DELIVERABLE N°2

"SOCIETAL DISCOURSE ON BASIC SERVICES:
STAKEHOLDER AND MEDIA ANALYSIS"

RESTRICTED

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1. INTRODUCTION

This deliverable is concerned with the “societal discourse” on basic services within the partner countries. It concentrates on the way this discourse manifests itself in the reporting and editorialising of the media and in the positions and arguments of key stakeholders. The intention of this deliverable was to provide a complementary study to our analysis of the scientific discourse in Deliverable 1, indicating how the issues have been articulated in public debate.

It might be argued that researching the public discourse from such sources is incomplete, leaving out the "voice of the people". However a more explicit and direct attempt to address the public discourse (eg through opinion poll or focus groups) was both infeasible given the resources available in the project and unnecessary. Basic services are something which citizens in most member states take for granted and they are rarely the focus for much public discussion (in contrast to public services such as health and education). An exception to this might be at times of radical reform, of course, where privatisation and liberalisation may raise the profile of basic services (on the one hand providing opportunities to make or save money on the other raising the possibility of poor service quality etc). Equally however these are precisely the times when media attention will be increased and when stakeholders are likely to be to the fore in public discussion.1

In order to elicit this information the partners have pursued a mixed research strategy drawing upon media surveys, stakeholder literature reviews and interviews, with the mix of approaches very much depending on the relative availability of information and access to that information (thus some partners were able to draw on extensive media and grey literature as a basis for the project whereas others had to rely on interviews to obtain the required information). Moreover, just as the range and mix of materials available varied from country to country so the range of stakeholders also varied, partly due to the way in which basic services are addressed in each country.

As a result a relatively straightforward approach has been taken to the organising this report. A clear distinction between media review and stakeholder survey was never feasible (as often media stories are generated by stakeholder statements reports etc). Instead and in order to provide a uniform structure to the report it was decided to work through the key stakeholders and to cover the media to the extent that a distinctive perspective - or current of opinion - was available. Thus the core of the report is focused on four key groups (political parties, unions, consumers, and business) with coverage of "other" groups depending on variability of each country case. The decision was taken to exclude government policy makers and the industries themselves as their perspectives would appear later in the project. In addition the report also includes a section on media discussion of basic services. Again there is some variation in the extent to which this aspect is covered in each case (in some cases much of the media material was used to construct the stakeholder analysis).

While there has been a degree of variation in the approaches adopted in the national case studies, the report does nonetheless convey both the commonalities in debates and approaches across the partner countries and the specificities of particular national circumstances.

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1 It is worth recalling that the Commission itself has – via Eurobarometer – undertaken a number of surveys of public opinion regarding the performance of basic services and the effects of liberalisation. See Eurobarometer, “Consumers’ opinions about services of general interest”, Special Survey 176, 2002.
2. POLITICAL PARTIES

While, historically, basic services have been part of a core consensus shared by political parties across the ideological spectrum in Europe, over the last 10-20 years there have emerged quite significant differences in the positions of different parties (and different countries) regarding the way in which such services are delivered. As governments have adopted new policies towards Basic Services (as a result of their own preferences, or EU pressures or some combination of the two), there has been some unravelling of the old consensus and – at least in some countries – some redefinition of the consensus as changes become the norm.

AUSTRIA

The Austrian Christian Democratic Party (ÖVP) has not articulated a strong position on basic services beyond their general belief in a more limited but more efficient and higher performing role for the state. In terms of basic services this means that the state has to ensure their provision but it may not always provide the services itself. Outsourcing and privatisation of those services should be continued. They have however welcomed the inclusion of SGI in the European Constitution and have asserted a more decentralised approach to the provision and regulation of these services.

The Social Democratic Party (SPÖ) has also asserted the need for a decentralised approach but has portrayed itself as the defender of local and regional authorities against the neo-liberal tendencies towards the liberalisation of services of general interest. The people should be able to decide autonomously on the local on regional level how they would like to provide these services. The provision of services of general interest has to be preserved as a vital element of the "European model of society" ("europäisches Gesellschaftsmodell") (SPOe 2003a and SPOe 2004a). Interestingly the SPÖ addresses the basic service issue more from the perspective of local and regional competencies in relation to developments on the EU or on the global level (i.e. WTO); the national level, which currently has significant responsibilities in this policy field, is seldom mentioned in the discussions. The Viennese mayor Häupl (vice-chairman of the SPÖ) is frequently cited as important combatant of an obligatory liberalisation of communal basic services.

The Green Party (Grüne) has adopted a generally supportive position in favour of the public provision of basic services (though not necessarily for energy posts and telecoms). They have tended to focus their concerns on debates within the GATS rather than the EU. The Freedom Party (FPÖ) have adopted a minimalist provision on the role of the state though to some extent basic services are an exception. The Party sees a role for public intervention here but subject to limits - moreover such firms should not be involved in direct competition with private enterprises.

FRANCE

The French notion of public service has until recently been the object of a fairly widespread social consensus. In fact, the notion of public service is on many levels the fruit of an historic compromise reached between Gaullists and communists after the Liberation from Nazi occupation. Gérard Larcher, UMP deputy (the party of the presidential majority) and president of the Senate Commission on Economic Affairs (Commission des Affaires économiques du Sénat) states: "The issue of public service does not concern simply a portion of the political spectrum. Certainly it is a subject that was sometimes monopolised by the Left. But it is first and foremost a subject that was the result of the historic compromise..."
between the Gaullists and the communists. It is the work of the National Council for the Resistance (Conseil national de la Résistance – CNR). Starting from this period the notion of public service embodied republican values and became one of the venues through which cohesion could be restored to a country that had been completely destroyed. It [the notion of the public service] became a unifying value. It is in this context that we have to understand the nationalisations of the post war period and the widespread support for the policy from all political forces in France. More generally the role of the public services, first for reconstruction and later for regional development, was also widely accepted.

Recently, however, the political consensus on the notion of public service has shifted. While in the early 1990s there was still substantial defence of the notion in opposition to EU-driven liberalisation, more recently support for it has diminished. There seems to be a new political consensus forming between government parties (the Socialist Party, Green Party, and a portion of the Communist Party on the left, and the UDF and UMP on the right) on the necessity of opening up the markets of the major networked public services to competition. However, cleavages remain over the necessity of privatising traditional service providers, cleavages that follow more or less the split between the left and right of the political spectrum. However, there is a slowly growing tendency towards a convergence of viewpoints on this issue as well. While those on the Right opposed to the privatisation of traditional service providers are less and less numerous, those on the Left in favour of this process are increasing in number.

Accompanying this trend has been a shift in attitudes within the political class regarding the role of the EU in public services, though on the left there are significant divisions. The Socialists were in particular very conflicted over the question of what kind of reception to give documents coming out of the Giscard Conventions, during their examination by the CIG (Intergovernmental Conference). The majority reformist wing adopted a motion in favour of the text emerging from the Convention. This motion was inspired by the socialist Pierre Moscovici, a member of the Convention until the end of 2002, who expressed his support for the text issued from the Giscard Convention in an opinion column of the newspaper Liberation. He considered that the text marked “the recognition of a legal base for public services,” and made a plea “not to confuse Europe with globalisation, like certain people on the left who hope to capitalise from the disappointment and anger that it provokes”. He was nevertheless clear that “at the outcome of the CIG, any retreat on agreements made in matters of culture or public service would be unacceptable”. In the same vein, Pervenche Berès, president of the French socialist delegation in the European Parliament, who recently published a diplomatic note via the Jean Jaurès Foundation entitled: “A constitution for all of Europe”, brought attention to the progress this text was making on the issue of public service and appealed to the left “not to give way to a childish denunciation of Europe”.

On the other hand, the left wing of the Socialist party, embodied notably by the New World (Nouveau Monde) of Henri Emmanuelli and Jean-Luc Mélenchon and the New Socialist Party (Nouveau Parti socialiste) of Vincent Peillon and Arnaud Montebourg, considered that the text arising from the Giscard Convention “constitutionalises market liberalisation”, while the ex-minister of Education, Claude Allègre, close to the majority sentiment in the Socialist Party, considered that it was creating a “Thatcherite Europe”. Finally, Jacques Généraux, economist and member of the Socialist Party National Council, considers that “the text

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2 From an interview with the concerned party on May 23 2003, in Paris.
4 Ibid.
5 Ibid.
6 In Libération September 25 2003, p.16.
7 Opposition motion cited in Libération, October 13 2003.
8 In Libération September, 30 2003.
emerging from the Giscard Convention, exceeding the bounds of an ordinary Constitution, is also a political agenda that puts profit and loss ahead of European hopes for a fundamental social model.” In fact, he insists that “the European Union is no longer the fortress protecting us against a society of competition, but the mechanism leading us into one”.  

Liberals - in the French sense of the term, namely the partisans of economic liberalism - gathered within Liberal Democracy (Démocratie libérale), a movement headed by Alain Madelin, have been exerting for a long time a lobbying to promote the liberal solutions. Nevertheless, it is a minority tendency within the current right-wing majority. Alain Madelin himself, who had been appointed minister of Economy at the time of the first accession of Jacques Chirac to the presidential responsibilities, in 1995, had resigned hardly three months after his nomination, disappointed by the first orientations of the government economic policy.

On another side, the wing known as "souverainist" within the current majority, and whose principal figure is Philippe Séguin, considers with mistrust the installation of reforms inspired by a logic of market. For this trend of public opinion, the regulation of the services of general interest should be subjected to the principle of subsidiarity. The “souverainistes” are a minority group of the Right wing that are in favour of an extensive application of the principle of subsidiarity throughout the EU. They are favourable to the maintenance of the status quo in terms of organisation of the public services. Thus, Henri Guaino, who identifies himself as a “sovereignist” (“souverainiste”), is categorical on the fact that “the public service is being put into question by those who want to replace equality with “fairness” in public policy under the pretext of modernisation”. In addition, he states that “the mission [of the public service] is inseparable from its organisation [of the sectors concerned] because the Republican principle of equality – which implies tariff equalization – necessitates by definition a public monopoly”.

In fact, as a whole, the majority of right-hand wing, although acquired with a soft liberalism, adopts a careful strategy as regards reform of the public services. The idea is to transform gradually industries of network, while passing by a phase known as of "societisation", which preserves the public character of the companies all while opening them with private capital. Moreover, the majority of right-hand wing, with the installation of the senator Gerard Larcher as president of the Senate’s Committee of Economic Affairs, intends to lead these reforms in the respect of the symbolic system and the inherent missions to the concept of public utility, conscious of the potentially disastrous impact on the opinion of any form of attack to the concept even of public utility. Above all, it is essential for the current majority to gradually escape from the confusion between the concept of public utility and that of public monopoly.

GERMANY

In Germany the issue of basic services has been relatively uncontroversial: the red-green alliance governing the country has implemented policies of privatisation and liberalisation and has recognised the need for basic levels of service for a number of sectors, policies very similar to those of the centre right parties. In the case of the post, for example, the SPD, the Greens, the Union and the FDP commit the Deutsche Post to supply customers area-wide with postal services. Service includes the provision of a satisfactory number of letter boxes, postal offices and private postal agencies. That said, however, the Union, in opposition, has been critical of some of the practices of the postal service, notably with regard to post boxes and post offices. Harmann, the former political speaker for postal services of the CDU-CSU-fraction, denoted this behavior of the Deutsche Post concerning the letter boxes as inexcusable. In addition to the problem of fewer letter boxes, politicians and citizens fear a

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9 Ibid.
10 Süddeutsche Zeitung, June 5, 2003
closing of post offices. Röttgen, a CDU member of the Bundestag, comments on the situation of the post offices as well.\textsuperscript{11} He finds that the business policy of the Deutsche Post concerning the postal agencies harms the customers. The Deutsche Post offers new terms of contract. Any operator, who cannot fulfil these terms, is given notice to quit (without further negotiations). Especially the operators of small agencies are jeopardised by the new conditions. On the one hand, the operators are responsible for delivering parcels to distribution centres far away. On the other hand, long opening ours are enjoined. The customers have to cover longer distances to reach a postal agency if the total number of agencies declines during the new contract conditions.

Nonetheless controversies over basic service provision are still relatively modest compared with other dimensions of the sectors covered in this study. In electricity in particular, much of the political debate remains focused on wider questions of supply technology choice (even though there is a consensus amongst the parties that global warming is a serious problem). The SPD and the Greens assess nuclear power as neither economically nor ecologically useful. On the contrary, the Union and the FDP assess the upgrading of renewable energy sources as not profitable. Walter Hirche, FDP politician, refuses the governmental determination of technologies as well as the excessive use of subsidies for renewable energies. To his mind, ten years after the introduction, a reasonable product should prevail in a market and further subsidies would be wrong. The aspect of environmental protection is accounted by the Greens. They claim that regulation is needed to protect the environment. The Union and the FDP appreciate nuclear energy as the best available technology. \textsuperscript{12}

ITALY

While the positions of the political parties are apparently clear cut on issues of basic services, in practice the complexity of politics could make the positions unclear and even contradictory. For instance, despite the radical pro-market and pro-liberalisation bias of the centre-right positions, problems can arise between the safeguarding of national interest in the sector of telecommunication and energy (the centre-right coalition currently leads the government) and the speed up of liberalisation processes, as in the case of the reform of “golden share” rule, which the European Commission has requested the Italian government to end.

Thus for the parties of the centre right coalition there is generally support for a free market approach to basic services, with privatisation and liberalisation as key elements of its ideology. They see the case for change as rooted in a process of internal economic reform (reducing public debt, encouraging free markets, etc). Nonetheless they argue that such policies should not prevent the government from exerting control over the industries with strategic interests for the national economy (energy, telecommunications, defence). There is also a recognition of the need to improve the performance of some industries so that they can compete in Europe before they are privatised.

On the centre left there is some acceptance of liberalisation and privatisation policies (not least as a necessary component of closer European integration, a policy which they generally support) but they insist that any change should be carried out in a sound legislative framework in order to avoid the formation of private monopolies A complex system of “managed” competition has to be established in terms of set up non discriminatory access condition, ensure citizens’ rights protection and opening markets to new entrants. Such a process is controversial to the extent that tries to combine more regulation and liberalisation at the same

\textsuperscript{11} General-Anzeiger, May 12, 2003
\textsuperscript{12} Taz, December 13, 2001.
time. They are also in favour of the re-organisation of the provision of local services, with the aim of reducing costs and with positive impacts on public finance. 33

For the leftist parties liberalisation and privatisation processes threaten to favour private interests and to damage the public ones. In particular, tariffs increase discriminate the low-income groups in the access to high quality services. They are also hostile to the policy as moves to privatise public services could undermine employment levels in the enterprises under public control (including municipalities)

NETHERLANDS

Although the Dutch Polder Model style of government has sought to attain a high degree of consensus on economic policies there are some differences across the political spectrum in the parties’ attitudes towards basic services. Whereas the parties of the centre right, notably the liberals, are broadly supportive of liberalisation, the socialist party and the green party are more sceptical, arguing that liberalisation imposes new costs, increases disparities between customers and may jeopardise reliability and security of service provision. They are also more inclined to defend these services as basic entitlements.

