The Accidental Deregulation

The Swedish bus and railway sectors have been recognised as important early cases of regulatory reforms that led to both vertical and horizontal disintegration as well as market-opening. This thesis investigates the origin and evolution of these reforms from 1979 to 2009, focussing on the markets for passenger services. The aim is to improve our understanding of the background, resulting nature, and consequences of these regulatory reforms. A combination of qualitative and quantitative analyses has been applied; e.g. the thesis makes use of a unique database of longitudinal industry statistics.

This thesis shows that the origins of the Swedish reform process were internal and largely unrelated to any objectives of deregulated market-opening. However, a combination of the nature of the initial reforms, the behaviour of market actors, and certain key events accidentally sparked a trend towards deregulation, which has had profound effects on market structure and performance. The step-by-step evolution, in particular the introduction and expansion of competitive tendering, is shown to have had path-dependent characteristics. Swedish competitive tendering of bus and railway services has had important effects on costs and subsidies, but has also generated the problematic behaviour of strategic bidding.

Included within are detailed articles which make additional contributions to relevant theories and offer normative advice concerning the design and implementation of regulatory reforms in these as well as other sectors.

Gunnar Alexandersson is a researcher at the Centre for Marketing, Distribution and Industry Dynamics at Stockholm School of Economics. He is also working as senior policy adviser at the Association of Swedish Train Operating Companies.