

GOVERNING INFORMATION INFRASTRUCTURES AND SERVICES IN  
TELECOMMUNICATIONS

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**Biography**

Seamus Simpson is Principal Lecturer at the Department of Information and Communications, Manchester Metropolitan University. His research interests lie in European and global communication policy and regulation. He is author of two books: *Globalisation, Convergence and European Telecommunications Regulation* (2005, Edward Elgar) (with Peter Humphreys, University of Manchester) and *The New Electronic Marketplace: European Governance Strategies in a Globalising Economy* (2007, Edward Elgar) (with George Christou, University of Warwick).

## **Abstract**

### **Purpose:**

Telecommunications comprises a vital component of information infrastructures and services, with an historically strong public interest dimension. For the best part of 30 years, the telecommunications sector in Europe has been the subject of a radical reorganisation in structural and operational terms along the lines of neo-liberalism. This article analyses the significance of the neo-liberal project in telecommunications in respect of the related dimensions of ideology and practice.

### **Approach:**

Public policy critique of the manifestation of neo-liberalism in the telecommunications sector in the European Union, employing desk based research on relevant primary and secondary source documentation.

### **Findings:**

The article finds that proponents of neo-liberalism have been able to secure the broad acceptance of neo-liberalism as a 'view of the world' for telecommunications. It shows that in practice, however, the neo-liberal model in telecommunications provides evidence of a less than efficacious adoption process in three respects: neo-liberalism requires an elaborately managed system the regulatory burden of which has been under-emphasised; the normative success of neo-liberalism has masked how difficult it has actually proven to be to create competition; the preoccupation with markets and competition has resulted in de-emphasis of public interest issues in telecommunications.

### **Originality:**

This article contributes up to date knowledge of the nature and effects of neo-liberalism in the European telecommunication sector. It provides a challenge and counterweight to the 'received wisdom' that neo-liberalism has been an overwhelmingly successful approach to the re-ordering of European telecommunications.

**Article category:** research paper

**Key words:** telecommunications; governance; Europe; public interest; neo-liberalism

## **1. Introduction: The Place of Telecommunications in the Information Infrastructure**

In a time of increasingly networked information facilities and services, telecommunications play an important enabling role in the functioning of the information environment. Historically a sector of distinct economic importance, it is estimated to have generated across the European Union as much as Euro 289 billion in 2006 (European Commission 2007, p.21). Telecommunications has also long been held as socially significant, having been considered in Europe and beyond for most of the 20<sup>th</sup> century to possess important public interest dimensions. Here, the provision of universal infrastructure and service was held as a goal of public policy. In this way, telecommunications played its part in the broader underpinning public interest aspirations and practices that characterised the development of related parts of information and communications, notably the mass communication broadcasting, postal services and public library systems. As a consequence, the state historically has played a prominent role in the sector's functioning.

However, over the last 30 years or so, telecommunications has undergone transformational change in organisational terms which has made it of considerable interest to scholars of information policy and regulation, in particular. This article focuses on the reasons for, and the consequences of, this fundamental set of developments through characterising and critiquing the influence which neo-liberalism has exerted on the sector's development. The article explores the changing nature of the relationship between states, markets and the public interest in telecommunications through a critique of the emergence of neo-liberalism as the predominant way of envisioning the delivery of this key part of the information infrastructure and its services in Europe. In so doing, two key elements of neo-liberalism are illuminated and dissected: its ideological prowess, on the one hand, and its manifestation as practice, on the other. In ideological terms, the article shows how proponents of neo-liberalism – hailing mostly from governmental and business quarters – have been able to secure the broad adoption of neo-liberalism as a 'view of the world' for telecommunications. Neo-liberalism in telecommunications is rarely questioned. In practice, and by contrast, the neo-liberal model in telecommunications provides evidence of a less than efficacious adoption process in three respects. First, 'disciplinary neo-liberalism' has had to develop as an elaborately managed system necessitating a complex governance network across Europe, the regulatory burden of which has been under-emphasised. Second, the normative success of neo-liberalism has, ironically, masked how difficult it has actually proven to be to create competition, of even the most embryonic kind, in key sub-sectoral markets. Third, the preoccupation with markets and competition has resulted in de-emphasis of public interest issues in telecommunications, not least those related to required future levels of investment in this part of the information infrastructure. The article contends that these deficiencies tend to be under-played due to the ideological and rhetorical success of the neo-liberal project in telecommunications.