POLAND

For the most part political parties in their programmes focus on the popular issue of energy supply security, which is actually related more to ensuring continuous and certain delivery of gas, and only in a small degree to maintaining the stability of the electricity network. Political parties, especially during elections, are concerned with the restructuring process in the sectors (especially SLD or Samoobrona: leftist and radical groups) in the context of criticising the current directions (opposition) or needs for continuation of changes (the governing coalition). The party’s views include also a suggestion for improving the transport infrastructure, especially voiced by the Labour Union (Deputy Prime Minister, M. Pol).

The main similarity of the parties is that they are mainly concerned about the privatisation processes of TP S.A., PKP and energy providers. They have been calling for improvements in the transport infrastructure and express concerns about the extent and effects of competition (in particular in the telecommunication sector). They have also been critical of former ruling coalitions or political parties by accusing them of taking wrong decisions during the restructuring process of TP S.A., energy producers and railway transport companies.

SWITZERLAND

Within Switzerland, political conceptions of basic services vary in terms of focus and emphasis between parties but there is also a high degree of underlying consensus. While the Christian Democratic People's Party (CVP) takes a rather narrow view of basic services, comprising "infrastructure goods and services which should be available to all citizens at equal conditions, but are not provided at all or not in sufficient quality by market forces"14, the principal party of the left (the Social Democratic Party - SPS) takes a much broader definition moving beyond the narrow question of infrastructure-based services to those of education, health and culture. However both SPS and CVP consider the ownership and supervision of public enterprises to be part of the concept of basic services as well. The Christian-democratic Party has created “the 51%-rule” which states that at least 51% of the national postal service company "Die Post" and the telecommunication company Swisscom must be held by the government.15 CVP and SVP neither acclaim nor criticize the level and

13 ASTRID, “Riforma e liberalizzazione dei servizi pubblici locali: una proposta organica”, 1999
14 CVP (2001), So viel Grundversorgung braucht die Schweiz, p. 6.
performance of basic services. Both the social-democrats and the Christian-democrats warn that public monopolies must not be converted into private monopolies. They stress the importance of direct public control (through ownership), but do not specify which networks they consider to be natural monopolies.

For the Christian-democrats, basic services are of high importance. According to the position paper of the CVP, basic services ultimately aim at one of the most central goals of the party, the national cohesion of Switzerland. However, when it comes to specific issues, the party is often divided, trying to find a balance between efficiency and equity arguments.... The Christian-democratic party considers liberalisation of the electricity market to be inevitable, but does not actively push for it. Postal markets should be opened slowly. According to the CVP, Die Post should by compensated by its competitors in the open sectors for providing basic services which are not commercially viable.

Basic services is one of the main topics of the social-democratic party of Switzerland. The party defends basic services in the narrow sense, i.e. the provision of basic infrastructure services, and tries to maintain their quality and expand their scope. But, for the SPS, basic services include much more than basic goods and services: “A broad definition of basic services is a condition for equity, national cohesion, and ecology. It is necessary for a democratic and a society in solidarity following the principles of sustainability.” There are two fractions in the social-democratic party. The left wing tends to equate “service public” with services provided by the public, insisting on provision of these services by the state. However, there are also more liberal voices within the SPS. They criticize this defensive view, and advocate a more pragmatic attitude towards basic services with a position closer to the narrow concept and less critical with regard to liberalisation.

For the Swiss People’s Party (SVP), now the largest party in Switzerland and with a populist political agenda which appeals to rural and small business communities, basic services do not appear to be an important issue. The SVP is the only one of the four government parties which does not have a position paper on basic services and in terms of its political agenda, basic services are of low priority. Yet in practice its position regarding basic services shines through in statements and proposals regarding reforms in the telecommunication and postal sector (even if it is a rather contradictory one). In these areas, the party favours liberalisation and privatisation yet it also seeks reliable supply, access rights and equal prices for rural areas. For the SVP, the main objectives of reform are lower costs of infrastructure services and reciprocity with the European Union (EU). In the postal services sector, reforms are needed according to the party. However, in this area, “certain basic services” need to be assured. In the electricity sector, where reform has almost come to a stop after the rejection of the EMG, the SVP demands an acceleration of the reform process.

The FDP - as a centre-right party with a liberal economic agenda and considerable business support - has a clear position regarding basic services. Basic services of high quality shall be available to all citizens at affordable cost. To achieve this, the most efficient form of provision must be chosen. It is worth noting that the FDP solely and consistently uses the term “service au public”, whereas the other main political parties use the expression “service public”. “Service au public” lacks the reference to the public sector and may be translated as

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16 CVP (2001), So viel Grundversorgung braucht die Schweiz, p. 5.
17 SPS (2000), Thesen der SP Schweiz für einen starken und modernen Service public, p. 4.
18 Representatives of the ‘pragmatic fraction’ expressed their views in the so-called ‘Gurten-Manifest’ in May 2002 (Huber/Kaestli et al., 2001, Gurten-Manifest für eine neue und fortschrittliche SP-Politik). Yet, their perspective has not prevailed with the social-democratic party.
19 SVP (2003c), Sichere Versorgung im Elektrizitätsmarkt.
20 SVP (2003b), Ja zum liberalisierten Postmarkt.
21 FDP (2002), Service au public aus Bürgersicht.
“services for the public”. Indeed, the reform of basic services is an important issue for this party. “Service public” in the broad sense is seen as an argument of rent-seeking special interest groups.23 The state shall assure that the politically determined basic services are available to all citizens at equal costs and in the same quality. These services shall be provided in the most efficient way. Thus, the state may or may not provide basic services on its own, depending on whether this constitutes the most efficient solution. It is worth noting that the FDP is the only party to extend a general critique towards Swiss public services which it characterises as lacking innovation and inefficient, and charges excessive prices for some basic services.23

UK

The process of redefining the consensus has probably gone furthest in the UK, not surprisingly given the relative “maturity” of the reform of most basic services in that country. In postwar Britain there was a long period of consensus focused on the principles that basic services should be publicly owned and provided in a monopolistic context which permitted cross subsidy and the pursuit of a variety of social regional and other policy objectives. While there were some voices on the “economic liberal” wing of the right which called for competition in services such as bus and post these were rather marginal. However they were to become influential in the Conservative Party particularly under the leadership of Margaret Thatcher and their ideas informed the policies of Conservative Governments after 1979. Since then opinion within the leadership and the membership of the conservatives has largely been in favour of privatisation of basic services and the introduction of competition wherever possible. The main exceptions to this rule are those on the “left” of the party – who have been more cautious about competition and privatisation of the more “difficult” basic services such as rail and posts and those based in rural communities who have been concerned about the provision of services in those regions. These concerns were sufficient to block attempts to privatise and liberalise postal services in the early 1990s. Nonetheless – and notwithstanding a recognition by some in the leadership that the privatisation of rail was badly handled - the dominant discourse within the Conservative Party is that markets and private ownership are the best way of organising basic services and that social and regional consequences should be handled by a mixture of regulation and subsidy (both on a limited basis).

For its part the Labour Party has followed a difficult and rather contradictory path in refashioning its approach to basic services. As the centre left party in the UK it was always more committed to questions of equity and welfare (and sceptical of markets) than the Conservatives and presided over most of the postwar nationalisations of basic services (and some earlier reorganisations). It was also more willing to justify intervention in such services in pursuit of policy goals (employment and industrial as well as social and regional). Thus when the Conservatives embarked on another strategy in the 1980s, Labour’s first reaction was to oppose all privatisations and liberalisations. Over time however, the consolidation of this policy (and the financial and logistical difficulties of reversing it) required Labour to reposition itself. This repositioning was in any case under way as part of a move by the party leadership to the political centre (a centre which arguably had moved to the right under the Conservatives). The successful attempt by the new Labour leader Blair to abandon the party’s symbolic commitment to public ownership in the mid 1990s was symbolic of this shift in attitudes (though it was not always welcomed by left wing members and supporting trade unions). Thus when Labour returned to power in 1997, not only had it accepted the status quo in the privatised utilities (even in the case of the relatively recently sold-off rail sector whose performance in the private sector was even worse than in the public sector) but its economic policy had shifted to one which was more enthusiastic about the possibilities of

22 „Unter dem Service Public-Deckmantel wird teilweise eine bürger- und konsumentenfeindliche, teure Interessenpolitik betrieben“, FDP (2002), Service public aus Bürgersicht, p. 5.
23 FDP (2002), Service au public aus Bürgersicht, p. 5.
private enterprise and market forces as ways of improving the provision of public services. While the discourse of the party leadership is broadly supportive of liberalisation (the government has supported and indeed celebrated measures such as the extension of competition in energy supply to households), a continued concern with welfare – and particularly social exclusion – has meant that it has been willing to highlight the need for special arrangements to address the distributional consequences of liberalisation (and to some extent to follow these up in policy). Overall then the Labour Party discourse is one which favours market liberalisation (and the failure of old public methods of intervention); even where policy has been changed to tackle shortcomings in areas such as rail and bus transport the government has been very keen to claim these steps as “renationalisation”. However it retains a belief in the scope for public intervention in basic services to address adverse effects of liberalisation or persisting inequalities. It should also be stressed that these issues have been very divisive within Labour – with many supporters more prepared to discuss possible renationalisations and to highlight the failures of liberalisation.

The other principal national party – the Liberal Democrats – has a slightly ambivalent discourse on basic services. On the one hand its “liberal” orientation has left it supportive of at least the principle of competition in basic services (and in the past it has supported some privatisations). However its reliance on support from the peripheral regions of the UK – and a certain political opportunism – has left it critical of both Conservative and Labour government policies towards these sectors. The regionally based parties - such as the Scottish and Welsh nationalists – have tended to be more rooted in a traditional discourse defending public provision of basic services and critical of liberalisation (not least for its distributional effects on peripheral and socially excluded communities).

2. TRADE UNIONS

Trade Unions, both as the organisations representing the workforce within the basic services (and representing industries which supplying equipment and resources to those providing the basic services) and as wider representatives of labour interests in the economy, have tended to be suspicious of and even hostile to the types of reform which have been introduced in the last few years. They have been the group most likely to define basic services in broad terms in terms of the range of services covered and in terms of the policy objectives they should serve. Yet while this sceptical view is generally true, there are some important differences depending on the character and ideology (and to some extent the country) of the union in question. Moreover in many cases unions have tended to adopt a rather pragmatic approach to basic services as they are reformed (even if this sometimes provokes frustration within the workforce itself).

AUSTRIA

Unions and their representatives in Austria have generally been keen to defend the existing supply of basic services. The Chamber of Labour for example has called for the burden of proof regarding liberalisation of communal services to be reversed: private companies should produce evidence of their capabilities to guarantee basic services. They have also criticised aspects of the way in which liberalisation has been implemented in the public sector though they have stopped short of criticising the policy as such. The Austrian trade union federation has also been active in criticising policies of liberalisation and privatisation in basic services arguing that they lead to a loss of democratic control over the prices and service quality.
The French trade union movement has been very supportive of the traditional regime for basic services and has been critical of liberalisation both in terms of its effects on employment but also in terms of its consequences for equity and for the French social - and political - model. More recently some interesting nuances have developed in union attitudes. According to one representative of the National Assembly of Independent Unions (a relatively small grouping in the French labour movement), public authorities - national and increasingly European - should prevail in determining regulatory and public service tasks. Such a European role would moreover be one of harmonisation rather than of market liberalisation. Such statements imply nothing less than the transposition of the traditional French model to the European level, a vision that he recognises himself as falling significantly outside of popular opinion.

The unions have of course been most vocal in addressing the way in which basic services have been reorganised within France, notably the further reduction of state participation in France Telecom and restructuring of EdF and GdF. The CGT in particular made clear that it was opposed to the government’s plans to change the status of the energy utilities (except for a consolidation of the sector into a single company under public ownership). But other, yet more radical opinions are being expressed outside of traditional union structures. Such is the case for the Electricity and Gas Resistance (Résistances électriques et gazières - REG), a movement composed of EDF and GDF management who express their opinions anonymously via the internet. Their goal is to convince the public that resistance to the privatisation of public institutions cannot be reduced to a mere struggle of employees aiming to protect their own professional interests. Another movement, again created by anonymous EDF management (the Jean-Marcel Moulin Collective), goes further, asserting that the privatisation of EDF risks costing the state more than its sale would yield.

Similarly in the case of France Telecom, the Confédération française des travailleurs chrétiens (CFTC - the French Confederation of Christian Workers) expressed their opposition to seeing the company transformed into a mere financial holding. The CFTC maintains that “France Telecom’s strategic and structural activities should remain with the parent company” and requests that the Internet (Wanadoo) and cellular phone (Orange) services be reintegrated into the parent company. Other union organisations such as the organisation SUD-PTT are similarly critical, raising concerns about the transformation of the parent company into a “cash reservoir”. According to these organisations, it is the social aspect of France Télécom that risks being denatured, its public service culture stamped out, and all this for the most catastrophic financial results ever obtained by France Télécom (68 million euros). The CGT also brings attention to the paradoxical distortion between the disastrous financial results (due to their above-mentioned policy of acquiring foreign service providers at a high price just prior to the melt-down of the financial markets), and positive operating results: “It has once again been proven that the wealth of a company is not created on the stock exchange. It is the employees with their skills, know-how and client contact that is at the source”.

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24 Website address: http://www.globenet.org/aitec/reg/ REG is a member of the Association Internationale de Techniciens, Experts et Chercheurs (AITEC - the International Association of Technicians, Experts and Researchers), Non Governmental Organisation created in 1983 (part of the antiglobalisation movement).


26 Ibid.

27 In Libération March 6th 2003.
Given the link between the status of employees and the status of their public service institution, it is not surprising that the workforce itself has been concerned with the direction of change. The refusal of salaried EDF and GDF employees during a 2003 internal referendum to accept reforms to their retirement plans jointly proposed by the two companies and the government, stands as testament. The proposal had even been negotiated and signed by all of the union organisations except the Workers’ Front (Force Ouvrière – FO). The FO position stirred up speculation about a possible future privatisation of EDF and GDF, and hence a threat to the civil servant status from which the majority of employees benefit. The accord, however, had been ratified by the Confédération Générale du Travail (CGT -the General Work Confederation), the majority union at EDF and GDF, which hoped that this reform would guarantee - at the cost of minimal concessions - a special retirement regime benefiting the majority of the two companies’ employees. This course of action by the majority union silenced strong opposition, not only amongst the employees of the two public establishments, but also at the head of the CGT, in particular white collar representatives from the Federal Union of Engineers, Managers, and Technicians of Mines and Energy (Union Fédérale des Ingénieurs, Cadres, Techniciens des Mines et de l’Énergie) and certain extreme-left factions close to the Communist Revolutionary League (Ligue Communiste Révolutionnaire - LCR), the Worker’s Combat (Lutte Ouvrière) and the Workers’ Party (Parti des travailleurs). Those opposed to the union leaders had pointed out, as the FO had before them - that by signing this agreement the heads of the CGT would open the way for privatisation of the two utilities. The ‘no’ victory in the internal referendum was as telling of employee concerns about the next opening of capital into EDF and GDF (possibly followed by their privatisation), as about the future of the retirement plan: did this reform not foreshadow the possible dismantling of their civil servant status? Denis Cohen, the Secretary General at the head of the CGT Mines and Energy Federation, denied wanting to give free rein to the government and explained that having given his agreement to the EDF management on the retirement issue, “he would fight with all his strength against any privatisation plans”28. However, his denial went apparently unheard, since the following day the Secretary General of the CGT was issued a motion of no-confidence by the employees.

