Evaluating EU policies on public services: A Citizens' Approach

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Evaluating EU policies on public services: A citizens’ perspective

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Abstract

This article evaluates EU policies on public services – particularly public network services - from the citizens’ point of view. It is first argued that citizens’ perceptions are important because the provision of fundamental services is at stake and because they constitute the infrastructure necessary for social and economic development. Citizens’ “voice” can, therefore, be known, analysed and used in the design of improved policy on public services along with other indicators. Changing EU policy on public services is synthesised and classified into two main phases in section two. Citizen satisfaction with public services as revealed through surveys from 1997 to 2007 is explored in the third section. In the discussion, the prospects for EU policy on public services are considered and, it is argued that, from the perspectives of subsidiarity and proportionality, policy towards strengthening the common market is being increasingly uploaded to the supranational level in the form of directives, whilst cohesion and redistribution policies are being downloaded to the national level or dealt with at the supranational level by “soft” instruments.
Introduction

This article evaluates EU policies on public services – particularly public network services - from the citizens’ point of view. Citizens' perceptions are important firstly because public network services constitute fundamental services for life and secondly because they provide the vital infrastructure necessary for proper social and economic development. Moreover, there is a growing consensus that the inclusion of citizens’ considerations in the design and delivery of public service policy can be an important tool in the quest to increase transparency, accountability, civic capacity, trust and democratic governance (OECD 2009). An understanding of citizens’ opinion on public services is, therefore, a useful complement when deploying other indicators, such as performance evaluations, degree of competition, price, access, and so on. The article is divided into four sections. After justifying the importance of knowing citizens’ perceptions on public service reform in the first section, changing EU policy on public services is synthesised and classified into two main phases in section two. Citizen satisfaction with public services as revealed through surveys from 1997 to 2007 is explored in the third section. In the discussion, the prospects for EU policy on public services are considered and it is argued that, from the perspectives of subsidiarity and proportionality, policy towards strengthening the common market is being increasingly uploaded to the supranational level in the form of directives, whilst cohesion and redistribution policies are being downloaded to the national level or dealt with at the supranational level by “soft” instruments.
I. Why do we need to know what the citizens think about public services?

Public network services - water, energy, transportation and communication - provide essential services for life. Water is the most fundamental of these services and, though the majority of water consumed by people and organizations is not for drinking purposes, the availability of drinking water of a certain quality for all has been recognised in the UN Millennium Goals. In a similar way, though advanced telecommunication services may not be fundamental, basic services are considered essential for economic, social and human development (ITU, 2006). A similar logic applies to energy and transportation. Moreover, the proper provision of these services has far-reaching consequences as they constitute the infrastructure for economic and social development of communities. On this basis, over time, universal public service obligations have been established in most network services and guaranteed by the privilege of exclusive rights for an enterprise, whether public or private.

Hirschman’s “exit-voice-loyalty” framework is usefully evoked when analysing the interaction between citizen and public network services (Hirschman 1970, Pelkmans 2006, Costas 2006, OECD 2009). Since “exit” is often highly complex or impossible for citizens and consumers vis-à-vis services, “voice” becomes a key mechanism for understanding this relationship. In the case there is dissatisfaction with a particular service, this service cannot usually be returned to the provider; more importantly, any unknown effects caused by the consumption of water, energy, transport or communication could have an irreversible effect. Nor can the citizen necessarily opt
for another service provider, perhaps because there is no competition, because the perceived costs of switching provider are high, or there is consumer “inertia”. “Voice” is therefore particularly important in these cases.

Deep reform of the public network services commenced from the 1980s in many countries around the world, most notably, privatization, liberalization, deregulation and, later, internationalization. In the context of the European Union (EU), this reform met with some concern from segments of society, including certain politicians, interest groups such as the European Centre of Employers and Enterprises providing Public Services (CEEP), the European Trade Union Confederation (ETUC), CIRIEC and civil society in general (Prosser 2005, Clifton, Comín and Díaz-Fuentes 2005). In general the concern was not driven by anti-reform sentiment, but rather by an insistence that mechanisms would be introduced to check that these reforms were actually working, that is, improving – not worsening - the provision of public services to citizens. The European Commission (EC) decided to monitor citizens’ and consumers’ perceptions about public network services using surveys from 1997. A number of other tools to monitor public network services were also introduced including so-called “horizontal” and “vertical” evaluations (EC 2004b, EC 2005b). From 1997 to the present, data has been collected in surveys on citizens’ satisfaction with public network services.

Citizens’ – not “just” consumers’ – perceptions about the ongoing reform of public network services is important principally because they provide fundamental basic services and because they support economic and social development more generally. One central concern of some observers of public network service reform
has been that “traditional” priorities, such as universal service, could be softened or even ignored after reform. Citizens could become excluded from receiving these services perhaps because they live in places where investment is unprofitable, or because they find them unaffordable or inaccessible. Even if citizens can afford these services, they may not want them, but their provision affects them indirectly through externalities via their neighbours’ access to these services. EU surveys on perception have sometimes ignored citizens’ views by excluding them as “non-consumers”, though this has been partly rectified more recently, as shown in section three. On the practical level, a positive opinion about public network service and their reform may help facilitate further reform (Aghion et al., 2008). Citizens’ opinions about public network service provision are important sources of information for other citizens, governments, firms and regulators. Finally, the inclusion of citizens’ opinions in policy design and implementation is recognised as an important means of improving the quality of democratic governance by the OECD (2009).