## **2. The Emergence of Neo-liberalism in European Telecommunications**

Organised as state run monopolies domestically, with cartel-like interface agreements between the national service providers for the exchange of telecommunications traffic internationally, the telecommunications sectors of EU states were, for much of the 20<sup>th</sup> century, the antithesis of neo-liberalism. Bundled in with postal services, telecommunications were provided by a series of Postal, Telegraph and Telephone (PTT) administrations. The provision of telecommunications services – voice telephony for most users – occurred across a fixed-link infrastructure of exchanges and cables. In economic terms, the market was deemed to be close to uncontested. The network infrastructure was expensive and time-consuming to construct. Considerable investment was necessary before any revenue could be generated to recover start up costs. There was no sound economic logic to construct competitive fixed networks over the same territory in such circumstances. These economics were further underlined by the social dimension of telecommunications. As the system developed, its social purpose as a communication tool became clearer and the goal of providing as many people as possible with the ability to access telecommunications was established as a policy imperative, particularly after 1945. There were also direct economic benefits to be accrued from a widely established and effectively functioning telecommunications system. This socio-economic model for telecommunications chimed with the established post-war political systems of western Europe, where the dominant, though by no means unchallenged, thinking was that the state should intervene strongly to provide economic and social goods: the era of the corporate state was in full swing. In other words, the organisation and functioning of the telecommunications sector was underpinned by this particular ideological ‘view of the world’. This outline of the telecommunications systems in Europe bears little or no resemblance to the current position. Since approximately the late 1970s, the corporate state model of telecommunications in Europe has been replaced gradually by the ‘regulatory’ state model (Seidman and Gilmour, 1986; Moran, 2003).

Politics aside, by the early 1970s approximately, telecommunications was a sector awakening from a period of relative ‘technological slumber’. The subsequent changes altered markedly the well-established economic characteristics of the sector and placed new demands on those wishing to develop it. New switching and transmission technologies greatly improved the functionality, but also increased research and development and production costs, of the telecommunications network. The application of computer technology to telecommunications allowed terminals to communicate with each other across a network. This afforded a huge potential expansion in the number of information services that could be provided to users: new value added services (VAS) now could incorporate combinations of voice, numerical and other data, text and video. The start up costs of becoming a provider of such services was nowhere near as prohibitive as for ‘traditional’ voice telephony and, in any event, after decades of investment, a fixed network (albeit in need of modernisation) was in place, to a considerable extent.

Whilst the techno-economic nature of telecommunications was undergoing significant change through the 1970s and 1980s, a set of changes of a much greater magnitude entirely began to take hold in the international political economy. Emerging to prominence first in the US during the time of the Reagan administration, economic neo-liberalism spread initially across Europe - first having been adopted in the UK - and, thereafter, throughout much of the global economy. The core proposition of neo-liberalism is a profound faith in the efficacy of competition through market forces. Aside from the commercial success or otherwise accrued by

the protagonists in competitive markets, in essence neo-liberals argue that efficiently functioning markets will yield three core, inter-related broader long-term benefits: lower market prices; better quality of goods and services; and speedier, more dynamic technological progress.

Very importantly, the neo-liberalism of the late 1970s and beyond was 'internationalist' in expression: it went hand-in-hand with a much vaunted late 20<sup>th</sup> century globalisation of the economy, underpinning and assisting its development in the process. As Huffs Schmid (2005, p.3) argues, neo-liberalism emerged as a 'complex social and political strategy responding to the increasing complexity and difficulties of capitalist development since the mid-1970s, expressed as a body of economic doctrine, placing competition and the market as the driving forces of economic and social development'. Here neo-liberalism-in-practice grew 'under the ideological umbrella of necessary adjustments to the all encompassing process of globalisation'. So pervasive has been its spread that Cerny (2008, p39) has discerned a rise to hegemonic status where 'the evolution of neo-liberalism over the past 30 years has...transformed it from a relatively dogmatic, enforced *laissez-faire* into a kind of common sense for the 21<sup>st</sup> century'. In the process, neo-liberalism has become more complex and differentiated in its detail and has been used by different political actors in different ways. Nonetheless whilst neo-liberalism's 'overriding set of policy goals has several component parts, those parts have a common normative logic...it is seen as necessary to design and establish institutions and practices that are market-based and market-led, both domestically and globally' (Cerny 2008, p.10). This activity has been recognised as even going beyond commerce where 'all social relations are subjected to reorganisation in a way that makes markets and competition work' (Demirovic 2008, p.2).

