



PRESS RELEASE

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■ Sveriges Riksbank Economic Review 2003:4

The Riksbank's quarterly journal *Economic Review* contains articles on subjects related to central banking. The fourth issue for 2003 is published today and contains three articles:

Crisis exercises make for crisis readiness

The Riksbank considers that crisis exercises are a serviceable method for enhancing readiness for a possible future financial crisis. National exercises are a good first step, but as additional and increasingly large financial institutions extend their operations across national borders, the importance of bilateral and multilateral exercises is growing. In this article, Göran Lind, adviser to the Riksbank's Executive Board, recounts the Riksbank's experience of such exercises.

Payment system efficiency and pro-competitive regulation

The article discusses the merits of introducing regulations in the payment-system markets and is based on a paper presented at a workshop on Central Bank Efficiency organised by the Riksbank in May 2003.

Effective competition guarantees that prices are set at such a level that efficiency is promoted, but in markets characterised by large returns to scale and strong network effects, it may be too costly to have more than one firm operating. If the market is monopolised, market power and monopoly pricing will result in allocative inefficiencies, while if several firms are active, there will be technical inefficiencies. Regulators have sought to resolve this dilemma by introducing pro-competitive regulation.



■ Is “wage drift” a problem?

In the Swedish debate on wage formation, wage drift has frequently been featured as an inflationary mechanism. However, with the changing character of wage negotiations in the 1990s, the content of the wage drift concept has shifted. In this article, Eva Uddén Sonnegård, adviser at the Monetary Policy Department, outlines a framework for an analysis of wage changes apart from those in the agreements, referred to in the statistics as the residual. The conclusion drawn is that it is not particularly meaningful for forecasters to decompose wage increases into those from agreements and other increases. What matters in the Riksbank’s analysis is the development of total wage costs.

The journal is available as a PDF file on the Riksbank’s website, www.riksbank.se, under the heading Publications/Economic Review and can also be ordered there. In addition, the journal can be ordered by e-mail (forradet@riksbank.se), fax (+46 8 787 05 26) or telephone (+46 8 787 00 00), or can be collected from the main entrance to the Riksbank at Brunkebergstorg 11.