Though many public policy scholars support the incorporation of citizens’ opinions into the policy-making process, there is a lively debate about the objective/subjective nature of the information gathered on public service performance and how this should be incorporated into policy-making (Van Dooren and Van de Walle 2008). Failure to consider stakeholders’ opinions in the construction and implementation of policy on these vital services is unsatisfactory as it is undemocratic (Vaillancourt 2009). Care, however, must be taken when incorporating citizens’ perceptions into the policy-making process due to the potential complexities this may involve. There are advantages and disadvantages of including citizens’ opinions in policy design and implementation. Advantages include increasing the quality of governance by
making processes more transparent and accountable whilst building civic capacity. Disadvantages include delays, cost, “consultation fatigue” and distortion of optimum policy results through deliberate “hijacking” of the process or because the views expressed are biased (OECD 2009). Citizens’ positive appraisal of a given public network service does not necessarily mean a good quality service is being provided at a fair price. Neither are the interests of a group of citizens necessarily equivalent to maximizing social welfare, as the “Not in My Back Yard” principle would suggest.¹

Moreover, diverse approaches taken when designing citizen surveys lead to different methodological challenges when interpreting results. As an example, in recent years, interest has grown in understanding “happiness” and “life satisfaction” (Kahneman and Krueger 2006). Most of this literature has examined the relationship between life satisfaction and social capital with trust, public spending, regulations and so on (Aghion et al., 2008; Di Tella and MacCulloch 2005). In Latin America, the main source from which information about public services can be derived is published in the form of the Latinobarómetro by an NGO interested in issues related to democracy and development. In the EU, the main surveys on public services are the Eurobarometers, commissioned by the European authorities. But these surveys vary substantially in techniques, objectives and questions asked. The Latinobarómetro is not a survey on citizen satisfaction with public services per se, rather, it is a survey on whether citizens are satisfied with policy reform of public services. Citizens are asked, for instance, whether they think prices fell after privatization, or whether the state should be more involved in public service provision. Expectations about reform are fore-grounded as citizens are asked as much about their general view on privatization as about a particular service. One
interesting finding on analysing results is that significant discontent has been expressed by Latin Americans about privatization, even when certain programmes can be shown in objective terms to have brought greater investment, efficiency and provision. Martimort and Straub (2009) explained this by arguing that reform rebalances the political economy of winners and losers: corruption under privatization is generally, first, more visible, than it is under public ownership and second, following Olson (1971), price hikes are sharply felt by the organised and articulate middle classes who then voice discontent.

In contrast, European authorities commissioned a number of dedicated, specific Eurobarometer surveys to uncover citizens’ satisfaction with aspects of public services including affordability, accessibility, reliability, contracts, switching, complaint mechanisms and so forth. Questions are specific, and not linked to policy change. Citizens are not asked questions related to “after privatization” or how they think public services should be run.

In all cases, nevertheless, citizens’ declarations need to be interpreted carefully. There are multiple ways to check citizens’ statements. In the analysis here, selective attempts will be made to check satisfaction. First, perceptions about a service will be contrasted with data on price, performance and quality. Secondly, in order to avoid bias associated with expectations about reform, attention will be paid to comparing citizens’ satisfaction with services at different stages of reform. So, with the potential pitfalls in interpreting data in mind, citizens’ opinions on public services in the EU-15 and the EU-25 between 1997 and 2007 are examined in section three. Before that, a
brief synthesis of the evolution of EU policy on public services is included in section two.

2. EU policy on public network services

Hirschman (1982) enquired as to the reasons for oscillations between intense interest in public issues and concentration on private goals: the evolution of EU policy on public services is an interesting case of changing public-private involvement. EU policy on public network services can be envisaged as a triangle, with the State, Market and Citizens/Consumers at the corners. EU policy always includes all three, but in different proportions. In general terms, from the post-war period, the State was entrusted to supply, top-down, public services to citizens, usually via public monopolies and public service obligations. State intervention was justified primarily by strategic concerns as well as the economic characteristics exhibited by these services (Millward 2005). This changed from the 1970s, when private ownership was deemed preferable to public ownership for public service supply. The most extreme proponents argued that private monopoly was superior to a public one, due to the assumed superior benefits private management would entail (Megginson and Netter 2001), though privatization was often accompanied by new State regulation (Majone 1996). From the late 1990s, there was increased recognition of the limits of privatization, liberalization and unbundling in the public services (Doronzo and Florio 2007).

Generally speaking, EU policy on public services can be divided into two main phases. The first phase, from the Treaty of Rome (1957) to the beginning of the
1980s, is the “blind eye” period, characterised by EC competence in the field, but neglect in practice. The Treaty of Rome aimed to create a single common market characterised by regional competition policy, where goods, services, persons and capital could freely circulate. In addition, the treaty made reference to Services of General Economic Interest (SGEI), stating that these services should be subject to competition as long as that did not deter their provision of these services. In practice, however, it was left to Member States to gradually phase out regulation and interventionist policies and, in the quest for competitive markets at a supranational level, a blind eye was turned to national government subsidisation or preferential treatment of public and private enterprises providing public services, as this could have been perceived as interference, and potentially highly conflictive with Member States. Historically, in Europe, and indeed, most other economies around the world, public intervention in many forms was commonplace and, until the 1970s, only the most extreme of debates would have argued that public intervention was incompatible with the functioning of the market. Most prominent economists analysed and dealt with the problem of competition in markets operating in networks in terms of the public interest. The control of natural monopolies had constituted, within the analysis of general equilibrium, the exception to the rule about perfect competition and the traditional justification for public intervention. At the same time, public services had played an important role in the historical evolution and institutional building of EU Member States, representing a different model than that found in the United States (Galambos 2000). Though there were some important differences in the public service regimes across Member States, there were also many common features in terms of raison d’etre, organization, ownership, regulation and development.
A change in EU policy occurred during the 1970s, starting in 1974, when the European Court of Justice clarified that Article 86, which dealt with providers of SGEI and competition law, was now understood to mean that the burden of proof would fall to the provider: in other words, it would have to be proved that exposure to competition damaged public service provision. This became known as the “rule exemption clause”, according to which competition law is the “default” and the general interest the exemption once proven (Damjanovic 2007). This change opened the door in legal terms for the second phase of EU policy on public services, “activation”. The change was prompted by economic and financial crises, accompanied by a shift in economic policy objectives from Keynesian “interventionism to sustain economic activity” to one based on faith in market-oriented reforms and private ownership. In this period, the previously unresolved contradictions at the heart of policy on public services were increasingly exposed to probing, and, finally, dramatic reform. Deepened integration, combined with the global shift towards more “neo-conservative” economic policies, increasingly forced State intervention – in general and in enterprises providing public services – onto the defensive. In the telecommunications sector, most European countries transformed the direct regulation by bureaucratic public operators (typically Post, Telecommunications and Telegraph, PTT) of State-owned enterprises (such as BT, Deutsche Telekom or France Télécom) during the 1980s, whilst the EC introduced modest reforms to open up certain segments of national markets (terminal equipment in 1988, public procurement in 1990). In the 1990s a regulatory framework for liberalization and independent sector regulation was introduced (EC 96/19/EC). Accordingly, Member States set up independent regulatory agencies and
agreed to liberalise the sector by 1998 (in Ireland and Portugal the date was 2000, and in Greece in 2001). Whilst privatization was not an EC competence, most governments also fully or partially privatised the sector too.

