted antitrust laws more than a century ago (1890 Sherman Act), the concern was not that concentration might raise prices by 2 or 3 percent — it was that concentrated economic power threatened **democracy itself**

“The Bosses of the Senate” (1889)



THE BOSSES OF THE SENATE.

A more recent example – 20th January 2025

Saul Loeb / AFP / Getty

Where are we now

- Competition policy is not only about economic efficiency — it's also about **power, fairness, and trust**
- But in practice? Lots of uncertainty in Brussels, near paralysis in UK, "behind the scene" deals in the US
- Discontent and disconnect

Competition in a small economy

- **Vigilance vs scale**
  - Few firms inevitable → scale can be efficient
  - But: small numbers ⇒ higher margins, higher risk of **cartels & coordination**
  - Efficiency maybe, collusion never

- Key question: how to **balance**?

- **Experimentation and openness**: must rely on **adaptability**. Small economies survive by trying new things, fast — by allowing firms to enter, test ideas, and sometimes fail
- Competition policy plays a crucial role here: keep open the space for experimentation

Interaction with industrial (and trade) policy

- Competition policy doesn’t say ‘no’ to industrial policy
- It should create **dynamic**, not **entrenched**, markets
- Ask: are we funding innovation or protecting the status quo? Are we opening doors for new entrants, or locking them out? Are we crowding in or out private investment?

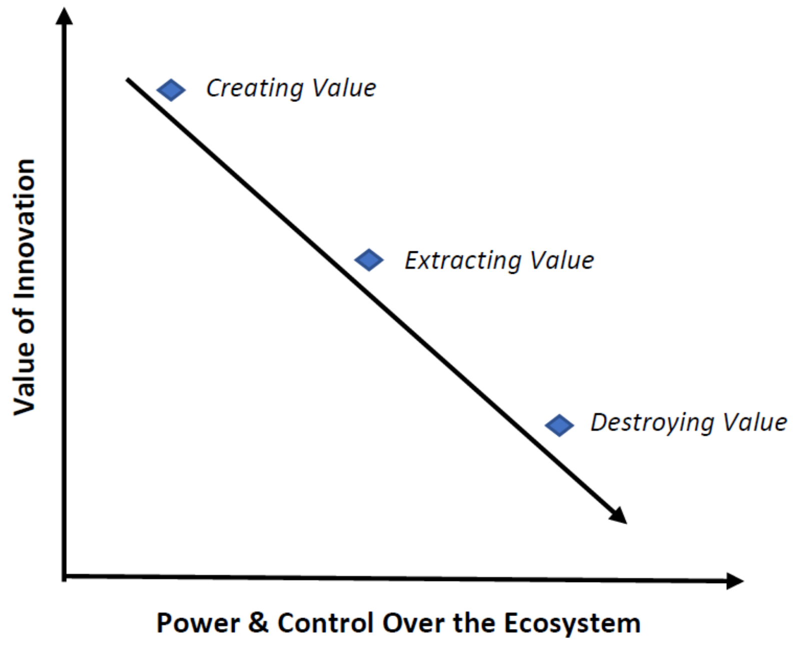
- A couple of examples

Competition and innovation

- Firms that face rivalry are pushed to innovate — to do things better, faster, and cleaner

- Digital “might” help

- Ask: what do you mean by **innovation**?



Recommendations

EASY

- Balance scale with vigilance
- Protect the independence of enforcers
- Ensure industrial policy is pro-innovation, not pro-incumbent
- Embed competition values across government

MY VIEWS

- Independence **and** accountability
- Experimentation
- Competition without competitors is an empty concept
- Strict on cartels and mergers, less on abuse
- Chronic lack of resources + timing + legal certainty: (rebuttable) presumptions

Thank you!

Takk fyrir!

Grazie mille!

Tommaso Valletti