



TBU FROM THE INSIDE AND THE OUTSIDE

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Oslo, 25 September 2017

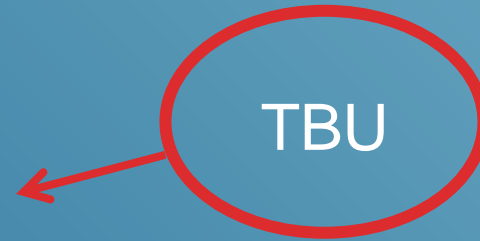
TBU – an important support function

Fiscal policy

Monetary policy



Social partners



Competitiveness

NOU 1986:14 The Basis for Wage Settlements in 1986:

“A country's competitiveness is therefore an expression of its ability to maintain a reasonable current account balance with full and efficient resource utilisation and an acceptable income distribution.”

And further:

“In the discussion below, the Committee will mainly look at developments in the competitiveness of manufacturing, ie the competitiveness of Norwegian tradable goods production.”



Cost competitiveness in manufacturing

NOU 1996:19, The Basis for Wage Settlements in 1996:

- Indicators of cost developments in manufacturing
 - Labour costs
 - Capital costs
 - Other costs
- Productivity and unit labour cost
- Comparison of labor costs in manufacturing in Norway and other countries
- Market shares in domestic and export markets



From exchange rate target to inflation target

Revised National Budget for 1994

“A stable exchange rate can contribute to expectations of continued low inflation, which in turn affect both price and wage determination. Moderate price and cost inflation will also be a precondition for stable exchange rate movements over time.”

Norges Bank’s Annual Address in 1999

“Monetary policy must therefore be oriented with a view to bringing price and cost inflation in Norway down to the inflation target in Europe.”



From exchange rate target to inflation target

Report No. 29 (2000 – 2001) to the Storting

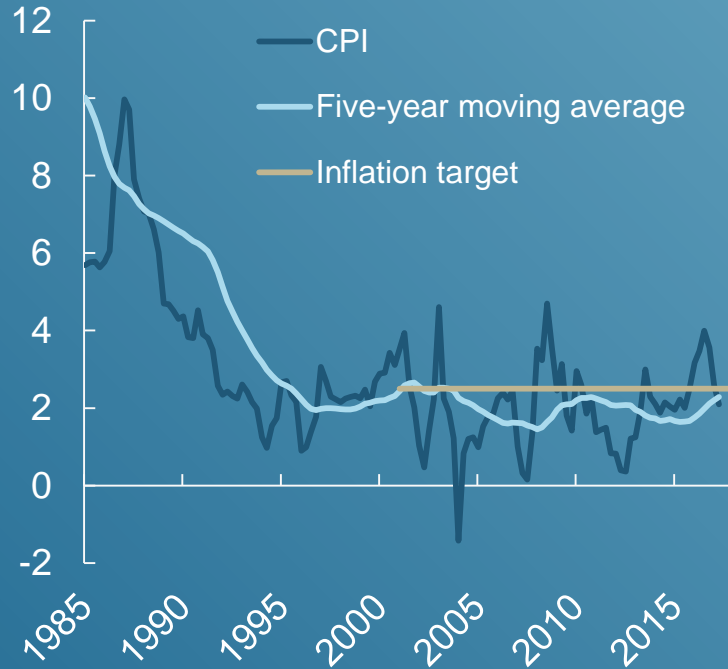
“The operational target of monetary policy should be annual consumer price inflation that is close to 2.5 per cent over time.”

Norges Bank’s Annual Address in 2002

“Low inflation is the objective and the interest rate is the instrument. If it appears that inflation, with unchanged interest rates, will be higher than 2½ per cent, the interest rate will be increased. If it appears that inflation, with unchanged interest rates, will be lower than 2½ per cent, the interest rate will be lowered. Low and stable inflation will be a fixed feature of economic developments. This is something that the social partners, businesses, borrowers and investors in property and securities can take as a given.”