Internal market energy liberalization developed in parallel with that of the telecoms industry, the first measures taking place in 1996 (92/EC) and 1998, but was dogged by delays and reforms (Directives 2003/54/EC and 2003/55/EC). Privatization in the energy sector proceeded liberalization in many regions, such as England, Wales, Austria, Belgium, Germany and Spain, whilst the rest of the EU-15 started to privatise in the 1990s (Clifton, Comín and Diaz-Fuentes 2003). France generally resisted both privatization and liberalisation (Cenoud and Varone 2002). Over one decade later, a study of the effects of privatization and liberalization of the three largest electricity markets in the EU revealed that prices were lowest in France, precisely where less reform had occurred (Florio 2007).

EU transport policy is the oldest, the most heterogeneous (in terms of ownership and technology) and perhaps the most complex of all policy on public network services. A common transport policy was included in the Treaty of Rome, as it was recognised that Europe’s transport system needed to be integrated in order to facilitate market integration, so policy was less of a “blind eye” than in other sectors. Despite this, there were multiple delays and failures in implementing a common transport system (Pelkmans 2006). EU transport policy needs evaluating by sub-sector due to its heterogeneity, which is beyond the aim of this paper, but a general conclusion is that there is still significant public intervention in these sub-sectors and no common European model as yet. Postal services reform is much more recent: liberalization
commenced with the reform of the PPT and was pushed further by the first and second postal directives (97/67/EC and 2002/39/EC). Whilst liberalization has been resisted in some Member States, a recent development is the successful internationalisation of firms such as DHL (UNCTAD, 2004).

The speed and depth of these policy reforms alarmed certain European politicians and social partners from the 1990s. The basic concern was that citizens needed some kind of guarantee to ensure their rights to satisfactory public service provision in the face of ongoing profound reforms. The CEEP, and the ETUC, were particularly active, and were commissioned by the French and Belgian presidencies to draft a Charter for Services of General Interest (SGI) as a basis for a Framework Directive (CEEP and ETUC, 2000). These groups were not against the market reforms per se, rather, they sought to reduce uncertainties about public service provision. Public services, previously provided mostly by State ownership, had been subject to regulation enshrined in a Constitution or national legal system. Citizens had a “voice” via the universal right to vote. Under privatised ownership and market-driven rules, it was feared that commercial interests would be pursued over and above the public interest, which could negatively affect public service obligations, universal service, quality, price and continuity of supply. These concerns grew when Foreign Direct Investment, in particular Mergers and Acquisitions, took off in the public network services from the end of the 1990s. Liberalization created new business opportunities to expand within the EU and beyond, whilst privatization generated new financial opportunities for Mergers and Acquisitions in these services, where size mattered, given persisting economies of scale and monopolistic competition. Newbery (2007) argues that one of the reasons for the “merger wave” in recent
years is that since energy demand and thus organic growth increases slowly, electricity utility managers either have the option of returning profits to shareholders or spending them on acquisitions, the latter being more in their interest. Conflicts of interest were predicted by the “principal agent” dilemma whereby, in the face of Mergers and Acquisitions, managers, shareholders, workers and citizens can all have different interests. This conflict was one of the justifications for introducing golden shares and designating the sectors of “strategic” interest.

Recently, public network service providers, bound by Nation States for the bulk of the twentieth century, have transformed into some of the world’s leading Transnational Corporations, led in particular by EU-based firms: Deutsche Telekom, Électricité de France, Vodafone, DHL, GDF-Suez, Telefonica and Enel (Clifton, Comín and Díaz-Fuentes 2007). These services, once delivered and guaranteed by the State, can now be delivered by State-regulated Transnational Corporations, whether private, State-owned, foreign or domestic. Public network services, understood for most of the twentieth century as a domestic instrument of the Nation State, have become an increasingly important part of international trade and a key issue in international economic policy. An important turning point was the incorporation of services into the establishment of the World Trade Organization in 1994. Raza (2007), following Krugman (1997) argues that, although EU trade commissioners support free trade in theory, in practice, they are inspired by mercantilism. In contemporary trade policy, the State, which must safeguard the interests of a national economy and its principal stakeholders, privileges nationally-based firms at home in order to facilitate their expansion abroad. This can be understood as neo-mercantilism, in that the objective of trade policy is to achieve a
In parallel to the increasing liberalization, privatization and internationalization of public network services, there was a notable shift towards their “commodification” as regards their conception by policy-makers. As part of this change, systematic efforts to survey and collect data on citizen and consumer satisfaction began in this period. During the 1990s, a decision was taken within the EU to replace the house-hold term “public service” in official discourse with SGI. The Commission (EC 1996:1) argued that this was necessary in order to avoid the ambiguity of the term “public service”.