GERMANY

The DGB (Deutscher Gewerkschaftsbund, Federation of German Trade Unions) acts in place of the trade unions and co-ordinates the activities of the trade unions in Germany. The following comments are included in the policy statements of the DGB: Regulation is needed to achieve social security and social justice. This means, that the DGB objects to a widespread privatisation and deregulation. On the other hand, a total regulation of all markets is undesired from the unions point of view as well. The DGB proposes the use of standards for public and private services. In this sense, the Federation countenances a fair competition between public and private service providers, if quality standards are defined in consideration of public desires in advance. Additionally, the trade unions advise against the danger of privatising the profits and to socialise the losses.29 Verdi (Vereinte Dienstleistungsgewerkschaft, Federation of Service Unions), which is organised under the umbrella of DGB appreciated the judgement of the EU court about the subsidisation of public transport with public funds. The judgement implies that the subsidisation of not self-financing public transport services is in accordance with European law.30

ITALY

Trade union attitudes to the meaning and scope of basic service provision tends to be based on a broad definition which embraces network public utilities as part of a wider cluster of

29 DGB, 2004
30 Verdi, 2004
public services (including health, education and social services in general). For them the importance of basic services rests in their being essential guarantees of full citizenship, without distinction of income and social conditions. In such an approach the provision of basic services should act as an instrument for promoting cohesion and social advancements.\(^{31}\) Given this perspective, it is not surprising that Italian trade unions attach relatively less attention to questions of economic efficiency and competition. They have sought to defend this notion of basic service in the face of reforms (particularly privatisation) with the aim of safeguarding employment levels and conditions and maintaining levels of service provision for low income citizens. It should be also noted that in pursuing of such aims, in general a stronger public regulative activity from Authorities and independent institutional (public) bodies is advocated.

NETHERLANDS

The union organisation ABVA KABO FNV is highly critical of liberalisation not least for its effects on employees and social concerns. While supportive of the need for greater efficiency and good quality public services, it argues that these should not be at the expense of employment and working conditions in the sectors concerned. They also defend principles of universal service and affordable prices and public ownership of the infrastructure for basic services.

POLAND

In Poland, the activities of the trade unions refer mainly to the protection of the employees rights and the unions express their opinion primarily about the problems occurring in the sectors (the statements are usually connected to the privatisation processes in the sectors). Trade unions are currently interested in the transport sector, which is due to the recent problems (strikes and manifestations) in this realm. Unions have generally opposed the reform of basic services not least because a central requirement for and consequence of reform would be a reduction in the workforce or in the loss of certain benefits. Thus they have opposed the privatisation of TPSA the telecoms company, consolidation in the electricity sector and reorganisation in the post and railway sectors.

The employees' organizations have also opposed the introduction of competition from national or foreign transport companies. They demanded cancelling the debts of PKP and larger refinancing of the loss-making regional transport by the public funds. They underline the decrease in the number of the regional connections would limit the possibility of commuting to work or school for the citizens. The demands of the trade unions were considered during the resolving the law about commercialization, restructuring and privatization of PKP.

SWITZERLAND

Trade unions generally adhere to the notion of “service public”, relating both to the public sector (providing these services) and to the recipients of these services, the public. Indeed, the labour union of public sector employees, VPOD, characterizes itself as “the labour union in and for basic services”.\(^{32}\) According to the Christian labour union transfair, basic services (“service public”) have not only an important, but indeed an essential function in a democratic

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\(^{31}\) See, for instance, ETUC, European Trade Union Confederation “For public interest”, Public Services for People in Europe, a common declaration of European trade unions about public services, paragraph 5 “Promoting the social cohesion”, 1998

\(^{32}\) „Der Schweizerische Verband des Personals öffentlicher Dienste vpod ist die Gewerkschaft im Service Public und für den Service Public“. VPOD (2003), vpod Die Gewerkschaft für den Service Public.
society. They create the condition for an intact, consensual society and a prosperous economy. Unions tend to accept or favour cross-subsidization among different divisions of public companies. Compensation schemes for providing unprofitable basic services such as those in the transportation sector are seen as promising financing modes.

One example of union activism in support of this concept is the campaign to maintain the existing network of post offices which they have led with consumer organizations. They launched an initiative called “Postal services for everybody” which demands that an “area-wide post office network” must be maintained. Moreover, the cost for basic services which cannot be covered by concession fees and revenues from other services shall be paid by the government.

However some unions have adopted a slightly different perspective. Transfair emphasize the fact that basic services are not a static concept: The scope of basic services has to be adopted in the light of technological and social developments. Moreover, and perhaps surprisingly, Transfair does not consider it necessary that the state provide basic services itself: “[…] the state must primarily assure the goals of basic services. The state shall guarantee that the necessary infrastructures and services are being provided. These services need not necessarily be provided by the state, even though this may be required by national interests or simply desirable.”

UK

Within the UK, trade unions have generally been against the privatisation and liberalisation of basic services (and of other parts of the public sector) for more than two decades. They argue that there is little evidence that private capital have brought about positive change in the delivery of public services. Unison points out that “it becomes clear that private companies are cost, rather than quality, focussed”. It argues that cost savings have been mainly focused on workforce reduction with consequences for economic stability and welfare. For the most part their public opposition, especially before privatisation takes place, has been accompanied by a more pragmatic approach to negotiating the best terms for employees regarding the conditions under which privatisation (and any subsequent restructuring) take place.

Arguably there is a distinction between the unions with those representing more skilled workers (in both private and public sectors) less hostile while those unions still largely in the public sector and representing mostly unskilled workers more resistant. Thus Unison has been more likely to expose vested interests benefiting from privatisation, publishing a report on how major accountancy firms have influenced the privatisation policy and have profited from it. Unison argues in the report that the Big Five accountancy firms have been driving government policy developments on privatisation and that the management consultancy arms of these major firm profit hugely from the privatisation.

Unions have also recognised that the liberalisation has often had adverse consequences for membership as utilities have to engage in cost cutting programmes which impinge upon the workforce. For example unions in the postal sectors have been very concerned at the effects of cherry-picking competition into postal market.

In criticising liberalisation, however, such unions generally invoke a much wider set of adverse consequences within the community as a whole. For example in a response to a recent consultation on the universal postal service,

33 Transfair (2000), Service Public zwischen Rationalisierung und Modernisierung, p. 4.
34 Unison, Best Value and privatisation - a briefing: The key features of successive governments’ policy towards public services over the last two decades, 15 February 2002.
the CMA argues that the British regulator had not adequately taken account of essential elements in respect of the Universal Service Obligation (USO) such as the daily delivery obligation, daily collection obligation, affordability, or whether there is a cost in the provision of the universal service. The CMA argues that the assumption behind the consultation document that ‘the introduction of competition into the postal market will provide better, more innovative and more reliable postal services and so help safeguard the universal service’ has not to be tested. It also points out ‘a more efficient postal service measured in accountancy terms of cost is not necessarily the same as a better postal service as seen by the public’. 37 The CWU (Communication Workers Union) also argues that the regulator Postcomm’s liberalisation policy represents a serious threat to the universal service. 38 For example, allowing private operators to cherry-pick profitable routes will severely undermine Royal Mail’s ability to support the cost of deliveries to more expensive and rural locations. The CWU criticises that Postcomm’s primary duty is to “protect the universal service” but this is being sacrificed on the altar of competition.

3. CONSUMERS

As the primary "targets" of basic services and of recent reforms to the way in which those services are provided, the voice of the consumer appears to vary both in its significance and its orientation. We have chosen to focus on domestic or household consumers rather than deal with the complexities of the industrial or commercial consumer and their stake in the system, particularly reform (indeed it could be argued that the rationale for reform was pitched as much at these consumers as at households). By focusing on the numerical bulk of consumers, however, we are able to note the consequences of unravelled cross subsidies and the distributional consequences within this group. Even within this group there is a certain schizophrenia in the discourse between attempts to make the most of liberalisation and indeed promote it further on the one hand and attempts to tackle the adverse effects upon poorer and more peripheral customers. This tension is apparent in many of the interventions by consumer groups though they also stress the importance of resolving such tensions within the regulatory system itself. Perhaps surprising is the varying visibility of the consumer, most likely for deeper cultural and institutional reasons than developments in the basic service sectors.

AUSTRIA

Consumer organisations in Austria are very active in the testing of products and retail stores but they seldom get involved in political discourses such as the one on the provision of services of general interest. The dominant Austrian Consumer Organisation ("Verein für Konsumenteninformation") does not have an official position on this topic. The main reason seems to be the overwhelmingly strong position of the Chamber of Labour in consumer representation and politics.

FRANCE

Users’ point of view and expectations are surprisingly not of central interest in French public discourse about reform of network industries. The reason for this is the still predominant legal

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representation of customers as users/usagers rather than a commercial representation of users as customers/clients. In stakeholders’ and commentators’ minds, individual interest remains subjected to public interest, and users expectations still remain subjected to legal provisions and/or trade-unions views. In fact, associations of users/consumers have relatively small levels of membership and arguably not very representative. As a result their influence is rather limited.

Admittedly, there is an existing Association of the users of the administration (ADUA), which treats in parallel relationships with the public administrations and the industrial and commercial public services (SPIC). However, its fame seems to be limited and its real influence difficult to evaluate.

In fact, the most influential association of consumers in France is an association with generic vocation, that is to say not specialized in the defense of public services users. Created in 1951 and senior of associations of consumers of Western Europe, the Federal Union of Consumption (UFC-Que Choisir) gathers 180 local associations and more than 100 decentralized antennae, that is to say 300 points of permanence animated by 80,000 up to date members.

Sectoral associations for defense of users interests are practically non-existent. In this respect, the National federation of associations of the users of transport (Fédération nationale des associations d’usagers des transports, FNAUT) is an exception. Created in 1978, the FNAUT advises and defends all means of transport users and represents them before the authorities and the transportation companies. It gathers 150 associations established in all French areas.

The FNAUT is approved by the Authorities for the defense and the legal representation of the consumers’ interests. This approval enables the FNAUT to take contentious actions in repair of the damage undergone by the users of transport or because of infringement to the rules of consumer protection. It informs, advises and defends the users in the event of litigation with a urban, railway, road or air public transport company (amends considered to be abusive or bad execution of the carriage contract: delay, incident or accident, deterioration or loss of luggage). If a dispute with the SNCF or the RATP is not resolved, the FNAUT can intervene with the mediators of these companies. If necessary, it can provide legal assistance to users.

As a special interest group, the FNAUT endeavours to modify the regional planning and transport policy. This association acts more particularly: for the improvement and the development of urban, regional, rural and interurban collective transport; for better conditions of displacement of the pedestrians, cyclists and disabled people; for road safety; and for an intermodal, respectful transport policy of the framework of everyday life and the environment. In a recent press notice, on October 7th 2003, the FNAUT denounced the financial disengagement of the State in the field of urban public transport. In fact, the State almost removed the subsidies for the construction of exclusive site public transport (Transport en commun en site propre, TCSP) and the installation of Plans of urban displacements (Plans de déplacements urbains, PDU) in the agglomerations of province.

Admittedly, mechanisms of concertation with and representation of the users have been gradually set up within the public companies, but the weight of the users remains generally marginal compared to that of the authorities or the trade unions. The mechanisms for users can be distinguished into two main types: mechanisms of concertation (simple bilateral relations, protocols of concertation, centralized or decentralized); and mechanisms of representation of the users within the SPIC Administrative council / the SPIC Board of directors

The very first concertation, on a bilateral basis, between a public utility undertaking and an association of consumers was established by EDF in 1975. Henceforth, such concertations are
frequent. EDF, GDF, FRANCE TELECOM, the POST OFFICE, the RATP, the SNCF, the USAP (toll motorways) and the SPDE (trade association of the water distributors) are particularly concerned. For example the energy companies EDF and GDF offered and are still offering to consumers' associations a protocol of concertation for the settlement / adjustment of the dispute which can occur between them, via the intervention of a mediator set up by EDF-GDF. In the case of La Post it is only with the change in its statute in 1990 that the principle of concertation with the users has been recognized. The law of July 2, 1990 set up the National Council of the Posts and Telecommunications where national associations of users sit. This council is entitled to give opinions relating to the role of the posts and telecommunications in the economic and social life, to the general principles of the regulation, and the development and the coordination of the activities of the owners. The law also creates decentralized authorities of concertation, composed of users representatives, elected officials and staff representatives: the Departmental Commissions of Postal Concertation (CDCP) and the Local Postal Councils.

However, according to a report of the national Council of Consumption entitled "the concertation between public utilities and organizations of consumers" (December 13, 1994), there is sometimes a strong feeling of manipulation or uselessness among associations of consumers/users who take part in these mechanisms of concertation.

Representation within the board of directors of public utilities includes representatives of users as well as employees and the state. However within these structures the user interest is relatively limited and underrepresented.

GERMANY

Consumers' organisations deal with basic services at the general and the sector specific levels and have been active in tackling some of the consequences of reform. However their perspectives on the effects - and desirability - of liberalisation vary considerably The Verbraucherzentrale Bundesverband pleads for the interests of consumers in the discussion with politicians, the industry, and the society as a whole. For example, the Verbraucherzentrale Bundesverband advises against a complete liberalisation of the public transport market. In their view, the railway system should be owned by the state to get in the way of decreasing quality and increasing prices. Another group is Pro Bahn, an association of railway passengers. Pro Bahn is very involved in maintaining late and weekend transportation as well as several lines which are in discussion to close.

The Bund für Energieverbraucher (alliance of energy consumers) estimates an increase in electricity pay rates at the beginning of 2004 of about two to five Euro per month. The alliance argues that this increase is not justifiable, since it is due not to low revenues but to the absence of more competition. The Bund der Energieverbraucher criticises the current electricity market conditions. A member, Aribert Peters, states that the large network operators as E.ON and RWE exploit their market power by setting up too high charges for the use of their electricity network. This charges account for 70 percent of the electricity costs. Peters estimates that more competition in the energy market would yield cost reductions for electricity and gas of about 100 Euro each year per household.