From exchange rate target to inflation target



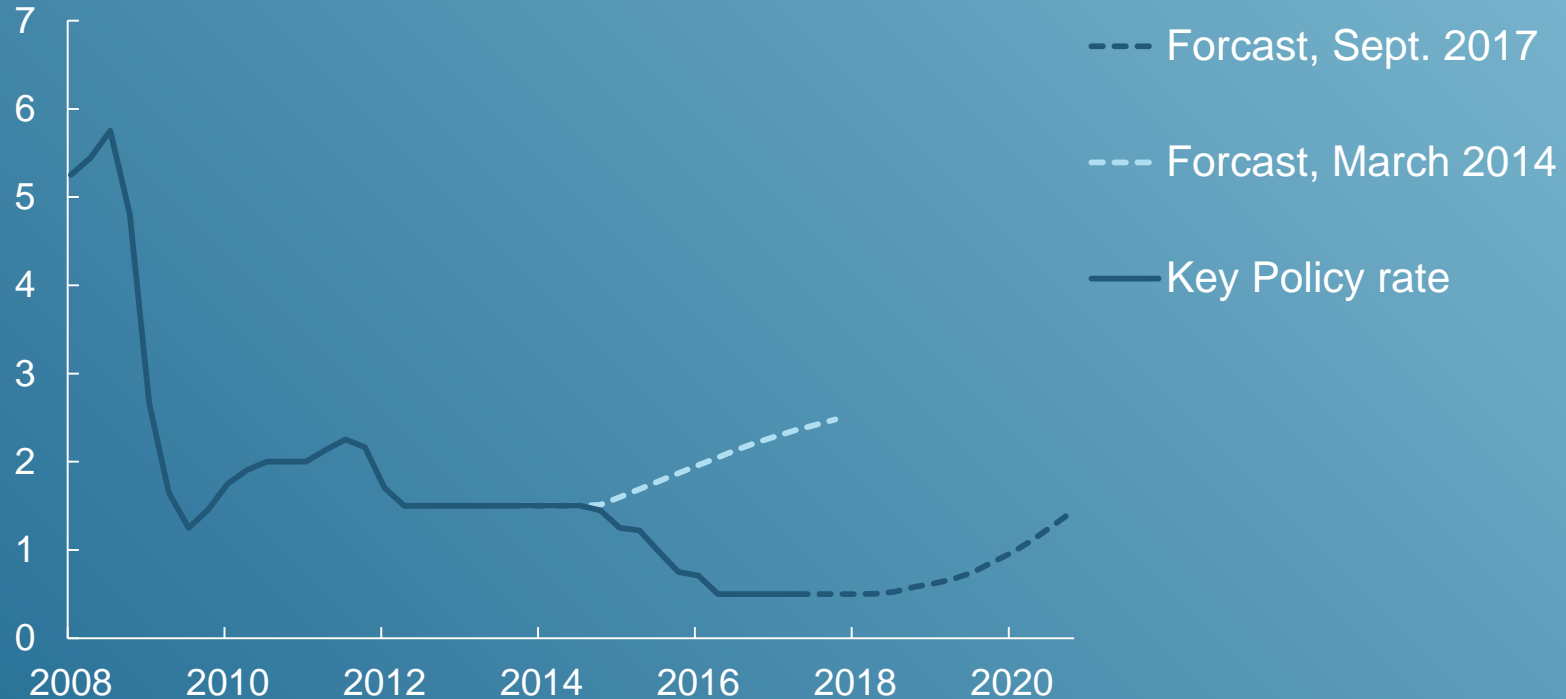
CME speech 2016

“Monetary policy cannot be strictly rule-based – it must be flexible and robust. At the same time, we are continuously mindful of the main objective of monetary policy – low and stable inflation over time.”



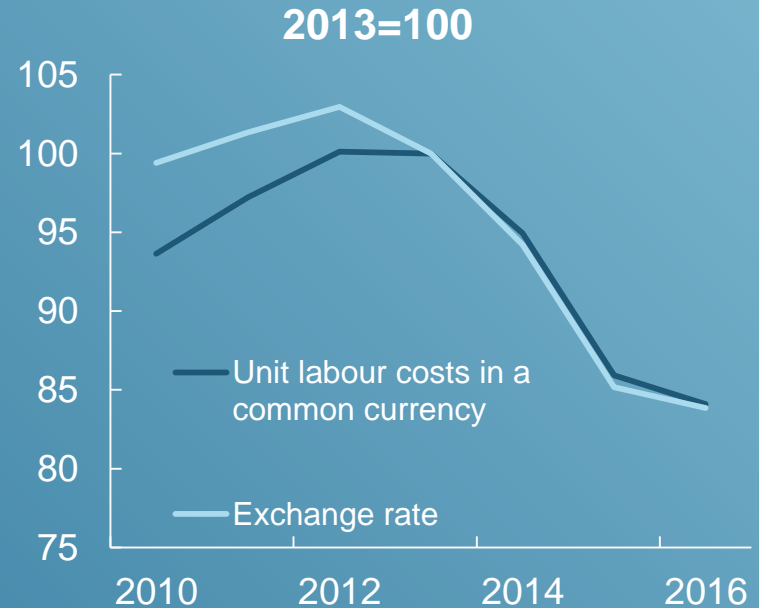
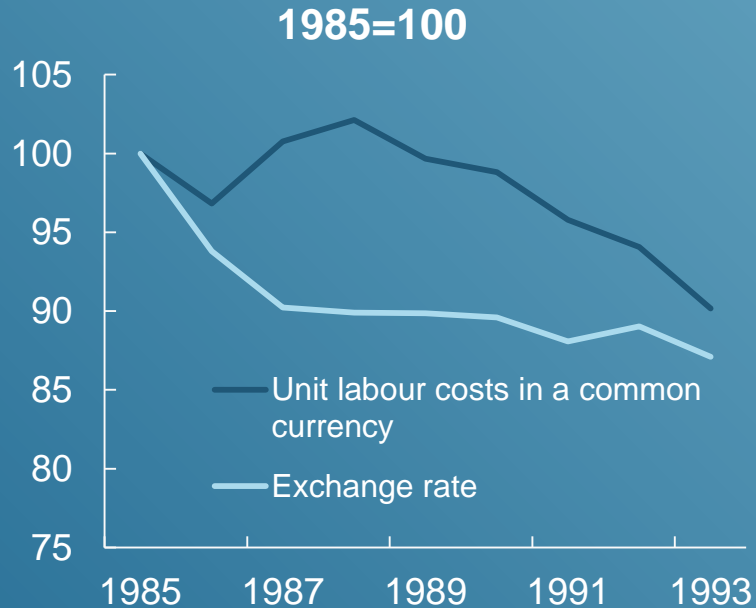
The key policy rate has been lowered

Percent



Different responses to a fall in oil prices

NOK exchange rate and unit labour costs. Index



Sources: Norwegian Technical Calculation Committee for Wage Settlements (TBU) and Norges Bank



Competitiveness improved

Labour costs in Norway in domestic and a common currency. Index 1995=100



Norwegian Technical Calculation Committee for Wage Settlements (TBU) – 50 years

NOU 2013:13, Wage Formation and Challenges Facing the Norwegian Economy (Holden III report)

“...The cooperation between the social partners and the authorities in the area of incomes policy and the high degree of coordination in wage formation have fostered favourable developments in Norway, characterised by high GDP, low unemployment, a balanced income distribution and generally high real wage growth.”





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