The intertwined agendas of neo-liberalism and globalisation held profound consequences for those states which would adopt them in chosen sectors of the economy. Domestically, where absent or only weakly evident, competition needed to be created among industrial players. Beyond this, in the international scenario, barriers to trade, on the one hand, and inward foreign direct investment of various kinds, on the other, needed to be very much reduced if not dismantled entirely. The crucial corollary was that the status and role of the corporate state in sectors in which it was active could no longer be maintained.

To its advocates in the political realm in Europe, the telecommunications sector presented itself as a tailor made case for the introduction of neo-liberal reform, arguably fortuitously assisted by the aforementioned techno-economic developments occurring in the sector. The realisation of this ideological project in practice required a radical overhaul of the fundamental structure and functional characteristics of what was a highly peculiar sector domestically and internationally. The UK was the first of the EU Member States to make the decision to adopt a neo-liberal model for the telecommunications sector (Morgan and Webber, 1986). However, to create changes as radical as this required the instigation of a set of core practices, whose pervasiveness more widely in the neo-liberal global political economy has led them to be described as 'disciplinary neo-liberalism' (Gill, 2001). First, direct state ownership of the telecommunications incumbent, the PTT, was reduced, though significantly in many European national cases, not completely relinquished. Second, the new service possibilities in telecommunications, based on opportunities afforded by technological change, were delivered through a competitively ordered market structure. Here, new markets for a plethora of value-added services, as well as mobile communications, were created. Third, competition was created in the longest established

telecommunications market: voice telephony. The (partly) privatised incumbent was licensed alongside new commercial competitors to provide services to consumers. In complement, as the process of neo-liberalisation of telecommunications became more deeply embedded, a series of sub-markets around voice telephony were established on some sort of competitive basis. Fourth, the act of governing the evolution of the telecommunications sector, formerly undertaken by the corporate state, was ceded through legislation to a series of newly created National Regulatory Authorities (NRAs) (Thatcher, 2002). These publicly funded, operationally independent bodies became what has been described more widely as the ‘citadels of regulatory capitalism’ (Levi-Faur, Jordana and Gilardi, 2005), responsible, in our case, for undertaking a range of tasks associated with disciplinary neo-liberalism in telecommunications.

A major feature of the re-ordering of European telecommunications along neo-liberal lines has been the role played by the EU. Majone (2008, p.3) has argued that the use of neo-liberal policies by the EU has been ‘not ideological but strictly utilitarian’ in that such an approach is practically necessary to reduce the influence of the state on sectors which the EU wishes to integrate. Whilst possessing some explanatory merit, this cannot account for the deeply embedded nature of neo-liberal discourses and practices in telecommunications. As a once innately national-centric sector of the economy began to become internationalised in outlook, the possibility of developing some form of coordination in telecommunications internationally across the EU became live. At the EU institutional level, the European Commission proved keen to respond to the lobbying of interests initially made up of forerunner liberaliser Member States, multinational telecommunications business users and new and incumbent telecommunications service providers. However, the Commission was far from simply reactive and soon became the key European institutional normative ‘champion’ of a neo-liberal telecommunications agenda for the EU. The EU was projected as a logical policy forum for the changing telecommunications sector. It could be used by Member States to liberalise and harmonise the parameters of domestic telecommunications among the EU partners in precise ways and to a mutually acceptable timetable. Creating a European wide market in telecommunications, as part of the much wider Single European Market initiative (European Commission, 1985), would provide the context to allow the commercial exploitation of a burgeoning sector within a relatively familiar European market space. It could also provide a suitable ‘training ground’ to exploit global telecommunications markets should the neo-liberal agenda be more widely adopted, as became increasingly the expectation. The EU would, as a consequence, deliver in practice the promises of neo-liberalism (lower consumer prices, better service quality and faster innovation). Finally, it was argued that the internationalised neo-liberalisation of telecommunications through the EU could provide a context to protect, but also to deliver, those elements of the public service tradition of telecommunications still held to be of value in the new era. By association alone, the idea soon arose that neo-liberal telecommunications could deliver necessary social goods as well as business and consumer prosperity.

### **3. The Emergence of a Neo-liberal Telecommunications System in the EU**

Thus, from the late 1980s onwards, EU Member States began to utilise the EU route to transform their telecommunications sectors. It is important to note that the process did not occur identically in all Member States, nor has it been free of controversy and disagreement. For example, the UK had already liberalised

comprehensively its telecommunications sector by the time the European Commission first produced a neo-liberal policy blueprint for telecommunications in the form of a green paper in 1987 (European Commission, 1987). Nevertheless, through the 1990s and into this decade, the system of EU telecommunications governance has become an important and deeply embedded part of the EU policy canon. It has developed within a legislative framework, mostly in the form of directives, requiring transposition and implementation at the national level (see Humphreys and Simpson, 2005).