This ambiguity, it was argued, lay in the fact that two things were generally understood: public ownership and a service for the public. Claiming it must adopt a neutral stance on ownership, the EC argued that SGI was a more accurate term as it expressed the service was for the “general interest” without suggesting who owned it. It will be remembered that SGEI figures in the original treaty, but SGI does not. Definitions of these two terms were fore-grounded in the Green and White Papers on SGI (EC 2003d and 2004a). Although the categories SGI (“non-market”) and SGEI (“market”) are stable theoretically, the way in which sectors are classified into “market” and “non-market” sectors is fluid and subject to change. Moreover, Member States may have different ideas about how to classify services. While it may be less controversial to justify the classification of justice and security as SGI, it is more difficult to agree on social protection and education classification. Those services not falling in the SGI category are understood as “market” services upon which specific
public obligations are placed and subject to competition when this does not negatively affect service provision. Writ large, this fluidity has important consequences at the international level since the GATS rules are applicable to privately-owned services that are no longer deemed appropriate for protection from the competition at the national level (Raza, 2007).

Though, ostensibly, the terms SGI and SGEI were introduced in order to present EU policies more clearly, after more than a decade of reform, most citizens simply do not understand this terminology. Blame lies with the EU, as the terminology is confusing, and has not been communicated well. The problems are greater in countries such as Germany and the UK, which do not have similar legal equivalents at the national level, making their adoption more challenging. In some of the newer Member States such as Poland, the Czech Republic, Estonia and Slovenia, these legal categories do not even exist (Mangenot 2005). Furthermore, SGI documentation is usually not translated into the new Eastern European languages leading to semantic confusion.

As part of this “activation” phase, systematic attention was paid, from the mid 1990s, to the opinion of citizens and consumers about public service provision. Two main influences were at play here: firstly the New Public Management school, secondly, continental legal traditions (Clifton, Comín and Díaz-Fuentes 2005; Prosser, 2005). The next section critically analyses the major surveys on citizen and consumer satisfaction published between 1997 and 2007.
3. Evaluating satisfaction with public services: consumers, citizens and “non-consumers”

From the mid 1990s, the EC intensified efforts to produce systematically data on citizen satisfaction with public services, as well as on measuring public service performance. In regard to the latter, a horizontal, “evolutionary” method of evaluation was adopted in 2002 and applied from 2004. This methodology was developed by the DG Internal Market in consultation with the CEEP and the Initiative for Public Service Utilities in Europe. Topics are selected (such as productivity, cohesion, transposition of directives, or access) that are common concerns to all the network services, and considered on a cross-sectoral, cross-national basis. Methodology combines economic analysis of market performance, public policy objectives and developments and public service obligations, whilst it also takes into consideration the results from the surveys on citizen satisfaction. Horizontal evaluations have been used to complement sectoral evaluations of air and railway transportation, local and regional public transport, electricity, gas, postal services, telecommunications and, from 2006, internet and bank services. Among the main challenges faced by the evaluators are that there are gaps in statistical information about service quality indicators across the EU; there is limited experience in the horizontal evaluation of these services; and cross-country evaluation is difficult since policy objectives vary according to the Member State. Moreover, public policy objectives can be achieved via different means (access may be ensured using electricity or gas for instance). Horizontal evaluations are not, therefore, full evaluations in the traditional sense, and they are not used to produce recommendations for specific sectors. It is left up to Member States to evaluate public service performance in the last instance, though
comparative studies act as a pressure for underperforming countries to improve. In addition, the evaluations serve as a basis when working with regulators and network operators to develop and foster common criteria. In some cases, such as postal services, it has been possible to develop common service quality criteria using European standardisation bodies, but this is an exception to the rule.

As regards evaluating citizen satisfaction with public services, the methodology used is similar to that which has been used by the EC to monitor public opinion from 1973 (Eurobarometer). Standard survey techniques, in addition to “flash” surveys (conducted by telephone for rapid publication), and focus group techniques are used. Citizen satisfaction with public services has been gauged in a series of Eurobarometer surveys published from 1997 to 2007. Here, the six main surveys on SGI satisfaction are considered. The first in-depth survey on customer satisfaction with public services was Eurobarometer 47.1 (EC, 1997). For methodological reasons, results from the 1997 survey cannot easily be compared to the surveys from 2000. From 2000, the EC took great strides to use similar methodological approaches so as to make data on satisfaction comparable over time. Eurobarometer 53 (EC, 2000a) and Eurobarometer 58 (EC, 2002a) are in-depth surveys dedicated to the analysis of consumer – not citizen - satisfaction with SGI in the EU-15. Another survey conducted in the Candidate Country European Barometer (EC, 2003) uses similar methodologies and is thus directly comparable. In 2004, the EC commissioned Eurobarometer 219 (EC, 2005a) for the EU-25, which is also comparable to the SGI surveys from 2000. Eurobarometer 260 (EC, 2007a) deals with consumer attitudes towards SGI including new services such as internet and banking during the year 2006. EC 2000a, 2002a, 2003a and 2005a
measure customer satisfaction with SGI using access, price, quality, information, and other contract indicators. Global results are broken down into sectors: electricity, gas, water, fixed telephony, mobile telephony, postal services, urban transport and railways, EC 2007a covers these sectors plus internet and banking. Technically, these surveys are conducted by random sampling of citizens over the age of fifteen, interviewed at home in their native language about their views on public services; finally, the survey sample is compared to the universal sample. The EU-15 survey sample from 1997-2004 totalled approximately 16,000, after enlargement, it grew to nearly 25,000.