By contrast, Michael Bobrowsky, Telekom advisor of the Bundesverband Verbraucherzentralen (Federal association of consumer advice centres) states, that price cuttings concerning fixed network calls and foreign calls are a big success of the market.

39 vzvb, 2003
40 vzvb, 2003b
41 taz, December 2, 2003
Similarly pro liberalisation sentiments come from the Deutscher Verband für Post und Telekommunikation. It is the task of this association, to forward the development in the post and telecommunication market, and to act in place of the customer’s interests in the discussion with the regulator, postal service providers, telecommunication service providers, and the industry.\(^{43}\) In a press release\(^{44}\), the association campaigns for the annulment of the postal monopoly for delivering standard letters. From their point of view, this annulment would yield lower delivering prices all over the country, even in low population density areas.

ITALY

The social aspects of the provision of basic services have been emphasized by the citizens consumers associations,\(^ {45}\) which in a recent common note on the liberalisation of public services\(^ {46}\) have claimed the need to accompanying the liberalisation processes with the enforcement of the universal service obligations duties. According to this point of view, the liberalisation in itself would be a positive process because of its potential positive impacts on tariffs reduction and quality of service, provided that independent regulatory bodies governing the overall process. In particular, public regulatory bodies should: ensure quality standard in the service provision at non discriminatory prices; guarantee the continuity in the service provision; and control the application of fair contractual conditions between service providers and citizens/users. They argue for the maintenance of universal service obligations, with clear measures guaranteeing the accessibility and quality of services.

They are also concerned that privatisation should not lead to higher prices. In a common position in 1999, the consumers’ association have clarified their position about the causes behind the need for reforms: “The request to accelerate the liberalisation process is justified by the fact that the ex incumbent have already recuperated the past investment and expenditure. Therefore, it is not acceptable to tolerate again monopolistic rents to the detriment of price and quality of the services provided”.\(^ {47}\)

NETHERLANDS

The principal organisation representing consumer interests in the Netherlands is the Consumentenbond (CB). It is active in all the areas of basic services.

In telecoms, the CB has been able to raise the profile of consumers in both legislative and regulatory activities. The CB has also sought to increase transparency in the market and increasing consumer awareness of the market, but there is not yet full transparency in the market. Overall it regards the liberalisation process as relatively successful - with service performance and quality generally good but some scope for improvement in the price levels, particularly the lack of differentiation in the market. Market shortcomings are due to the incumbent's dominant position in the market and the system of licensing. Indeed the sector is too closely governed by sector specific rules instead of competition policy (though they

\(^{42}\) General-Anzeiger, December, 24, 2002.

\(^{43}\) DVPT, 2003

\(^{44}\) DVPT, 2003b

\(^{45}\) In Italy, at least four major organisations of citizens for the protection of consumers’ rights have been established over the past twenty years (Intesa consumatori, Codacons, Abusdef and Adoc). The nature of such an organisations has progressively shifted from the simple defence of the consumers’ rights (equal prices, quality of services, etc) to the defence of the citizens’ rights (correct information, healthy and safety environment, etc), assuming in that a marked policy profile. Recently, they have been pooled in the Federconsumatori organisation.

\(^{46}\) “Liberalizzazione nei settori delle telecomunicazioni, dell'elettricità, del gas e postale”, http://www.altroconsumo.it/map/src/12041.htm

\(^{47}\) See Associazione dei Consumatori “La liberalizzazione dei servizi pubblici, Posizione comune” 1999
regard the regulator as relatively effectively especially given the limited cooperation given by the firms in the sector). It also regards the use of telecom services as a basic right and to be able to seek redress where service is poor. They regard it as on a par with water and energy supplies.

It has supported market liberalisation and the injection of competition in the postal sector but has been critical of some aspects of government policy, notably its decision to keep prices frozen rather than to reduce them in line with the regulator’s recommendations. As in other basic services the CB supports postal services as a basic right and is committed to relatively high levels of minimum service. It recognises the social importance of the postal service particularly in terms of supporting rural communities and for social interaction. It is generally supportive of the regulatory system but regards it as restricted in its powers. As a result CB has to monitor closely.

In transport CB mainly focuses on national policy issues and so is not involved in regional level of policy making where much of transport policy is implemented. Nonetheless it has highlighted the importance of service and price levels in the railway sector and the maintenance of unprofitable routes in the bus sector. It has called for more explicit regulation in the transport sectors - particularly for service quality issues (indeed it emphasises these issues over a pure fixation on price). For the CB mobility is imperative for the society and for economic growth. In so far it is a basic right. Not everybody is able to own a car, or wants to own a car. So mobility also has a social function. Furthermore mobility plays an important role for accessibility and environment. Liberalisation in this sector has not delivered clear gains for consumers particularly as the functions of public transport have become too decentralised and fragmented. Moreover concessions have to be evaluated on the basis of quality as well as cost.

In the electricity sector CB has pushed for liberalisation but also for basic levels of service and service quality (notably in the area of supply security). There is also a need for tougher regulation - liberalisation seems to be more in the interests of suppliers than for consumers.

POLAND

Consumer protection is undertaken by a variety of government and agencies and regulators (notably UOKiK), as well as non-government organisations such as consumers associations and federations. The first category of organizations have a variety of responsibilities including mediating in disputes between provider and consumer. The Polish media have also covered the opinions of Polish consumer organizations relating to privatization in the basic services. A common theme in this debate is the view that monopoly in these sectors are not favourable for consumer or for the Polish economy. These views are base on CBPOS opinion pool from 1996: ”society is mostly for domonopolisation of public services markets because of existing monopolies which often increase prices and don't guarantee high degree of services they provide”.

A statement from the Urzad Antymonopolowy from 1997 (currently UOKiK), underlines the importance of telecommunications, postal services, public transport and energy security from a the point of view of social needs. When asked what are the most essential factors for consumer protection UOKiK pointed to TP’s monopoly practices, eg. unneeded intervals and rising prices as well as consumers’ right to compensation.

SWITZERLAND

Consumer organizations tend to accept or favour cross-subsidization among different divisions of public companies. Compensation schemes for providing unprofitable basic services such as those in the transportation sector are seen as promising financing modes.
Additional pressure to maintain the existing network of post offices comes from labour unions and consumer organizations. They launched an initiative called “Postal services for everybody” which demands that an “area-wide post office network” must be maintained. Moreover, the cost for basic services which cannot be covered by concession fees and revenues from other services shall be paid by the government.

UK

In Britain, organisations representing the household consumer have been active in both promoting liberalisation (publishing information on low cost service providers, campaigning against abusive marketing etc) and addressing the essential nature of basic services. They stress that public utilities are essential services to modern life. NCC states that “the cost of getting –and staying – connected to the essential services of water, gas, electricity and telephone is crucial for all of us, especially for people in disadvantaged groups or vulnerable situation”.

Consumer groups’ approach to the privatised public utilities is whether the regulators treat domestic consumers fairly compared with how they treat the companies. Some consumer groups points out that privatisation and liberalisation have failed to deliver real benefits to consumers yet. It is also often argued that privatisation and regulation have been designed in favour of private companies in order to attract private capital investments. For example, NCC argues that privatisation and price controls were designed to ensure a successful financial floatation and resulted in the companies making excess profits from consumers. It argues that tightened price controls after privatisation have not delivered fair share of benefits of privatisation to consumers.

Consumer groups argue that some groups of consumers are worse off even in telecommunications sector which is argued to be successful in terms of penetration rate. For example, NCC points out that "while access to a telephone at home has undoubtedly risen, there are continuing concerns about the problem of affordability. The level of residential disconnections by BT continues to be too high. An affordable, simple and easy-to-use pre-payment scheme is required to help people with bills".

NCC argues that there is lack of a public policy framework for public utilities, particularly for social responsibilities and the financing mechanism of meeting them. NCC points out that there is a wide gap in public policy affecting consumers’ interests, particularly disadvantaged consumers’ interests since privatisation. NCC argues that ‘cost-reflect pricing’ adopted by companies after privatisation has contributed to the social division. ‘Since privatisation, responsibilities for the utility services’ social aims and obligations have fallen between three stools: the companies, regulators, and government. No adequate forum exists for debate and decision-making on these issues. It is a wide gap in public policy that is detrimental to consumers’ interests - especially disadvantaged consumers’ interests. It also makes it difficult to achieve a more transparent and effective regulation system”.

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48 For example, see NCC, Regulating the public utilities, October 1997, PD 51/E3/97 (http://www.ncc.org.uk/pubs/regulating_public_utilities.htm), p.7.
51 NCC, A New future for communications: summary of our response to the communications white paper.
52 NCC (1998) The Future for Utility Regulation: Response to A Fair Deal for Consumers, the government’s green paper on utility regulation, choice, where practical, clear, accessible consumer information, transparent information on regulation and companies’ activities, effective representation of consumers’ interest, access to fair, efficient redress and compensation procedures, p. 10
NCC also criticises that there is no common framework of rules and principles to guide the regulators. The major concerns of NCC in the regulation of basic service are: the regulators’ duties do not give enough weight to protecting consumers’ interests; price regulation is weak and has allowed the utility companies to make too much profit from domestic customers; and public policy objectives are unclear, and it is not clear who holds responsibility for social obligations; the regulators often do not make clear how their proposals will affect consumers; consumer representation arrangements are inadequate; and the rules governing how the companies present financial information are inadequate and as a result the information lacks transparency.

Consumer groups argue that regulatory reforms should be designed to protect consumers’ interests. NCC emphasises that universal and essential consumers’ interest in these utilities are affordability, reliability and safety, adequate and reliable standards, fair treatment for individual consumers and groups of consumers, transparent and effective regulation, choice, clear, accessible consumer information, effective representation of domestic consumers’ interests, and access to fair, efficient redress and compensation procedures.

NCC argues that regulators should establish universal service principles in every sector of basic services to protect consumers’ interests, particularly ensure social inclusion of every consumer. CA (Consumers’ Association) also argues that the Government should strengthen the Utilities Bill by introducing a Universal Service Obligation (USO) on energy companies.53

4. BUSINESS

While we do not deal directly with industrial and commercial consumers, it is arguable that this interest is articulated in the form of more general interventions by the business community. Indeed, it is in this area that we can locate the primary “driver” for the reform of basic services with a fairly consistent (at least for those countries examined) picture of criticisms of traditional models of basic service, praise for the effects of reform and lobbying for further liberalisation. The other significant aspect of these interventions is the emphasis placed on limited regulation permitting maximum flexibility in the sector and a resistance to the imposition of too many policy objectives (and to government intervention generally) upon the regulatory process.

AUSTRIA

The Austrian Chamber of Commerce, the official representation of businesses, actively promotes the withdrawal of the state from directly providing services of general interest. In their opinion the principle should be “more market and less state influence”. This will also lead to better service and lower prices for consumers (Wirtschaftskammer 2003a). Furthermore it would be preferable to have EU legislation on this subject but containing specific regulations for each sector rather than an overall framework directive. Regarding the international framework, the Chamber of Commerce is strongly lobbying for an agreement in the GATS negotiations. According to this organisation the GATS agreement will leave the decision how basic services are provided to the national or EU level (Wirtschaftskammer 2003b).

FRANCE

The employers' organizations, and in particular the MEDEF (Movement of the Companies of France, Mouvement des Entreprises de France), are favorable to the reforms in progress. However, these organizations deplore the minimalist attitude of the successive governments which, to spare the French public opinion, make only the bare minimum of what is requested from the European level.

According to Denis Kessler, former vice-president of the MEDEF, the objective of the employers' organizations is "to allow France to turn the page of its long history of a managed capitalism and a mixed economy", in other words "to complete as quickly as possible the total disengagement of the State from the productive activities of which it still holds the majority of the capital". For the vice-president of the MEDEF, "the public power must from now on intervene not as an operator but like a guide and an incitator" (Quotation from Denis Kessler. Extracts of the investigation published in Le Monde, "Privatization, the new controversy", answers of Denis KESSLER, vice-president of the MEDEF, December 28, 2000).

In fact, for Denis Kessler, " it would imply going counter-current of the economic history to want to reverse the movement of privatizations or to even stop it", and even "including for the State monopolies and the public services". Denis Kessler, favorable to the movement of contractualisation of the missions of public interest and to the development of the public-private partnership, estimates thus that "privatization can be accompanied by schedule of conditions within the framework of a delegation of public utility, in condition, of course, to subject all shapes of public markets to competition".

Denis Kessler does not hesitate to call upon the example of British privatizations which, according to him, "strongly contributed to the modernization of the economy". He adds: "isolating the example of the railroads, whose failures are largely due to their passed public management, thus has only little relevance".

For the future, Denis Kessler insists on the imperative need to apply the European directives in the field of gas, electricity and mail service: "the refusal to open the capital of EDF and GDF, the reserve of France to transpose in its own legal framework the European directives of liberalization of the electric and gas markets are bad decisions. The development of GDF supposes the opening and the increase in its capital, so that it reaches the world critical size ". He quotes for example the dynamism of privatized Deutsche Post: "Being of the same size than the French Post four years ago, Deutsche Post weighs today four times more in sales turnover, invests nine times more in external growth, finances the retirement of its old agents, and goes on fulfilling its obligations of public service".

GERMANY

The BDI (Bundesverband der Deutschen Industrie, Federal Association of the German Industry) argues for a quick and total liberalisation of the postal service sector within the EU. Furthermore, the association asks for a lasting market opening and for a predictable regulation policy in the telecommunication sector. Concerning the German energy policy, the BDI calls for a shift, namely the deregulation of energy markets. In particular the Erneuerbare-Energien-Gesetz (EEG, Renewable Energy Sources Act) is criticised, since this act causes an increase of electricity prices and a worsening of the location conditions. The association assesses the policy of nuclear power phase-out as disadvantageous, since it is not clear from their point of view how to realise climate protection, base load provision and competitiveness without nuclear power.\(^\text{54}\)

\(^{54}\) BDI, 2002; BDI 2004
The DIHK (Deutsche Industrie- und Handelskammer) criticises the concentration of German energy policy on environmental aspects. This policy would neglect social aspects and would result in loss of workplaces in the energy industry. Furthermore, the DIHK argues that a promotion of renewable energy and the finalisation of nuclear energy use in combination with ambitious national climate policy targets would place a massive burden on the national economy.

ITALY

The prevailing economic significance of the provision of basic services, with particular reference to the network public utilities, is recognised by Confindustria, the Italian association of industrialists. Liberalisation and privatisations of public utilities represent a factor of growth for the economic system. In fact, they influence the supply of capital, increase the efficiency of the enterprises under privatisation, tend to increase State revenues and to reduce public debt. In practice, the need for reforms has been conceived in the context of a general improvement of the efficiency of the economic system. In general therefore Confindustria has stressed market opportunities and growing benefits for the overall economic system arising from a full and coherent privatisation processes. They argue that the liberalisation and privatisation processes risk to be incomplete to the extent that they have not been followed by a significant reduction of State economic influence, through golden shares (telecommunications) and notably participation in shares (energy provision) and a still stronger control of the banking system. They also argue that the decision to privatise maintaining the vertical integration of the utility (telecommunications and transport) could hamper the opening of the markets to new entrants. Instead they call for the achievement of an effective deregulated market (allowing new entrants and weakening the monopolistic positions of the ex incumbents).