In political-economic terms, telecommunications provides one of the most prominent examples of *the* core consequence of neo-liberalism: the replacement of the corporate, directly interventionist, state by the arm's length, 'regulatory' state. The regulatory state in Europe has been recognised as a phenomenon in which the EU's presence is highly significant (Majone, 1996). A key feature of the European regulatory state in telecommunications has been its constant evolutionary nature. A series of temporary points of policy equilibrium has been in evidence (see Simpson, 2008) the period before which an often intense process of policy negotiation, based on a comprehensive review of the 'state of play' in the sector, has taken place. This resulted in major agreements to liberalise telecommunications services and infrastructures in the early 1990s (the '1998 Framework'); as well as significant modification and refinement of the regulatory framework in 2003 (resulting in the Electronic Communications Regulatory Framework) and 2009.

The EU has also played a key role in the global institutionalisation of the neo-liberal telecommunications model in the World Trade Organization. Formed in 1995 as a result of the conclusion of the Uruguay Round of negotiations, the WTO is the prime example of an organisation created specifically to advance the adoption of the neo-liberal free international trade agenda. However, it has also addressed a range of measures which are related to the facilitation of trade, notably inward investment and intellectual property protection. In telecommunications, a major breakthrough occurred with the signing in 1997 of the Agreement on Basic Telecommunications (ABT), as a result of which 69 states agreed to open up their telecommunications services markets to international trade competition. Equally significant, a large number of these signatories also adopted what became known as the Reference Paper on Telecommunications. As a consequence, a set of principles assistive to the creation of free market competition was adopted by 57 of the ABT signatories, such as the setting up of independent regulatory authorities, non-discriminatory licensing, and interconnection. EU Member States, alongside the USA, were the prime-movers in pushing for the ABT and the Reference Paper (Young, 2002). From an EU perspective, the resulting agreements were very much in line with the decisions made by its Members regarding their own telecommunications liberalisation. The EU was successful, therefore, in securing the uploading of its policy preferences to the global trade level in telecommunications, and in the process it has become one of the arch proponents of neo-liberalism in telecommunications at the global level (Simpson and Wilkinson, 2002).

#### **4. The Efficacy of the Neo-liberal Model in Telecommunications**

The ideological spread of neo-liberalism as a normative view of the way telecommunications should be organised is by now for the most part unquestioned nationally across Europe and at the EU institutional level. It is important to note that neo-liberalism has, in telecommunications, often been as much about antipathy

towards the direct interventionist role that might be played by the state as the championing of competition and market forces. Levi-Faur, Jordana and Gilardi (2005, p.3-4) have found that the era of regulatory capitalism spawned by neo-liberalism 'is much less politicized and contentious' than previous phases of industrial capitalism yet the accompanying slew of new regulatory agencies have neither been part of party political manifestos nor, consequently, have they been 'brought to electorates for discussion and reflection'. That neo-liberalism had become deeply locked-in as the dominant ideological perspective on telecommunications was abundantly evident relatively early on in the landmark 1994 Bangemann Report, *Europe and the Global Information Society*, which set out in uncompromising terms a broader neo-liberal blueprint for the development of information infrastructures and services (Bangemann Report, 1994) building on the more equivocal stance of the 1987 Green Paper on the creation of the Single European Market in telecommunications. Since the mid-1990s, a raft of liberalising and harmonising legislation has shaped the neo-liberal character of telecommunications in Europe. This has been accompanied by the creation of regulatory committees at the European level, working - and often containing overlapping membership - with national regulatory authorities.