In what follows, the surveys will be analysed in order to analyse information about citizens’ and consumers’ views on public services. Relatively little scholarly attention has been paid to analysing satisfaction (but see Clifton, Comín and Díaz-Fuentes 2005; Fiorio and Florio 2008). Information about consumers’ and citizens’ satisfaction with SGI in general is analysed for: the EU-15 (EC 1997; EC 2000a and EC 2002a); the EU-10 (EC, 2003a); and the EU-25 (EC 2005a and 2007a). Attention is paid to methodological changes, and efforts will be made to compare levels of satisfaction expressed over time the results, by country, sector and by issue surveyed.

The first survey (EC, 1997), “Consumers’ Europe: citizens face competition of public service monopolies”, was designed to understand how citizens perceived imminent, or recent, public service reform, particularly liberalization, their recent experiences with service quality and price, their overall satisfaction with public services, and their expectations about minimum service. Services included in this survey were quite
broad, including gas, water, fixed telephony, postal services, air transport, urban transport, inter-urban coach transport, rail transportation and television access, in addition to non-network services, such as justice, health, ambulances, road maintenance and so forth.

In 1997, some 61% of European citizens surveyed claimed they were aware of the opening of public services to competition, while 70% of them considered it a good thing in regard both to service quality and price. However, the vast majority claimed they had not yet witnessed improvements in price (85%) quality (76%), choice (73%) or consumers’ interest protection (83%) of a basket of services including air transportation, fixed telephony, railway, electricity, gas and water distribution and post. Were these perceptions valid? The cases of electricity, gas and telecommunications prices are analysed here. Focusing first on electricity, 85% of those surveyed claimed not to have enjoyed price reductions. According to EUROSTAT (2009), EU-15 domestic electricity prices fell 0.2% from 1995-6 and 1.6% from 1996-7. This reduction was not regular, however, as prices increased in seven countries, most notably, by 14% in Ireland and by 11% in Italy, Sweden and the UK. Moreover, Florio (2007) noted that, although domestic electricity prices fell across the EU between 1990-7, these reductions were much lower than those for industrial prices. Thus, though there were small reductions in domestic electricity prices on average in the EU, most of those surveyed did not perceive this. Perhaps this can be explained by an inelastic demand for electricity. As regards gas, it is reasonable that 85% of those surveyed claimed not to have benefited from price reductions: domestic prices actually increased between 1996-1997 by 8.7% except in France and Spain (EUROSTAT 2009). Turning to telecommunications, a higher
proportion of those surveyed claimed to have enjoyed price reductions, as “only” 73% believed they had not yet enjoyed cuts. It is more complex to assess how reasonable this perception was due to the fact there are multiple services consumed. Most providers were reversing former cross-subsidisation policies (whereby international calls subsidised local ones) and, between 1996-7, the cost of local calls increased on average by 12% in twelve EU countries (higher than inflation), whilst the cost of international calls fell by one third between 1992-7, though there was a slight increase between 1995-6 in eight EU countries (OECD 2001).

It is also interesting to consider the case of the UK as policies of liberalization and privatization of many public utility monopolies started earlier on. Telecommunications is a good case in point. Some 67% of those surveyed in the UK claimed they were satisfied with price reductions, much higher than the results in other countries. This positive perception seems logical: the UK enjoyed the lowest international prices in the EU (one minute at peak time cost US$0.50 in comparison to US$0.74% on average in the EU-15) whilst the cost of local calls fell 17% between 1992-7. Thus, in this case, there is a correlation between this positive perception and price reductions. However, correlations between sectors associated with earlier liberalization and greater satisfaction are not typically found across all utilities in the case of UK respondents. Indeed, citizens surveyed in the UK were more satisfied with postal services than other services: postal services were still organised as a public corporation subject to public service reform in 1997, whilst the lowest quality was perceived for railways and urban transport where liberalization was more advanced. A hypothesis which could be tested in future is the extent to which “high hopes” about the fruits of liberalization can turn sour and be expressed as dissatisfaction if
expectations are not perceived to have been delivered. Table 1 summarises the main data revealing expressions of overall satisfaction disaggregated by country and sector. The median indicator of satisfaction is in the “EU” column and national differences to that median expressed as negative or positive. Care should be taken when interpreting results, as there is a large percentage of “don’t knows” (dk), particularly for gas provision in Greece, Finland and Sweden where availability was limited.

Table 1. Perception of Quality of SGI: EU15 average of satisfaction and country differentials (1997).

<table>
<thead>
<tr>
<th>Service</th>
<th>EU</th>
<th>G</th>
<th>R</th>
<th>I</th>
<th>P</th>
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<td>17</td>
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<td>1</td>
<td>4</td>
<td>2</td>
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<td>17</td>
<td>4</td>
<td>10</td>
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<td>20</td>
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<td>Postal services</td>
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<td>-6</td>
<td>32</td>
<td>-1</td>
<td>-6</td>
<td>2</td>
<td>7</td>
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<td>-2</td>
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<td>16</td>
<td>9</td>
<td>-2</td>
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<td>17</td>
<td>16</td>
<td>27</td>
<td>11</td>
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<tr>
<td>Intercity railway</td>
<td>41</td>
<td>-6</td>
<td>25</td>
<td>-6</td>
<td>6</td>
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<td>1</td>
<td>17</td>
<td>26</td>
<td>17</td>
<td>33</td>
</tr>
</tbody>
</table>

Source: Elaborated by the authors using Eurobarometer 47.1 (1997).
EU citizens surveyed revealed very different results on service quality depending on the sector in question: whilst 81% of citizens surveyed thought electricity distribution was of a good quality, only between 41% and 44% thought the same about public transport and railways respectively. Another trend was associated with country differences. Countries fell into one of three categories: those with citizens expressing below-average satisfaction (Greece, Italy, Portugal and Spain); those with above-average satisfaction (Austria, Luxembourg, Netherlands, Finland and Denmark); and those with close-to-average satisfaction (Belgium, France, the United Kingdom, Germany, Ireland and Sweden). Generally speaking, perception of satisfaction seems to be associated both to sector and nation: for instance, for electricity distribution, percentages of satisfaction expressed ranged from a low of 53% (Greece) to a high of 97% (Denmark), whilst satisfaction with fixed telephony ranged from 34% (Greece) to 94% (Finland).