NL

In the Netherlands business associations have been active in assessing whether their membership is receiving good service quality and good prices. They have generally welcomed the development of European policies to underpin the process of liberalisation. For the most part larger businesses are more positive about the process of liberalisation than smaller businesses.

POLAND

As regards basic services there is no public discourse led by business organisations. Remarks presented below derive from press information, TV statements and from internet domains. Few organisations, for instance Polska Izba Informatyki i Telekomunikacji, Polskie Lobby Przemysłowe engaged in this issue, presenting own projects of law in each sectors (telecommunications law 1997-1998, energy law 1995-1997, amendment of communications bill and postal law from 2000-2003).

Polskie Lobby Przemysłowe is one business organisation which above all has focused on basic services, mostly in power industry. They have focused their complaints upon political decisions and draft legislation. They underline the fact that "the introduction and preservation of the diffused organisation; rise of the trade agencies dealing with the coal, energy, heat, fuel, gas; excessive taxes or sale of the national assets are not common in EU and may cause threats for safety of energy supply in Poland. The biggest business organisations in Poland,

55 News Aktuell, July 3, 2002
56 See CSC (centro Studi Confindustria) “Le privatizzazioni Italiane” 2000, Il Mulino
57 Confindustria, “Le privatizzazioni Italiane”, 2000
58 See for instance, the position of the Italian association of Internet providers (Aiip), above, chapter 3
Konfederacja Pracodawców Polskich and Business Centre Club submit proposals and raise objections to draft legislation. These groups have been in favour of the demonopolisation of TP SA, for the sake of introduction of competition in telecommunications, and they have supported the government in their plans to reduce local railway connections.

SWITZERLAND

The Swiss business federation economiesuisse considers basic services to be “indispensable”. However, these services do not necessarily have to be provided by the government. The scope for liberalisation should be examined in each sector. Through competition and innovation, liberalisation may lead to a better quality of basic services and, ultimately, individualized basic services. For the business organizations, basic services (“service public”) does not include any social, distributional, and ecological issues. In other words, they adhere to the narrow definition of basic services.

They have also been quite critical of some basic service provision. For the national business association economiesuisse, the railway system exhibits a number of quality deficits, the most important being lack of timeliness and reliability, low average speed, and insufficient inter-modality. Moreover, it accuses the integrated railway company SBB of hampering competition and not taking the interests of third parties into account sufficiently.

UK

Business communities are in favour of privatisation and liberalisation of basic services industries. “Business is more effectively carried out in the Private Sector, as evidenced by a privatisation movement in which the UK has been a world leader.” The price (and sometimes cost in the provision of) is often perceived as the “performance” of basic services. They argue that a competitive market is the best engine to deliver efficiency to the economy and best choices to the customers.

Business communities are in favour of privatisation and liberalisation. CBI argues that the combined effect of privatisation and market liberalisation has delivered considerable benefits including investment, lower prices to customers, and cost reductions in privatised companies. In terms of investment, they point out that capital investment of £3 billion per year since 1990 by the water industry has been put in to improve the quality of drinking water, rivers, seawater and bathing waters. Regarding the delivery of substantial operational cost reductions in privatised companies, they claim that electricity prices to industry have fallen by 33-37% in real terms and prices to the domestic consumer have fallen by about 32 5% over the last ten years. They also argue that the annual cost savings relative to April 1996 gas tariffs estimated to £312 million and of which £118 million was directly attributed to the change of supplier. They pick up the claim made by the Oftel that overall telecommunication service prices to domestic customers have fallen to 50% of privatisation. They also assert that a stable investment climate have encouraged technological innovations in telecommunications.

They only accept regulation necessary in the case of market failure due to natural monopoly in the provision of basic services (or the effective competition does not exist for historical reasons, e.g. nationalisation). They stress the prime responsibility of the regulator is to encourage competition where it is appropriate (or protect the interests of customers where natural monopolies prevent the introduction of competition). They also argue that the

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60 Economiesuisse (2002), Wettbewerb bringt mehr Güter auf die Schiene, p. 2.
Government should adopt a ‘light touch’ in the regulation to facilitate rapid development of technologies and competition. Business community claims that ‘free and open competition with limited regulation’ based upon the assumption that competition is desirable and feasible in the provision of every sector of basic services.\(^{63}\)

Business communities question the effectiveness of regulatory policies. They often argue that the Government should set clearer and more consistent policy goals and more effective regulatory framework where regulators and other agencies work together. For example, the Institute of Directors (IoD) criticise that ‘the DTI is less effective than it should be’.\(^{64}\) IoD points out three basic reasons for it. First, the DTI pursues a contradictory agenda: promoting a competitive and productive economy and increasing the regulatory burden on business. The DTI lacks is criticised by its lack of focus. CBI and IoD claim that many environmental and social regulations that have been introduced in recent years have increased costs to business mainly by political considerations. They often argue that these regulations would result in the upward on prices. Second, IoD argues that the DTI’s resources and power are limited. IoD argues that the DTI lacks focus and has suffered from political instability. In addition, the effectiveness of the Department is restricted for epistemic and incentive reasons. IoD claims that ‘the DTI often lacks the knowledge and information necessary to make successful commercial decisions’.\(^{65}\) (p.17). It is also argued that ‘the incentives operating upon the Department are also weaker than those that impact upon most businesses in the private and voluntary sectors’.\(^{66}\)

CBI proposes regulatory reforms of privatised public utilities in their policy papers.\(^{67}\) First, the Government should improve the regulatory framework to promote efficient and timely investment over the short and long terms. CBI argues that the investment should follow from clear and predictable regulatory decisions about desired service outputs and controls on prices. Government policies and regulatory decisions (e.g. price control) in basic services are crucial to establish the need to invest. Second, it argues that a light regulation is needed where competition is developing. “The emphasis on scaling back the role of sector regulation where competition is effective is welcome and should remain a core principle.” Third, the regulators should have clear guidance from government when they design social and environmental policy to avoid the risk increasing regulatory costs and the pressure on prices. Fourth, it stresses the need for the flexible regulatory framework and transparent and free of political interference system, emphasising the need “for the overall framework to be flexible enough to take into account the differences between the utility markets, which are in varying states of competition and where one solution may not be applicable to all. The system must also be transparent and free of political interference if customers and shareholders are to have confidence in it.”\(^{68}\) Fifth, it is argued that the existing process of parliamentary scrutiny should be enhanced. Government also improve the process by which regulators’ decision can be challenged. Sixth, to improve business confidence, government should promote effective stakeholder engagement and develop existing benchmarking and joint working initiatives.

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63 For example, see CBI, Response to Postcomm consultation document: Promoting Effective Competition in UK Postal Services, 28 September 2001.
5. OTHER STAKEHOLDERS (ENVIRONMENTAL, LOCAL, POVERTY, RURAL AND SOCIAL MOVEMENTS AND THINK TANKS)

It is perhaps in this area where we see the most variation, not least because of the different elements which have been deemed to be of relevance. The variation may in part be due to the relative extent and maturity of reforms - in other words perhaps where reforms have been most extensive for the longest period we may find that concerns over the adverse effects on some groups are more apparent and that groups defending the interests of such groups are therefore more visible in public debate.

AUSTRIA

The Austrian Federation of Cities (Städtebund), the Austrian Federation of Communes (Gemeindebund), the eco-social forum (Ökosoziales Forum), the Caritas, ATTAC Austria and the Stopp GATS association are undertaking common lobbying activities against the Austrian signature under the list of public services that shall be subject to the negotiations of the GATS agreement (this signature was planned for March 28, 2003). The mentioned organisations are against forced liberalisation and demand freedom of choice for each nation about which services to liberalise and which not. It is argued that basic service provision for all citizens has to be secured before liberalisation is considered. Also private companies are planned be included in the anti GATS initiative. Competition is widely accepted as positive.

A few more findings involving NGO’s and their opinions: The „Verband kommunaler Unternehmen Österreichs“ (Austrian Association of Communal Companies) which represents 50 communal companies in 2003 spoke out against “unbalanced liberalisation and uninhibited privatisation”. The president of the “Verband der Alternativen Telekom-Netzbetreiber“ (Austrian Association of Alternative Telekom Providers) expects more transparency and fair conditions for competition from the new Telecom Act of 2003. The „Verband der öffentlichen Wirtschaft und Gemeinwirtschaft“ (Austrian Association for Public and Social Economy) appears as organiser of congresses and discussions thus giving representatives of diverse stakeholders and experts throughout the years a forum to express their opinions on liberalisation and privatisation in general and of e.g. telecommunication, postal services and public transport in particular.

FRANCE

Protest is also originating from outside of the companies concerned. One such example is the fondation Copernic (Copernican Foundation) which assembles social activists, union members, researchers, civic associations, and leftist and “alternative” political leaders who argue that the decision to privatise is more ideological than it is economic. Similar criticism of reform comes from the Association for the Taxation of Financial Transactions for the Aid of Citizens (ATTAC). Commenting on the financial problems of France Telecom they claim that the problems reflect: 1) the failure of a strategy that strives to transform a public service institution into a multinational corporation, and 2) the failure of the market to regulate in network economies. “The lesson to draw from this fiasco is that we must put an end to illusions about the good of liberalising public services”. 69

69 http://france.attac.org/site/page.php?idpage=1056&langue=
At the local level too the consequences of public service reform attract considerable attention. In France, the issue of territorial linkages and equal geographic access to public service networks is central to regional planning policy debates. As Martin Malvy, President of the Association for French Small Towns (l’Association des petites villes de France - APVF) and ex-president of La Poste (under the Jospin government) insists, “France, with its 36,000 municipalities, is characterised by a largely dispersed population and it must be able to respond to needs where they are expressed”.  

“If not,” he adds, “it will accelerate rural population drain”.

Efforts to prevent population flight from the countryside by strategic regional planning policies are faced with financial obstacles, however. And even more so as the market is opened to competition and the state concurrently loosens its financial guardianship of the old monopolies. At the same time that the Prime Minister, Jean-Pierre Raffarin, endeavours to promote decentralisation policies anew, the public powers plan to continue transferring mounting service charges to local communities. The idea being that from here on they would belong to the communities, paid for by their own subsidies (and not those of the state), in order to assure the maintenance of public services in the most remote and sparsely populated areas.

Commenting on such reforms in the postal sector, Martin Malvy speaking both as president of the APVF and ex-president of La Poste, “it is inadmissible that the State download charges to the communities, indeed even to departments and regions”. He adds: “The state cannot rely on local communities to ensure public service responsibilities they do not have the competence to perform”. Plans for further closures provoked further criticisms. Daniel Hoeffel, president of the Association of French Mayors (l’Association des maires de France - AMF), made it known that this announcement had provoked a “flurry of concern from local representatives”.

The withdrawal of the state support for the public transit plans has aroused strong reaction from Jean-Marie Bockel, president of the Major Urban Centres’ Mayors Association (l’Association des maires des grandes villes), as well as Michel Destot, president of the Assembly of Transit Authorities (Groupement des autorités responsables de transport - GART). Michel Destot: “Faced with the state’s retreat, it will be left up to local governments and users to take on the cost of public transit development, and while these policies bring competitive economic advantages to their urban regions, a policy of solidarity and accessibility is an essential element in the fight against climate change”.

The majority of the organizations known as environmentalists are recognized in fact more largely in the rhetoric of the movement alter-mondialist, which totally rejects the neo-liberal inspiration which guides the reforms in progress. Moreover, the support brought to the idea of social reappropriation of the means of production in general, and industries of network is justified in particular, more specifically by the needs related to the control of the externalities/damage caused on the environnement in the long term, damage to which the logic of economic and financial profitability, centered on the short term, remains indifferent. This idea of social reappropriation goes even beyond that of public property since the example of the nuclear power in France testifies to what even the State can operate of the long-term arbitrations which despise of certain catastrophic potentialities for the environment.

Thus, for J.-Y. Guézénec, National Secretary of the National Movement of Fight for

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72 In Libération September 18th 2003.
73 In France, local governments are responsible for urban public transportation operations.
Environment (MNLE), "the environmental concerns must necessarily fit in the long term, concept which is completely foreign to the market". For J.-Y. Guézénec, in this respect, the industrial and commercial public services must have an exemplary value. Strong public services in the sectors of general and vital interest such as energy, water, transport and the processing waste are certainly judicious tools to make a daring policy of safeguarding and reconquest of the environment applied.

The National Movement of Fight for the Environment, association of the type 1901, created in 1981, from the decision of scientists, academics, teachers, trade unionists, elected officials and persons in charge of associations who wished to have a place for reflexion and action, in order to take into account the environment as a whole: natural, urban, professional. The MNLE gathers individual members, associations (local, districts and national) and local communities. By addition, many trade-union organizations are adherent as well as works committee and committees of hygiene and safety (CHS-CT).

GERMANY

Environmentalists are engaged in the energy and in the transport sector, as well. Greenpeace, BUND, and NABU do not accept nuclear power and do promote public transport. Concerning electricity provision, the BUND for pleads for energy conservation, energy efficiency and the upgrading of renewable energy. In the transport sector, the BUND wants to reach more social equity through more attractive public transport services.75

ITALY

In Italy, over the past ten years, a vivacious network of non-profit organisations (e.g. Unimondo), environmentalists (e.g. Legambiente), leftist movements (e.g. the Social Forum network) and catholic organisations (e.g. Caritas) has been promoting initiatives and debates in the context of the more general anti-globalisation movement. The overall approach, though with different accents, is characterised by a great concern for the possible social inequalities arising from the privatisation of basic services, and in particular with reference to the provision of water.

The Italian branch of the association ATTAC (Association for the Taxation of the financial Transactions for the Aid of Citizens) has promoted several meetings with political parties and local municipalities about the issue of public services in the context of the liberalisation and privatisation processes (in particular, concerning the implications from the GATS rounds). With a similar approach, the LILLIPUT network has also supported awareness campaigns about the equity and environment issues arising from the privatisation of public services, looking in particular at the environmental-related thematic areas, e.g. water supply, electricity provision, and telecommunication.

The need to improve the provision of public services has been supported by member of the civil society (e.g. association of citizens, economic operators, employers, political groups) with reference to people living in the mountain areas and in particular in the smallest municipalities, threatened by the progressive decline of the resident population and by a general economic impoverishment. The shared view is that the privatisation processes could worsen the general provision of public services in those areas characterised by less favoured economic conditions.

POLAND

75 Greenpeace, 2003; BUND, 2003; NABU, 2003
Ecological organisations (eg. Polski Klub Ekologiczny, Polska Zielona Siec, Zieloni) postulate increasing contribution of natural resources of energy, as well as point at the environment pollution caused by motor transport and energy production. They subscribe to rational development of road infrastructure, protesting against built routs. This organisations asked about their participation in basic services matter, said that this issues does not arouse their interest.

