

CHAPTER I

Growth and Integration in a Nordic Perspective

Contents	Page
1. INTRODUCTION	10
1.1. The Structure of the Book	10
1.2. Background	10
1.3. Points of Departure and Basic Arguments	12
2. THE NORDIC ECONOMIES	15
2.1. Wealthy Economies	15
2.2. Dependency on International Division of Labor	18
2.3. Welfare Economies: A Large Public Sector	23
2.4. The Manufacturing Base: The Engine for Growth	24
2.5. Macro Policies: From Devaluations to Fiscal Restraint	36
2.6. Current Economic Situation and Outlook for 1989–1993	40
3. EC 1992 AND THE NORDIC ECONOMIES	46
3.1. Is EC 1992 Really That Important?	46
3.2. Integration and Foreign Trade	48
3.3. Integration and Firm Behavior	52
3.4. Integration and Labor Market	58
3.5. Liberalization and Deregulation of Financial Markets	62
3.6. Nordic Countries and the European Monetary System (EMS)	66
3.7. Fiscal Harmonization	72
3.8. Summary and Conclusions: Markets Force Institutional Change	82
APPENDIX 1: Outward and inward direct investments in the Nordic countries	87
APPENDIX 2: Controls on capital movements in the Nordic countries	90
REFERENCES	94