Again, it is useful to contrast opinions with objective data, taking the case, for instance, of fixed telephony quality. Three commonly indicators used by the ITU (2006) and the OECD (2001) to measure fixed telephony service quality are considered: telephone installation waiting time; faults per 100 lines per year; and faults repaired in 24 hours. As regards waiting time, this was, in general, low (less than ten days) across the EU by 1997, with three main exceptions: Greece (30 days in 1995 reduced to 5 days in 1997), Austria (40 days in 1995 and 6 days in 1998) and Ireland (13 days in 1995 and 11 days in 1997). Faults per 100 lines per year were relatively stable across most EU countries from 1995 and 1997 but more faults occurred in Portugal (52), Greece (31), followed by Ireland, Italy, Spain and the UK (all 14), whilst relatively few faults (between 4 to 8) occurred in Austria, Belgium,
Finland, France, Germany, Luxembourg, the Netherlands and Sweden (OECD 2001). Improvements between 1995 and 1997 were noted for Austria (16.7 to 7.2), Portugal (52 to 21) and Sweden (8.4 to 4.3), though deterioration was noted for Italy (12.6 to 16.5). Thirdly, regarding percentage of faults repaired in 24 hours, this improved in most countries on average from 84.7% in 1995 to 86.5% in 1997 (OECD 2001: 210-1). On the basis of this non-comprehensive data on fixed telephony quality, in general, there are correlations between the most negative and positive levels of satisfaction and objective data on quality. It seems reasonable that respondents from Greece, Portugal, Italy and Spain expressed lower-than-average satisfaction rates, and that Sweden and Finland showed higher-than-average satisfaction. However, it is less clear why respondents in Ireland were so satisfied and those in Denmark only averagely satisfied.

Though the next survey (EC, 2000a) was called “The People of Europe and Services of General Interest”, both this survey and the following one (EC 2002a) dealt only with consumers, since those respondents who declared that certain questions did not concern them (“not applicable”) were screened a posteriori. These citizens were “non-consumers” of services and their views were discarded. Data on satisfaction was thus recalculated on that basis. These surveys measured consumer satisfaction with access, prices, quality, information, contracts and complaint handling for SGI. Since the methodology was identical, comparative analysis of consumer satisfaction can be derived.
Table 2. Consumer satisfaction with SGI: EU15 average opinion on Quality, Price, Information, Contracts and Overall in 2000 and 2002 and EU 10 new members in 2003

<table>
<thead>
<tr>
<th>EU-15</th>
<th>EU-10 NM</th>
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<tbody>
<tr>
<td>Quality = Q</td>
<td></td>
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<tr>
<td>Price = P</td>
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<td>Information = I</td>
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<td>Contracts = C</td>
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<td>Overall = O</td>
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<tr>
<td>Electricity</td>
<td>92</td>
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<tr>
<td>Gas</td>
<td>87</td>
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<td>Water</td>
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<td>Fixed Telephony</td>
<td>91</td>
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<td>Mobile Telephony</td>
<td>81</td>
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<tr>
<td>Postal services</td>
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<tr>
<td>Urban transport</td>
<td>66</td>
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<td>Intercity railway</td>
<td>56</td>
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<thead>
<tr>
<th>Correlation index</th>
<th>Quality</th>
<th>Price</th>
<th>Information</th>
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<tr>
<td>Price = P</td>
<td>0.44</td>
<td>0.59</td>
<td></td>
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<td>0.35</td>
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<tr>
<td>Information = I</td>
<td>0.51</td>
<td>0.69</td>
<td>0.88</td>
<td>0.89</td>
<td>0.69</td>
<td>0.81</td>
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<tr>
<td>Contracts = C</td>
<td>0.66</td>
<td>0.84</td>
<td>0.95</td>
<td>0.93</td>
<td>0.88</td>
<td>0.90</td>
<td>0.82</td>
<td>0.94</td>
<td>0.91</td>
</tr>
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Sources: Compiled by authors based on Eurobarometer 53 (EC 2000a); Eurobarometer 58 (EC 2002a); CCEB Eurobarometer (EC 2003a).

Comparing overall consumer satisfaction with SGEI in 2000 and 2002 in the EU-15 (calculated using the four indicators quality; price; information provided and contracts), a clear and stable sectoral ranking emerges. Consumers were most satisfied with postal services (75% in 2002), though electricity, water, fixed telephones and gas distribution all scored highly in both surveys (above 69%). Of these four “high performing” sectors, average consumer satisfaction with quality, price, information or contracts was stable between 2000 and 2002 (see Table 2).
This ranking of satisfaction is similar to that of EC 1997 (bearing in mind the 1997 option “neither good nor bad” is not included in EC 2000a and EC 2002a). “Lower performing” sectors were urban and rail transportation and mobile telephony, but with some important differences. Satisfaction with intercity rail services trailed far behind the other sectors, with just 53% of customers expressing overall satisfaction, representing a deterioration (56% in EC 2000a). Urban transport fared less badly, with overall satisfaction rates falling from 61% to 60% in the same period. Overall satisfaction with mobile telephony, mostly provided by private operators, and not dealt with in EC 1997, increased in EC 2002a to 64% from 60% in EC 2000a. The reasons for this lower overall satisfaction rate with mobile phones are clear: consumers expressed less satisfaction with price, information provided and contracts. The 2000 and 2002 polls are not only homogenous in methodology, permitting coherent sectoral and country comparisons, they also show consistent results about customers’ opinions about different SGEI as revealed in the matrix of correlation between criteria (quality, price, information and contracts). This indicator was most significant between price, contracts and information, and between information and contracts, suggesting consumer concern about their rights.