SWITZERLAND

The Swiss working group of mountain regions and the Swiss association of municipalities recently published a position paper on basic services. The paper first provides a definition which basically corresponds to the narrow definition of basic services. According to the authors, a “regionally and sectorally coherent definition of basic services” is urgently needed. This could be achieved by an amendment of the constitution. Moreover, they call for new ways of financing basic services, which could be similar to the compensation systems used for public transportation. When it comes to the scope and financing mechanisms of basic services, however, the consensus ends. Most other stakeholders oppose such an expansion, and some even attempt to reduce the scope of basic services, for example the extent of the monopoly of the national postal service company.

UK

Social groups focus on issues of inequality of the access to basic services (and price, quality), which have had contributed to the social division as a consequence of privatisation and liberalisation. Groups like CPAG (Child Poverty Action Group) have highlighted "fuel poverty", "water poverty" and the "unphoned" as manifestations of exclusion from basic services in the UK. According to one commentator, the privatisation of public utilities has contributed to the widening of social division. “Gas and electricity prices have been reduced substantially in real terms for all consumers since privatisation. But in relative terms people who are struggling are worse off, and inequality in access to energy services has contributed to the widening of the social division that opened up during the Thatcher years”.

Social groups focus on the issues of social inclusion and market failure in presenting their views on the governance of basic services. Age Concern (a pressure group acting on behalf of pensioners) argues in its response to Postcomm’s Consultation Document “The Universal Postal Service in the UK” that basic services should be considered essential for everyone in current social and economic conditions, and include services that might not be provided by market forces alone. Moreover the universal service should only include those services considered to be basic to ensure social inclusion of every citizen, regardless of their income or geographical location.

Age Concern also argues that ‘changes to the definition of the universal service should be introduced alongside the liberalisation programme to ensure that businesses are not left without a postal operator because there is an insufficient number of new entrants’.

Groups representing rural communities such as the LGA (Local Government Association), ACRE (Action with Communities in Rural England), Action for Market Towns, and CLA (Country Land and Business Association) tend to focus on the improvement of the provision

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76 SGV/SAB (2003), Herausforderung Service Public.
of basic services in rural areas based upon developmental concern. Basic services including energy, transportation, telecommunication services and postal services are considered as essential to rural communities. However, it is argued that the provision of basic services in rural areas in general had been worsened. The LGA emphasise that rural communities have disadvantage in using basic services (e.g. lack of public transport, infrequency of public transport) and have to pay additional costs (e.g. gas, telephone services, transport). There is often less demand for basic services because of lower population densities.

Civil societies representing rural communities argue that the government establish the new regional policy aiming at reducing economic disparities between regions have existed for many decades. The LGA stresses that ‘yet policy and decision-makers still too often overlook rural disadvantage’. 79 The LGA presents reasons for this: ‘disadvantaged people in rural areas are more widely dispersed and therefore less visible that in rural areas – e.g. they are not concentrated in large social housing estates; the statistics used by central government to measure disadvantage are based on urban experience rather than rural; policy makers sometimes fall into the trap of identifying and over-targeting deprived areas rather than deprived people. Rural areas often don’t score well as ‘deprived areas’ yet still contain many deprived people’. 80

Environmentalists have also been involved in the debates on basic services as regards the development of infrastructure and the availability of services They approach the issues of basic services mainly based upon the conception of ‘sustainable development’.81 Groups such as Friends of the Earth stress the universality of transportation in that ‘everyone should be able to get to where they need to –safely, comfortably and affordably’.82 The FoE argues that a transport should deliver this, without damaging people’s health, yet the UK’s system fails. FoE believes transport problems exacerbate social exclusion.

They point to the importance of government policy and regulators in the liberalised market to ensure environmental and social objectives. The FoE points to the importance of regulation because privatisation and liberalisation of energy sector do not guarantee the market to supply sustainable energy services simply through competition. As the FoE points out, competition may lower the price of energy, but this will increase the incentive for energy consumption, without necessarily encouraging demand-side management. It is argued that the government and regulators set the framework and rules to deliver environmental and social as well as economic goals of energy policy. In other respects however environmentalists may differ in their choice of technology. Thus while groups such as FoE are in favour of wind turbines others oppose on the basis that they damage the landscape.

6. MEDIA

As noted before this section focuses on those case studies where there is an established core of reporting, editorialising and debating in national medias beyond the simple articulation of stakeholder views (in most cases such media material has been deployed in the stakeholder

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79 LGA memorandum of views to the Environment Transport and Regional Affairs Committee (September 1999), p.6.
80 LGA memorandum of views to the Environment Transport and Regional Affairs Committee (September 1999), p.6.
81 For example, Friends of the Earth (1997) Power in Balance: Energy Challenges for the 21st Century, July 1997; WWF-UK, Energy white paper, February 2003. See the reports provided by the UK Round Table on Sustainable Development for the discussions on the concept of sustainable development.
analyses in sections 2-5 of the report). In some cases this turned out to be a significant resource reflecting the extent to which these issues have figured in public discourse.

AUSTRIA

The analysis of Austrian media discussion of basic services draws upon two newspapers – whose online coverage is available from 1996 (Kurier) and 1992 (Standard) and which represent centre right and centre left perspectives respectively. As far as the kind of articles found is concerned, the vast majority of relevant articles found consists in renditions of stakeholder opinions as expressed at press conferences, public discussions or interviews. Only a small amount of articles are commentaries expressing the editors’ or external experts’ views. Another type of article that is also infrequent can be described as fact-oriented overview, e.g. of one particular sector and the situation it was in shortly before or after liberalisation took place.

Amongst the issues covered were some that were outside the scope of this analysis. The GATS negotiations on the liberalisation of public services and their potential impact on the future provision of affordable services of general interest have been the topic of quite many articles, most of them from 2003 and 2002, some from the Kurier’s local editions. Mostly, they report the opinions of political actors and NGO members or describe their activities to promote their views. What is expressed is not only a fear that the GATS negotiations may result in multinational enterprises gaining control over services of general interest, which might decrease their quality and render them unaffordable for people in more remote areas, but also a belief that the process of negotiating public service liberalisation initiated by GATS might prove unstoppable. Therefore, it might in the long run not be possible for Austria to sustain control e.g. over its national water supply although politicians claim that the national autonomy in service sectors not chosen to be negotiable will remain untouched. On the other hand, GATS-proponents are quoted with statements implying that Austria as one of the most important service-exporting nations has a vital interest in liberalisation of service trade.

Several articles clustered around the years from 2000 to 2003 feature the general topic of how liberalisation of former public and monopolistic services will affect the provision of generally affordable basic services. Again, the articles found report stakeholders’ opinions and estimations, pertaining e.g. to potential price increases of up to 30 percent after liberalisation or the fear that fees for service provision in less central regions might become uncontrollable. Safety of supply when public tasks of general interest are concerned is considered more important than principles of a free market. To apply business principles to public service tasks is seen as contradictory.

Especially when the planned privatisation and liberalisation of communal services is concerned, stakeholders (mainly politicians and representatives of still publicly-owned companies) point to what they believe are bad liberalisation examples from other countries like the English railways and the re-communalisation of French waterworks.

In the electricity sector, there has been public debate in the course of liberalisation that can also be detected in the papers analysed. The principle usefulness of liberalisation in the electricity sector not being questioned, it centered around concerns pertaining to the security of electricity supply. This issue has been additionally triggered by the electricity breakdowns in California, other parts of the USA and Italy. The potential trade-off between liberalisation in the electricity sector and the security of electricity supply has been a topic in the analysed papers both before and after liberalisation in October 2001. Before liberalisation, especially the provincial electricity companies expressed their worry that liberalisation may lead to a lack of investment in the nets. Afterwards, the security of supply issue was raised in quarrels between the national regulator (e-Control) and the local net suppliers. While the regulator
intends to reduce network charges, the suppliers argue that this would inevitably lead to a decrease in security of supply.

Before liberalisation, price change estimations were reported in some articles which indicated that moderate price decreases around 10 percent were to be expected. A few articles after liberalisation mention that in fact no decrease at all took place and name the minister of finance as the primary liberalisation winner. One article in the Standard also reports an EU-wide comparison of the price effects of electricity liberalisation indicating a modest increase in prices. The non-fulfilled expectations regarding the price effects of liberalisation have however not lead to an extended discussion or even a questioning of liberalisation in the papers covered. One article reports a customer survey conducted shortly before liberalisation took place. Stable security of supply and price decrease were reported as the most important expectations of the Austrians towards liberalisation.

The liberalisation of Telecommunication as such has not to a great extent been a matter of conflict and controversial debate. But while hardly anyone in principle questioned that liberalisation in this sector makes sense, some issues related to the details of its implementation can be found in the papers analysed, especially for the years before liberalisation and shortly after (1995 to 1999).

An important issue has been the question who shall carry the costs for universal service provision in telecommunications. A few informative articles explain the role of the incumbent, the question of market dominance and the fund for the supply of universal services. Some stakeholders claimed that the responsibility for service provision in remote areas has to be decided Europe-wide to preclude a ‘Having-all-the-jam-strategy’ by private telecommunications providers. In 1998 and 1999 (only one article each year), the expected removal of public telephone boxes was discussed. So far the ground on which they were located was free of charge because of the basic services aspect. As private companies may also operate telephon boxes communities want to charge for the provided ground which is not acceptable for PTA. In the articles, stakeholders also argue with Austria’s high mobile phone density when claiming that public phone boxes are now not to the same extent necessary for basic service provision as before. One article in 2001 informed about the preparation of the draft European directive on universal service and users’ rights relating to electronic communications networks and services (Universal Service Directive), where the right to internet access for all citizens as part of the universal service was discussed.

In the course of postal liberalisation, the Austrian media has assessed the performance of the Austrian postal service in terms of service quality. Tests of the delivery times were not favourable, and took place in 2002 when the PTA got into great trouble with the quality of services due to modernisation and concentration of delivery. The Regulation of Universal Service Provision (Universaldienstverordnung) found a relatively broad coverage in Kurier and Standard. The responsible minister was criticised openly to delay the pending regulation. Both Kurier and Standard extensively informed in 2001 about the planned closing down of about 650 post offices which continuously made losses throughout Austria. Over the years 1992 to 2003, in a range of articles complaints of PTA about the insufficient compensation through the state for the costs resulting from universal service provision are reported. The national authorities are blamed to ignore their obligations as “orderer of services”. It is inferred that under these circumstances efficient management is not possible. The issue stays constant over the years – both before and after liberalisation.

As public transport has not yet been liberalised in Austria, only potential liberalisation steps as considered in the political field and their potential consequences appear in the papers analysed. An issue of recurring interest related to basic service provision has been urban and communal transport, as there have been repeated threats to close down remote railway and bus connections over the years covered some of which were realised. In this connection,
models of communal funding to secure local supply with public transport were discussed. Also, there has been an initiative in 1999 to partly liberalise communal transport that was not set into practice. In one article, this option is reported to have improved local supply of public transport in other countries. The potential liberalisation of communal transport has also been extensively covered in Spring 2003 when the judgement of the European Court indicating whether cities would become obliged to liberalise public transport or not was eagerly awaited. Especially stakeholders from the city of Vienna are reported as fighting this obligatory liberalisation through lobbying nationally and at the European Commission. Other liberalisation models discussed intend that the provision of public transport could be outsourced to private carriers which would be entitled to a basic service contribution by the state or the commune. In several articles, the British railway liberalisation is cited as a negative example for public transport liberalisation.

Industrial relations issues have also been covered in this sector. The media reported strikes of the Post-owned bus service in 2002, which was connected with plans to sell the commercially most successful parts of the bus service to private carriers and in the city of Graz in 2002 in the course of attempts to sell part of the communal transport company to private investors. In Autumn 2003, the Austrian government announced plans to partition the federal railway company into several task-related sub-units and to reshape the former interminable contracts of its employees, which led to an unprecedented three-day railway strike in all of Austria. Consequently, public railway transport became an important topic for the Austrian media for some weeks, with also the basic service character of public transport being discussed.

FRANCE

Les Échos is a journal on the economy and financial matters that takes a neoliberal point of view. In the same way, Le Figaro (right of centre pro-governmental newspaper) assumes positions favorable to the current reforms. The editorial line assures that: 1) “for the lowest-income consumers, the percent of personal income required to cover basic telephone and electricity services fell in most EU member states between 1996 and 2002”; and 2) “the number of new jobs created by the liberalisation of network industries outnumbers jobs lost in the old monopolies”.

Le Monde is a newspaper of a Center-Left inclination, acquired by principle with the European idea, but being wary with respect to the liberal policy of the European Commission. Le Monde pleads in particular for a reinforcement of the regulatory instruments and networks/infrastructures at the European level, not in view of depriving the States to be able to control or decide on these fields, but in order to develop and better control transnational/international connections (example of the cut of power in Italy in 2003).

Libération is a newspaper of left inclination, rather near to the altermondialist movement, which grants a broad place to the question of the reform of the public services. This newspaper puts forward more particularly the point of view of the opponents to these reforms (politicians, trade unionists, employees, associative, etc). This newspaper also insists on the failures of privatizations in England and in the United States.

L’Humanité is the journal of the Communist Party. Its leading line is very close to that of the working trade unions, what means very favorable to the maintenance of the status quo, including safeguarding of the public statute of the old monopolies and safeguarding of the advantages acquired by their employees. Claude Cabañes, editor-in-chief of L’Humanité condemns “the foul wind that blows in the high circle of Europe: that of an hysterical liberalism, competitive and mercantile, which targets public utilities and the labour sphere itself”.

Amongst the most contested issues in the media are: the consequences of free-market
competition on the definition of the mission of the public services (issues at stake include the application of the principle of subsidiarity, the duration of tariff equalisation, cost sharing of essential public services between traditional monopolies and new service providers); the role and functioning of regulation; the changing status of previous public monopolies; the effects upon territorial development and the respective roles of the state and local/regional levels of government therein; and changing employee status and evolving professional relations within traditional service providers.

GERMANY

Most of the German media coverage of basic services has focused on sectoral developments. In electricity most newspaper stories focus on the question of a secure supply of energy will be obtained in the future, particularly in terms of the pros and cons of different sources and technologies. There has also been much discussion of how future investments will be made in the sector particularly in the light of increased competition; such stories focus on the risk of future power blackouts due to lack of investment, high power plant utilisation and the reduction of network capacity. While the media tends to take for granted the importance of sustainability and the need to tackle global warming, some accounts have stressed the social dimension of energy policy noting a possible trade off between environmental objectives and economic objectives. There is also a general concern about the prices of electricity provision.

In the telecoms field the media has tended to focus on the cost of telecoms services and recent increases in charges due to large increases in connection and basic fees, which amounted to 10.2 percent in both months. The media has also examined questions of the basic service such as changes in the way public phone services are organised. Some newspaper articles are about the competition in the telecommunication sector. The consulting firm Dialog Consult and the sector association VATM explore the competition in the German telecommunication sector. They find, that most segments are dominated by the Telecom. Only the mobile phone segment exhibits competition, whereby T-Mobile, an affiliated company of the Telekom, serves the most clients. The Bundesverband Verbraucherzentralen (Federal association of consumer advice centres) states, that price cuttings concerning fixed network calls and foreign calls are a big success of the market opening. The media has also examined the influence of the regulator.

Media coverage of transport services tends to focus on questions of quality, normally within particular regions of towns with punctuality and information being a regular focus for complaint. Some accounts have raised the question of how public transport should be funded - arguing that if there is to be a good quality system it will need to be financed from a general tax base and pointing to the UK as an example of how transport policy could fail.

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83 Süddeutsche Zeitung July 6, 2002  
85 taz, December 13, 2001  
86 News Aktuell, July 3, 2002  
87 Süddeutsche Zeitung December 6, 2003  
88 Frankfurter Allgemeine Zeitung, August 29, 2003; Frankfurter Allgemeine Zeitung, August 1, 2003; General-Anzeiger, August 1, 2003; News Aktuell, June 30, 2003  
90 General-Anzeiger, April 30, 2003  
93 General-Anzeiger, February 19, 2002  
94 taz, April 20, 2002
The consequences of liberalisation for postal services have been covered in the media, particularly in terms of the consequences for service quality and provision of infrastructure. \textsuperscript{95} By law, the Deutsche Post is required to ensure, that every citizen can reach a letter box in at most one kilometre distance. Currently, the Deutsche Post operates about 100,000 letter boxes and plans to remove 20,000 to 30,000. RegTP also proposes that the Deutsche Post does not have to indicate the time of the next clearance on every letter box, but the time of the last clearance of that day. In an article in the Deutsche Verkehrszeitung (November 28, 2002), some results of the EU report on the use of the EU postal directive 97/67/EG are displayed. The Deutsche Post has a market share of 22 percent in the German parcel market, which is more than twice as much as the strongest competitor.

ITALY

As a result of the liberalisation processes over the past ten years, the network public utilities have outweighed the other public services in the media coverage and more in general in the public discussion, in particular highlighting to the public attention the economic issues. An intense legislative work \textsuperscript{96} has in fact decisively contributed to the diffusion of the conventional wisdom that the network public utilities, e.g. telecommunication, postal services, energy provision, water supply, motorways, waste disposal and transport services, should be provided in a competitive environment, and in respect of the economic efficiency rules, i.e. providing them at lower costs.

Notwithstanding other social rules and prescriptions usually accompanying the discussion on the provision of network public utilities have also been taken into account, \textsuperscript{97} the economic side of the public discourse on the provision of the network utilities can be considered as dominant. A simple statistic on the contents of articles and comments drawing from one of the most popular newspaper\textsuperscript{98}, writing the word “public services” on its search engines, shows in fact that, on the one hand, about 70\% of articles dealing with public services focussed on network public utilities and that the economic contents clearly prevailed among the others (political and social). This implies that in the political discourse the prevailing definition of basic services is strictly related to the provision of network public utilities and their scope interwoven with economic issues.

In particular, the economic discourse is based on the following two headings: the extent to which the liberalisation process is effectively fulfilled, overcoming the residual monopolistic practices carried out by the former incumbent, in particular in the telecommunication sector (interconnection fees, unbundling of the last mile, etc); impacts on tariffs and prices of the services provided, through comparisons with their level before the liberalisation era and with reference to other European countries

The political and social approaches basically concern the analysis of the role of government in favouring or hampering the liberalisation processes, i.e. the position assumed by ministries, parties, lobbies, etc in the light of their political interests and strategies, and, on the other

\textsuperscript{95} General-Anzeiger, October 21, 2003

\textsuperscript{96} In order of time, it has to be mentioned the modification to the General Rule of the Local Government, still in discussion to the Parliament, art. 113, approved on 14 May 2003 at the Senate, with reference to “Management of the network and provision of local public services with industrial characteristics”.

\textsuperscript{97} The reference here is to the article 12 of the Law 14 November 1995, n. 481, establishing the National Regulatory Bodies for the provision of public utilities, which states the need to harmonise the economic goals with the social ones (“providing the services in respect of environment, social equality and public safety”)

\textsuperscript{98} “La Repubblica, which in 2002 has led the rank of the most selling newspaper (Audipress source)
hand, the worried considerations about the negative social impacts, e.g. higher prices, barriers to universal access, etc, arising from the privatisation of specific services, with particular reference to water supply.

Despite the concentration on the economic dimension and the generally prololiberalisation and pro market opinions, a closer examination of recent stories shows the consistent uncertainty over the effectiveness of the reforms. In terms of performance of basic services, the main concerns emerging from the media survey conducted over the past ten years have been focussed on the impacts of liberalisation and privatisation processes on tariffs and prices of the services. This tendency seems to be independent of the paper's political orientation.  

The role of the media (newspapers, magazines) has been ancillary, basically providing the necessary tools for spread among people the contents, but without an autonomous role; in particular it has to be stressed that the citizens’ association point of view, focussing on more competition and expected reduction in tariffs and fees as the basic motivations behind privatisation and liberalisation, has found a great emphasis on the most popular newspapers.

In any cases, it can be said that the perception of the most significant sources of pressures emerging from media review focuses mainly on the external factors, in particular from the European context. In fact, the influences and the potential consequences for the national economic system arising from the completion of the European common market have been always stressed in the Italian public discourse as a decisive factor. In the yearly report in 1988 issued by CENSIS, a leading Italian institute of social research and policy analysis, when the directives pursuing the formation of the European common market started to be discussed at national level, it was clearly anticipated that“ the completion of the European common market (in the Italian context) is like a train, which nobody appears well aware to have started and which will be difficult to stop”. It can be noted that the emphasis in the media over the importance of the external factors in the liberalisation and privatisation processes, has interested all the newspapers, independently by their political inclination.

NETHERLANDS

The Dutch media is not strongly divided on the issue of basic services with only a modest difference between more or less right wing sources (e.g. the daily journal De Telegraaf) and more or less left wing sources (e.g. the daily journal De Volkskrant). The general tone is towards the liberalisation of network sectors more or less modest positive. The absence of sharp differences is a typical example of the Dutch consensus model, the so-called ‘polder model’, which is still applicable in a certain sense.

Among the general issues covered by various media, the most important ones are: vertical relationships between firms in the supply chain for basic services and the consequences of such linkages for competition and for consumers; the scope for consumers to access the market and switch among suppliers; the balance between quality and price in services and the effect of market structure upon this relationship; the appropriate mechanisms for government control and oversight of basic services; the trend towards an internationalisation of basic services and its implications for balance of payments and for dependence (particularly in energy); infrastructure maintenance (and the linkages with users of infrastructure) and the safety and logistical issues of the physical infrastructures.

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99 Generally speaking, but with the possibility of divergences taking into account the different opinions by particular journalists, “La Repubblica” can be placed in the centre-left area, “Il Corriere della Sera” and “Il Messaggero” in the centre-right one  
The media has also focused on a more specific set of questions related to the particular issues in various sectors. In electricity there is concern about supply security at a reasonable price with newspaper reports on the Economics Ministry committed to rules for emergency supplies for small consumers in the case of bankruptcies or extreme cold winters.\textsuperscript{102} In the postal sector the main point of concern have been the price of mail deliveries. In telecoms the media has reported on both the dominance of KPN in the fixed line market and the implications for competition and the relative success of competition in the mobile sector. In transport questions of service quality (punctuality), provision (especially the loss of uneconomic bus services in the countryside\textsuperscript{103}) pricing and safety have been debated in the media and there is some speculation on the extent to which changes in these areas are due to liberalisation.

To the extent that the EU level is mentioned in reports on basic services the general impression seems to be that the EU boosted the process of liberalisation in the different countries, in order to improve the quality / price ratio. The EU still controls the pace of the liberalisation process and is responsible for harmonisation of the national legislation.

**POLAND**

Perceptions in the Polish media of basic services are conditioned by at least two factors: the process of economic reform overall and particularly steps taken to prepare for membership of the EU; the greater salience of economic reforms in areas such as education, health, local government and pensions. Other changes, including changes in the telecommunications, transport, electricity or mail sectors, have not been as fully researched despite the fact that such research as exists clearly indicates that increased prices for energy, phone calls or railway tickets is noticed by the community. Sectors, which are the subject matter of BASIC research have been excluded from social research concerning attitude of the community to EU or perceiving integration with EU in the category of changes in the examined sectors. Nonetheless there has been some discussion of the reform process in each of the basic services.

Since 1996 privatisation and liberalisation of telecoms have been extensively analysed in the daily press.\textsuperscript{104} In particular the debate has focused on the incompatibility of Polish reforms with those introduced in the EU with the media highlighting the limited scope for competition on long distance communications\textsuperscript{105}. The media has also covered the debate between the government and the Anti-Monopoly Office on licensing as well the criticisms from experts that Polish legislation strengethsen the monopolistic position of Telekomunikacja Polska S.A. (TP S.A.).\textsuperscript{106} TP SA has been criticised for being overmanned by international standards.\textsuperscript{107}

\textsuperscript{102} Brinkhorst, L.J., Vrije energiemarkt heeft toch nut, Forum, De Volkskrant, vrijdag 2 augustus 2003, p. 7. This is one recent source, with an explicit view on the electricity sector.

\textsuperscript{103} Van Gelder, Harry, Busvervoer verdwijnt van het platteland, De Volksrant, dinsdag 7 oktober 2003, p. 19. This is one recent source, with an explicit view on the bus sector.


\textsuperscript{105} Margas D., Nowa ustawa o łączności najświeżniej za dwa lata, „Rzeczpospolita”, 10 marca 1995 r.

\textsuperscript{106} Margas D., Monopol zostanie utrzymany, „Rzeczpospolita”, 3 kwietnia 1995 r.

\textsuperscript{107} Zwierzchowski Z., Telefony państwowe i prywatne, „Rzeczpospolita”, 27 marca 1995 r.
The media also covered responses to the government's plans for the development of telecommunications (published in 1996). The Anti Monopoly Office was particularly critical of the plan regarding it as rooted in an old model of development focusing on the monopoly of one provider despite liberalisation. The media has also covered interventions in favour of greater competition from the Office for Protection of Competition and Consumers (UOKiK) as well as by potential competitors such as the electricity and railway sectors (even though it would take them some years to develop their own infrastructure). The question of privatisation has also been covered in the media with representatives of TPSA and the unions arguing against a sale while representatives of think tanks such as the Adam Smith Centre have argued for privatisation and competition, a view backed up by dr Waclaw Iszkowski, president of Polska Izba Informatyki i Telekomunikacji.

The media has also covered the way in which TP has exploited legal ambiguities and court procedures to block the development of competition and the regulator's criticisms of such practices. Indeed disputes between the regulator and TP are regularly reported. While TP's popular image is poor, equally the government and the Office for the Protection of Competition and Consumer are criticised for being ineffective. Such problems have increased calls for reform particularly strengthening the role of the regulator and to tackle TP use of court challenges.

TP's reputation is not helped by the high cost of telecom services as reported in the media even though TP defends this on the basis that income is needed for network development of benefit to the whole country. The media has highlighted how in some regions households cannot afford to use the telephone yet at the same time it is shaping prices to eliminate any competition. Service quality has also been a concern in the telecoms sector regarding issues such as poor connections, lack of detailed bills, excess charges etc.. According to one report nearly a third of telecoms customers were seeking to switch customer due to such poor quality.

In electricity the question of privatisation and competition has also been closely monitored with a majority of the public opinion recognising that communalisation alone is not a good solution. The daily press has given much attention to the Electricity law, prepared since 1997. There has also been much discussion on the possibility of power plant closures. Many in the industry argue that this is a dangerous policy and stress the need to maintain

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108 Margas D., Model stary i wypróbowany, „Rzeczpospolita”, 23 maja 1996 r.
109 D. Margas, Do Europy daleko, „Rzeczpospolita”, 5 grudnia 1997 r.
110 Grzeszak A., Kopanie słonia, „Polityka”, 2000, nr 39
111 Grzeszak A., Kopanie słonia „Polityka”, 2000, nr 39
112 Markiewicz W., Numer za numerem, „Polityka”, 2002, nr 30
113 Markiewicz W., Numer za numerem, „Polityka”, 2002, nr 30
114 Świderek Tomasz, Komu zapłacimy za usługi NOM, „Rzeczpospolita”, 03.08.2001
115 Markiewicz W., Operator domyślny, „Polityka”, 2003, nr 4
117 Markiewicz W., Numer za numerem, „Polityka”, 2002, nr 30
118 Wróblewski A. K., Polka antymonopolka, „Polityka”, 2001, nr 6
119 Margas D., Konkurencja jest potrzebna, „Rzeczpospolita”, 10 stycznia 1997 r.
120 http://www.cbos.org.pl
121 Tomasz Świderek, Nowelizacja w maju, „Rzeczpospolita”, 11.05.2002.
124 Oktaba L., Rynek czy urzędnicy, „Rzeczpospolita”, 15 grudnia 1994 r.,
125 E.g. Ź. Semprich, Prawo energetyczne: projekt rządowy i poseński, „Rzeczpospolita”, 10 stycznia 1996 r.
supply security and the link with local mines. Moreover, industry experts argue that if the economy recovers following accession to the EU, Poland will see major increase in consumption of electricity. Given the long planning and construction periods and the closure of some outdated plants they argue that there is a need to think about electricity supply in the period 2010-2015 and refer to problems such as that in California.

The opponents of privatisation have also been active in the media calling for a protection of an industry owned by Polish companies and the need to foster an industrial capacity with linkages to fuel suppliers, able to compete in the power market. Associated with this issue are media reports on the attempts to consolidate the power sector and the issue of foreign investment in the sector. On the other hand other experts call for greater privatisation to ensure competitiveness.

Perhaps surprisingly there has been some opposition from industrial and consumer groups to the introduction of competition in electricity supply on the grounds that it would increase prices to all but the very largest customers (there also seems to be a residual concern to protect local fuel suppliers).

In the early 1990s media reports focused on the question of how to reform energy prices. More recently this has developed into a concern with the overall shape of regulation in the sector. The question of cross subsidies has also been extensively debated. Another issue is fear related to liberalisation of the sector, which according to authors of publications would lead, by way of eliminating cross-subsidizing in power engineering, to rising prices for communal recipients. This would be hardly acceptable cost, in the situation when even now fuel and energy eat up disproportionally large part of household budget.