In the face of enlargement, the survey “Consumers’ opinions on SGI” (EC 2003a) was published on consumer satisfaction in the ten candidate countries. Interestingly, very similar levels of overall satisfaction and a similar ranking of SGI were found. Satisfaction with postal services, electricity, water, gas, urban transport and railways was expressed as being somewhat higher than in EU-15, whilst lower satisfaction was expressed as regards fixed and mobile telephony (EC 2003a). The main source of dissatisfaction by consumers from the candidate countries was the perception of
high prices. This perception is supported by data on prices and affordability for electricity and telecommunications. Regarding electricity affordability, while, in 2003, the average EU-15 household spent 0.9% of income on electricity bills, this was at least twice as high in the EU-10 reaching 3% in Slovakia and 2.5% in Poland, Latvia, Estonia, Lithuania and Hungary (EC 2007d). Meanwhile, in eight of the EU-10 countries, between 2000 and 2003, the cost of a ten minute local call increased by 25%, whilst 10 minute national calls remained the same and 10 minute international ones fell by 31% (EUROSTAT 2009).

The most recent surveys on satisfaction with SGI are EC 2005a and EC 2007a. These surveys, called simply “Services of General Interest” deal with the same sectors as the surveys from 2000, and also include internet and banking. There is an interesting change in the methodological approach in these recent surveys. Whilst EC 2000a and EC 2002a screened out non-consuming citizens from the analysis, EC 2005a and 2007a identify SGI consumers and non-consumers at the outset. Questions of access are stressed for consumers and non-consumers, and the latter were surveyed further on issues such as accessibility, affordability-price, quality, consumer rights protection and consumer relations. Non-consumers who nonetheless potentially had SGI provision were in particular asked about affordability and lack of knowledge. In addition, for the first time, additional socio-economic variables of respondents were considered, including gender, age, education, household composition and “subjective” urbanisation. Another significant change is that these recent surveys sought to better understand the use of SGI. EC 2005a and 2007a focused on five main areas of “consumer satisfaction”: access; use of SGI; how much they are used; affordability; quality and consumer relations. Three
aspects most suitable for comparison with EC 2000a, 2002a and 2003a are access, affordability and consumer relations (customer service, handling of complaints, consumer protection).


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<tr>
<td>Electricity</td>
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<td>75</td>
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<td>Fixed Telephony</td>
<td>90</td>
<td>90</td>
<td>88</td>
<td>91</td>
<td>67</td>
<td>76</td>
<td>43</td>
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<tr>
<td>Mobile Telephony</td>
<td>69</td>
<td>75</td>
<td>79</td>
<td>85</td>
<td>68</td>
<td>76</td>
<td>37</td>
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<td>Postal services</td>
<td>90</td>
<td>86</td>
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<td>81</td>
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<td>Urban transport</td>
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<tr>
<td>Intercity railway</td>
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<td>61</td>
<td>64</td>
<td>73</td>
<td>63</td>
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<td>49</td>
<td>43</td>
<td>53</td>
</tr>
</tbody>
</table>

Note = 2006* indicates non-users’ opinions on affordability of each SGI.

Source: Elaborated by authors based on Eurobarometer 53 (EC 2000a), Eurobarometer 48 (EC 2002a), Eurobarometer 219 (EC 2005a) and Eurobarometer 260 (EC 2007a)

It is interesting to contrast the official interpretation of survey findings incorporated into the Horizontal Survey (EC 2007b) with a longer-term analysis of the survey data. In terms of SGI access, the interpretation of survey data is upbeat: “The results show how widely spread access is to a number of services...it can be noted that at an EU level, access has not become more difficult in any sector...” (EC 2007b: 5). This optimistic scenario is largely derived from the fact that the 2007 Eurobarometer was contrasted with the previous one. If, however, access to SGI is considered over
the longer term, from 2000 to 2006, as in Table 3, it is clear that SGI access has not actually improved much. While there was access improvement between 2004 and 2006, this came after a general decline between 2000 and 2004. Mobile telephony is the exception; as a new technology, access grew from lower access levels from 2000. Breaking down SGI access by socio-economic group, it can be seen that certain categories of respondents often have poorer access to services. Access to mobile phones for respondents over the age of 55 was 25 points lower than the average, 18 points lower for people living along and 9 points less for rural dwellers. For gas, access to respondents in rural villages and over 55 was 11 and 5 points less respectively. Access to urban transport was lower for respondents living in rural areas and those over 55 by 26 and 12 points and 26 points respectively (EC 2007b). Despite these inequalities, little was said explicitly about their significance or possible policy solutions: what constitutes, for instance, an “acceptable” level of SGI (in)access?

Satisfaction with affordability is the next category whose evolution can be assessed. Again, EC 2007b is upbeat, asserting that, according to users’ views, most services have become more affordable. This assertion is questionable. A significant proportion of consumers surveyed considered that the prices of some of the basic SGI were either not affordable or excessive (31% for electricity and 33% for gas). In fact, electricity and gas prices were on average higher across the EU-25 in 2006 than in 1996 for multiple reasons including oil and coal prices (EC 2007d and EUROSTAT 2009).
In addition, there are an important proportion of citizens who are excluded from SGI because they are unable to pay. Among mobile phone users, 76% claim the service is affordable, as shown in Table 3. However, of the “non-consumers”, 73% think this service is excessive or unaffordable. Some 40% of non-consumers of electricity and fixed telephony find the services excessive or unaffordable. For internet users, 80% consider the service affordable, while for non-users only 38%.

The third category is consumer relations (including a growing number of issues, such as complaints handling and consumer protection). The EC considers consumer protection as critical, especially when there is monopoly provision. According to EC 2005b and 2007b, “a majority of consumers consider their interest to be well protected”. Factually, this is true, since around 50% of consumers are satisfied. Satisfaction with consumer relations has, however, worsened over the last two years and from 2000 to 2006 in the cases of electricity, gas and water. Again, it is left unclear as to what is an “acceptable” level of dissatisfaction with consumer relations.

In sum, the Eurobarometer surveys on citizen or consumer satisfaction with SGI have undergone shifts in terms of the survey focus, questions posed, inclusion/exclusion of those surveyed, and survey outcomes. EC 1997 repeatedly used the term “citizens” – in a document of 121 pages, citizen was used 303 times – though a shift towards consumerism was already embedded in the questionnaire. Concern about consumer satisfaction was consolidated in EC 2000a, 2002a and 2003a. Interestingly, the most recent surveys show an interest in socio-economic categories and a renewed attention to “non-consumers” is apparent, this despite the fact that EC 2007a contains 144 pages and uses “citizen” thirteen times and
“consumer” 363 times. EC 2007a reveals few explicit policy objectives, however, such as what level of inaccessibility and unaffordability is “acceptable” in Europe. As a conclusion, EC 2005a and 2007a are still fundamentally concentrated on the consumer.

4. Discussion

Shifting public and private involvement in public service provision has long been a feature of societies. It is argued here that EU policy on public services started as a “blind eye” one from 1957 to the late 1970s, but then became “activated”. This latter phase was characterized by liberalization, deregulation, privatization and unbundling of many public service providers. Particularly from the 1990s, there has been a gradual “commodification” of public services through the stressing of consumer satisfaction, over and above citizen satisfaction. This trend has been revealed through the evolution of surveys on satisfaction with public services.

The horizontal surveys on SGI also reinforce this trend. The three latest reports published in EC 2004b, 2005b and 2007b show a gradual, but unquestionable shift to market-driven and structural reforms of network industries providing SGI more than a concern to implement regulation based on citizen voice. The latest report stresses above all the issues of market policy, market structure and competition, prices and competitiveness, and the effects of market opening. The final two parts of the seven-part report deal with public service obligations and consumer views. The term “citizen” is not even used. When citing consumer views, an upbeat perspective is adopted whereby the public service reform has been an unconditional success
From a policy perspective, the cure to improve network industry performance is more market. If consumers do not benefit from market reforms it is not because of any lack of enforced regulation, but rather, because competition is restricted by Member States, incumbents firms, technical, legal and other barriers, and even “consumer inertia” (EC 2007b). What is needed, it is claimed, is more liberalisation, and further removal of barriers to new entrants. Market-orientated reform will cure EU sclerosis and, at the same time, increase “consumer satisfaction”. Even though the creation of EU Multinational Corporations in these sectors in a monopolistic competitive market could block market integration, the EC is largely unwilling or unable to challenge this process. In the energy sector, Helm (2007) has argued there is a “new energy paradigm” whereby governments are focusing on security of supply and climate change, rather than full liberalization of markets.

What of the future? If, in the middle of the 1990s, it looked possible that a Directive on SGI could be passed that focused squarely on citizens’ rights, in 2009, it seems that the EU is quietly, and gradually, abandoning the aim of protecting citizens through supranational “positive integration” (Tinbergen, 1954), downloading this to the national level, or else promoting discussion with “soft” instruments or in non-committal ways. For instance, it has been argued that, whilst the latest satisfaction surveys pay a renewed attention to socio-economic variables previously ignored, connecting these to questions of access and affordability, no clear policy targets are identified in terms of what levels of satisfaction with access and affordability are acceptable. The lack of policy proposals and targets contrasts sharply with the clarity
and confidence of policy statements in the recent horizontal evaluations on SGI performance.

SGI was finally included in Treaty of Lisbon (in a Protocol) with a legal basis for the first time, where it is recognised that the provisions of the treaty do not affect nation State’s competences to organise and provide SGI (EC 2007b). This inclusion could make the possibility of approving a Charter for SGI more likely. However, this requires political will. Interestingly, the European Parliament approved passing of a Charter on the Rights of Energy Consumers in 2008. This charter, which will not constitute a legal document, mainly focuses on problems consumers may have when the market does not work (difficulties in switching provider, lack of choice, intelligibility of the utility bill and so on). There is only residual attention to ensuring all citizens have a right to public services. The division of sectors into mini-Charters must be viewed with caution: it may signal the beginning, or the end, of the debate on consumerism, at the expense of citizen rights.
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benefited from comments from the anonymous referees and conference participants, especially Barbara Sak. Financial support is acknowledged: Spanish Research Programme Project ECO2008-06243 and EC Sixth Framework RECWOWE CIT4-CT-2006-028339.

1 Thanks to an anonymous reviewer for these points.

2 For instance, “In general, how easy do you find it to compare offers from different (i.e. internet)…” (EC 2007).

3 Indeed, because the Eurobarometer does not enquire about citizens’ opinions on policy reform, an alternative survey on satisfaction with reform of public services was designed and conducted by PIQUE, an EC sixth Framework Programme sponsored project (Van Gyes et al. 2009).

4 OFTEL was established in the UK in 1984, the Autorité de Régulation des Télécommunications in France in 1997, the Regulierungsbehörde in Germany in 1998, and the Autorità per le garanzie nelle comunicazioni in Italy in 1998.

5 Interview with Dr. Francisco Caballero Sanz, Head of Unit, Economic Analysis and Evaluation, DG Internal Market, 18 February 2005.

6 Unfortunately, because the questionnaire provided three possible answers (good, bad or neither good nor bad) for respondents, it is difficult to compare these results with the following polls (where those surveyed were offered four possible options).