The issue of varied level of prices has focused media attention on the role and level of regulation of the Office of Electricity Regulation. The Office has to statutorily watch out that tariffs are shaped on the basis of “justified costs of energy generation and socially accepted level of prices.” However, President URE admits that “often disputes are originating with the companies, regarding which is, and which is not the justified cost.” Assigning to URE the rights to approve prices is criticised by the electricity sector who would prefer that this competence rested with the ministry of economy. They hope that politicians would be more open to the arguments of the industry and would more flexibly treat the problem of “social acceptability of prices.”

Media coverage of the postal sector has highlighted the lack of market pressure in the sector, with experts close to the national operator PP arguing that it will not be able to compete in a liberalised market in which other foreign mail companies will be able to pick up market

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126 Grzeszak A., Zwarcie w gniazdku, „Polityka”, 2000, nr 9
127 Dornbusch Rudi, Mielczarski Władysław, Wójtowicz Grzegorz, Opinie o gospodarce, „Rzeczpospolita”, 11.08.2001.
128 Dziadul J., Duży prąd, „Polityka”, 2000, nr 37
129 A.LA, Koncern lepszy niż spółka, „Rzeczpospolita”, 25.06.2002.
130 A.La, Koncern lepszy niż spółka, „Rzeczpospolita”, 25.06.2002.
131 Morka Artur, Szwedzki potop energetyczny, „Rzeczpospolita”,15.05.2000.
132 Andrzejewski Piotr, Ceny pod napięciem, „Wprost”, 1998, nr 824
133 Czarnecki J., Blizej do nowego prawa energetycznego, „Rzeczpospolita”, 24 października 1996 r.
135 Andrzejewski P., Ceny pod napięciem, „Wprost”, 1998, nr 824
136 Grzeszak A., Zwarcie w gniazdku, „Polityka”, 2000, nr 9
Management in the sector argue that PP can adjust and reorganise its business. The restructuring of PP has also been a topic of discussion. The question of overmanning has been a feature of media debate as have the costs of adjustment. Yet while there have been questions over its manning levels and cost control some accounts have argued that PP has a number of advantages in the market such as brand name, network and market awareness.

The consequences of competition for smaller communities have also been debated. However representatives of the private operators fear that PP will squeeze them out of certain markets. Indeed, the question of the scope of the reserved market segment and how it should be funded whether from public funds or profits has been covered by the media. There has also been a debate on how far PP should be able to set prices without regulatory control (and on the lack of powers of the regulator in this sector).

Until 1998, the reorganisation and liberalisation of rail transport was not very much covered in the media. There was some coverage of the relative advantages and costs of road and rail transport. At the end of 1990s, the discussion around Polskie Koleje Państwowe (PKP) began to focus on the restructuring of the company, particularly with regard to the possible privatisation of the sector. The possibility of breaking the railway up into separate companies was also debated. However the media also notes the opposition within the company and in parliament to rapid radical reform. The extent of competition within the sector has also been debated.

The question of reducing overmanning and employment costs in the sector has also been widely discussed. Plans in this area have met with union opposition. The unions have also wanted to retain the integrity and monopoly of PKP under state control and with a greater public subsidy. However more recently there have been differences in the unions themselves.

The media has reported that PKP wants more subsidies for non profitable routes but also that EU advisors argued that prices should be increased and services be leased out to private and communal entities. Media has also reported EU criticisms of PKP failure to take into account market conditions and to focus too much on services without reference to consumer needs.

Dziadul J., Duży prąd, „Polityka”, 2000, nr 37
Dorota Margas, Poczta chce być atrakcyjna, „Rzeczpospolita”, 17.03.2000.
Borowski Jacek, Poczta przyzna, „Wprost”, 2001, nr 961
Margas D., Ostatni rok deficytu, „Rzeczpospolita”, 6 listopada 1996 r.
Cielemęcki M., Strategiczne meble, „Wprost”, 2000, nr 921
Grygolec J., Demonopolizacja kręgosłupa, „Rzeczpospolita”, 21 października 1996 r.
Andrzejewski P., Wykolejeni, „Wprost”, 2000, nr 903
Leśniewski B., Trębski K., Prawie Kompletna Piażta, „Wprost”, 2000, nr 916
Leśniewski B., Trębski K., Prawie Kompletna Piażta, „Wprost”, 2000, nr 916
Grzeszak A., Sztab na torze, „Polityka”, 2000, nr 26
Leśniewski B., Trębski K., Prawie Kompletna Piażta, „Wprost”, 2000, nr 916
needs. Problems of pricing have also been highlighted and some experts see its problems as being rooted in a planned economy perspective.

The question of road passenger transport has also been debated, particularly in terms of the lack of industry adjustment to competition. Professor Wojciech Bąkowski of the Department of Transport Organisation and Management in the Szczecin University indicates that “only 40 out of 174 PKS companies managed to adjust to operation under competition conditions.” At the same time, he emphasises that “the causes should be sought in the awareness of managements and employees, who believed that a state-owned company would exist irrespective of the economic situation of the country.” The media has also reported that the government officials want increased privatisation in the sector. However employees of PKS are opposed to the idea of greater competition and have effectively blocked its development.

The media has also noted areas where competition has developed (in tourist areas) but this is used as an argument why PKS remains unprofitable according to its representative. One media report indicated that whereas the profitability of PKS is 0.1%, profitability of private transport companies achieved in the same time 3.5-5%.

SWITZERLAND

In the media, the terms “service public” and “Grundversorgung” are used. Both terms have become so common that they are hardly ever defined exactly. In none of the major newspapers or television channels, the expression “service au public” is used in the discussion of basic services. In the national newspapers of Switzerland, basic services are a frequent topic. The leading (liberal) newspaper, “Neue Zürcher Zeitung (NZZ)” regularly published articles about basic services and public sector reform. Articles about specific reform proposals dominate the discussion, whereas general discussions of the nature of basic services are rather limited.

The NZZ regularly publishes statements by representatives of important stakeholders, often before ballots or during sessions of the parliament. Before the vote about the new electricity market law (see box 2), a series of articles about the law’s main provisions, its likely impact, and the positions of the main stakeholders was published, along with interviews and statements by politicians.

The debate about the proposed Postbank also received a great deal of attention in the media. The federal government had proposed to allow the national postal service company, Die Post, to expand its financial services. A new ‘Postbank’ would offer the entire range of retail banking services (loans, mortgages, etc.) besides the payment services which Die Post traditionally offers. The capital to found the bank would come from the intended sale of (part of) the majority stake of the government in the national telecommunication company Swisscom. Statements by proponents and opponents of the ‘Postbank’, the CEO of Die Post, as well as representative from the banking sector and politicians were published in the NZZ after the plans were made public.

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158 Andrzejewski P., Wykolejeni, „Wprost”, 2000, nr 903
159 Łeśniewski B., Trębski K., Prawie Kompletna Plaża, „Wprost”, 2000, nr 916
159 Andrzejewski P., Wykolejeni, „Wprost”, 2000, nr 903
160 Andrzejewski P., Wykolejeni, „Wprost”, 2000, nr 903
161 Szczesny J., Kamiński R., Polski Komunikacyjny Skansen, „Wprost”, 2000, nr 895
162 Szczesny J., Kamiński R., Polski Komunikacyjny Skansen, „Wprost”, 2000, nr 895
163 Szczesny J., Kamiński R., Polski Komunikacyjny Skansen, „Wprost”, 2000, nr 895
164 Stasiak P., Jak mus to bus, „Polityka”, 2003, nr 14
165 Szczesny J., Kamiński R., Polski Komunikacyjny Skansen, „Wprost”, 2000, nr 895
The NZZ itself has a clear pro-market stance. Service public (in the narrow sense) is considered important, but it does not necessarily have to be provided by government agencies. The proposed new electricity market was given a favourable opinion by (the editors of) the “Neue Zürcher Zeitung”, whereas the Postbank proposal was rejected.\footnote{NZZ (2000), Unheiliger Link zwischen Swisscom und Post; NZZ (2002), Das Elektrizitätsgesetz zwischen Wettbewerb und Leitplanken. Die Position der NZZ.}

UK

Perhaps unsurprisingly, given the scale of the changes which have taken place over the last twenty years, the discussion on basic services in the British media has been extensive. While the coverage has been most intense in the periods when reforms (whether privatisation or liberalisation) have been introduced there has been a coverage both of the sectors in the wake of change and more generally. Moreover, as expected, the views of many of the stakeholders covered earlier in this deliverable report have also gained considerable publicity (indeed often the stakeholders’ own reports or articles by representatives of organisations have been the focus of the media stories).

In terms of the overall discourse on the reforms of basic services most of the media have generally taken a positive view of the effects of the policies of privatisation and liberalisation, at least initially. The combined policies have been regarded as cutting costs and prices, improving service quality and innovation and delivering.\footnote{Observer 6 April 1997} However the general emphasis in most media accounts stresses the importance of a combination of these policies (and regulation) to deliver the benefits to consumers. There have been some more sceptical accounts of the policy, most notably covered in the Guardian and Observer newspapers: an appraisal of privatisation provided a much more critical assessment of the policy even though it recognised that such views were at variance with the consensus in the UK.\footnote{Observer 25 May 2003}

While the general coverage of basic service reform has often been positive, there is a recognition in much of the media that there are adverse consequences associated with these reforms, particularly in the distribution of benefits and costs. An opinion piece written by representatives of the consumer movement in the UK drew attention to the need for regulators to have a clearer role vis a vis social issues in the liberalised energy markets since the price and efficiency gains were not being equally distributed.\footnote{Observer 28 October 1997} Another survey published in the media showed that utility sell-offs had generally left consumers worse off, bearing the cost of new investment while investors enjoyed higher profits.\footnote{Guardian 10 March 2000}

Questions of the equity consequences of reform have also figured in media coverage of particular sectors. There has been some discussion in the media over whether BT should be able to impose some of the costs of the USO on to other consumers (particularly payphones). Competitors retort that they do not have a level playing field with BT and that BT cross subsidises across market segments.\footnote{Guardian 13 September 1995} The issue of what should be considered part of universal service has been a very controversial one with reports suggesting that it should include net access to ensure that social exclusion does not develop.\footnote{Independent 25 May 2003} This follows on from earlier concerns about how the information revolution will reach those without phones - over 2m. households. While generally seen as a rural problem some commentaries highlighted the extent to which the problem was one for socially excluded communities.\footnote{Guardian 8 June 1995} At the same time
the question of which markets segments should be opened to competition has been extensively debated.\textsuperscript{174}

Universal service issues have also regularly cropped up in discussions on the future of the postal sector. The sector's future has been a matter of debate for more than a decade - with some papers positively backing privatisation as the way forward and criticising conservative MPs for opposing such reform.\textsuperscript{175} However plans for extending the range of services to sustain the vulnerable rural postal services were criticised by regional MPs (notably in Scotland).\textsuperscript{176} More generally the question of how universal service obligations will be sustained has been explored extensively in the media, particularly as the regulator has begun to consider how to extend competition.\textsuperscript{177}

In the transport sector the media has an intense interest in the local manifestations of deregulation with the focus very much on the interplay between bus service operators and local councils over the respective levels of service and the levels of subsidy. What comes across from these stories is the tension between councils and operators over the appropriate level of service provision for the subsidies available.\textsuperscript{178} The media has also highlighted the difficulties for policy makers in determining the appropriate balance of policies for the various constituencies. A number of papers reported on the problems facing the government in terms of benefits given to different groups of the socially excluded.\textsuperscript{179} In the rail sector there was some enthusiasm for privatisation when it was first announced \textsuperscript{180} but this was to wane quickly in the latter 90s and early 21st century. Indeed there are regular calls in the media for some form of renationalisation and very few defences of the original reforms.

\textsuperscript{174} Western Mail February 1, 2002
\textsuperscript{175} Independent October 28 1994
\textsuperscript{176} Express May 14 2002
\textsuperscript{177} Scotsman Februrary 1 2002
\textsuperscript{178} Express & Echo March 26, 2003; Birmingham Post January 29, 2003; Western Mail February 8, 2001
\textsuperscript{180} Independent Jan 19 1995
CONCLUSION

This deliverable has sought to outline how the public discourse on basic services has developed over the last few years both in terms of the concerns of stakeholders organised to articulate interests in the public domain and in terms of the way in which basic services are themselves discussed in the media. We have also noted some of the evidence to be gleaned from public opinion polls on public attitudes though (as noted) we are constrained in this regard by the lack of significant resources to examine this area. Nonetheless we consider our account of the "supply side" of public discourse to provide a reasonably complete account of the debates under way.

The evidence from the stakeholders shows some shift in the public discourse over the last decade or so: either because of a shift in perspective or a pragmatic recognition of the way in which change has occurred, there has been a shift in the perspective of many groups and a realisation that the policy regime has shifted.

For political parties, there seems to be a definite shift in consensus. Whereas the traditional model had been accepted as the best way of organising the provision of basic services, nowadays there is a general acceptance of the need for reform. However it should be said that this shift has been easier for some groups and not for all. Thus parties of the centre right have generally found it easier to adapt to (or lead) the process of reform than parties of the centre left (more left-wing parties are generally more opposed to the reforms). Given the emphasis in traditional left wing discourses upon solidarity, equity, employment and the relative virtues of public over private and state over market the adaptation may be harder to make and may also have proved more divisive for such parties (they risk losing support to more left wing parties whereas this issue is less of a danger for liberal and centre right parties).

Equity and cohesion issues also shape the reactions of trades unions in most of the states and for the most part those reactions have been relatively defensive. Understandably concerned about the impact of reforms which might impose any reduction in producer benefits on the workforce, unions have generally been hostile towards privatisation and liberalisation. However they tend to present their opposition as being driven by more than self interest, highlighting wider social consequences of reform. While this is the general position of most unions it is worth noting that there are important variations with some radical unions - or worker organisations - attacking any reform (and any union that engages in negotiations about reform) while others adopt a more pragmatic approach, especially once the process of reform has already been determined.

By contrast the most unambiguously positive perspective on reform has come from business organisations (ie organisations representing employers as a whole rather than the industries involved in basic services). As users of the utility and infrastructure services which have traditionally been bundled up with basic services, and as potential beneficiaries of competition these groups have generally been keen to see the process of reform accelerated. While generally not opposed to special arrangements for basic services, their view is generally that such support should be kept to a minimum and should not be allowed to cloud a relatively limited set of regulatory commitments (which should themselves be designed to promote competition wherever possible).

While commercial and industrial consumers see gains from liberalisation, groups representing households have generally been ambivalent in their response to reform. On the one hand many such organisations welcome the opportunity to reduce prices for basic services and often set about helping consumers to identify the best deals and to tackle market abuses by suppliers. On the other hand the question of the consequences of competition - both in terms
of the knock-on effects from commercial/industrial liberalisation or from competition in the household sector itself - has left such organisations campaigning to see the distributional effects of liberalisation carefully monitored and compensated for.

This ambivalence is also visible in the attitude of the media towards liberalisation. In most countries there has been a growing acceptance of the need for such reforms - the degree of enthusiasm varying to some extent with the political affiliation of the newspaper - but concern at the effects (or shortcomings) of liberalisation.