Nonetheless, despite the huge political and financial investment made in it, realising an efficaciously functioning neo-liberal telecommunications system across the EU has proven problematic in a several important respects. Competition has evidently been slow to develop in a number of national markets where Member States have often in practice proven uneasy liberalisers. Regarding the transposition of EU legislation into national law, early on the European Commission upbraided France for a delay in introducing legislation about licensing procedures. It also launched infringement proceedings against Spain in 1997 for failing to allow unrestricted establishment of new telecommunications infrastructures by competitors to the incumbent. In the late 1990s too, Italy was a major cause for concern for the Commission over its transposition of agreed measures. Other Member states to have been cited for poor transposition of measures agreed as part of the 1998 regulatory package were Belgium, Greece, Ireland Luxembourg and Portugal (Humphreys and Simpson 2005, pp.69-71). Infringement proceedings have also been launched in respect of transposition of ECRF legislation against variously Belgium, Germany, Greece, France, Luxembourg, and the Netherlands. The European Commission in its 2004 report on the implementation of the ECRF noted that necessary legislation was still missing from the statute books of Spain, France, Cyprus, Latvia, Lithuania, Poland, Slovenia and Slovakia. In this report, whilst noting the emergence of competition in a number of areas, the Commission also pointed out that incumbents' (ex PTTs) market share of local call markets was high in certain cases. In 2002, in the local call market, the former incumbents still held on average 90% of the market (European Commission 2002, pp.4-5). In the fixed voice telephony market, the average incumbent market share was still as much as 65% at the end of 2006 (European Commission 2008a, p.18). In as many as 23 EU Member states, the mobile communications market tends towards merely an oligopoly of network operators (3-4 competitors), at best. The two leading companies in this market on average have a combined share of 71.5% (derived from European Commission 2008a, pp.12-13). The Commission has also complained about the independence of certain NRAs, as well as the length of time taken to deal with regulatory appeals (European Commission 2004). In 2008, it was still voicing concerns about the time taken by NRAs to resolve disputes in Belgium, Italy and Portugal.



The neo-liberal system of telecommunications in Europe has required an elaborate and burdensome set of rules which have constantly been modified in an effort to realise functioning competition. Often telecommunications firms, especially incumbents, have been able to disguise costs, due to the problem of information asymmetry between them and the regulatory authority. The regulatory workload from this has been significant despite efforts made by the EU to streamline the system through time. The creation of the ECRF in 2003 was accompanied by a significant expansion in the number of designated markets in telecommunications subject to ex ante regulation to as many as 18. These markets all required regular detailed reviews by NRAs and the European Commission. The ECRF also required NRAs to undertake work more speedily to settle regulatory disputes arising in their jurisdiction, creating extra pressure. The European Commission voiced its displeasure at the speed at which decisions were being made, citing the Netherlands, Austria, Portugal, the UK, Finland and France as culprits (European Commission, 2002). This list comprises a very wide range of EU Member States, both initial policy leaders and relative laggards in telecommunications liberalisation. In its 2008 report, the Commission still complained of delay in the imposition by NRAs of regulatory remedies. Worse, it noted cases of remedies where ‘the level of detail is not sufficient to guarantee a solid basis for investment and market entry’ (European Commission 2008b, p.11). In particular, it took Germany, Estonia, Ireland and Finland to task about delays between the completion of market analyses and the imposition of definitive obligations. Elsewhere concerns were expressed over the degree of detail of regulatory remedies which did not ‘create the level of certainty needed to generate real investment and to justify the launch of commercial competitive activity for those products’ (European Commission 2008b, p.45). Increased bureaucracy also was created for NRAs with the requirement placed upon them by the ECRF under its Framework directive to report any regulatory decisions made on the existence of excessive market power to the Commission for its scrutiny, placing additional regulatory pressure on the latter too. The so called article 7 procedure on such activity had by the end of 2007 resulted in as many as 700 ex ante measures having been notified to the Commission (Reding 2007, p.3).

Neo-liberalism in EU telecommunications has produced a complex and often controversial system of regulatory actors in the form of a two level pluri-lateral regulatory network composed of the European Commission, NRAs, governmental representatives and telecommunications companies (Humphreys and Simpson, 2008). From the outset, a series of technocratic EU regulatory committees were created to establish and implement disciplinary neo-liberalism in telecommunications. A High Level Regulators Group was established as early as 1992 as a policy forum for EU ministerial representation in telecommunications. The Open Network Provision and Licensing committees were created to deal with the complex and specialised matters arising in these areas. This series of committees served to create a regulatory network of people keen to solve technical problems and exchange best practice with each other. Outside the EU, NRAs in 1997 established the Independent Regulators Group as a problem solving and learning forum which has actually come to be a source of irritation to the Commission. The ECRF in 2003 produced an increase in the number of regulatory committees at EU level from 3 to 5 with the creation of the European Regulators Group, the Radio Spectrum Policy Group, the Communications Committee, the Radio Spectrum Committee and the Working Party on the Protection of Individuals with regard to the Processing of Personal Data.

Problems with the functioning of neo-liberal telecommunications markets aside, the issue of so-called Next Generation Networks has placed further question marks over the efficacy of the neo-liberal model. One of the most powerful aspects of neo-liberalism's rhetorical success has been its flexibility where a range of political and social actors have viewed it 'to be a more and more suitable vehicle for framing problems and developing strategies for pursuing their objectives' (Cerny 2008, p.33), in this case, delivering the economic and social benefits from new high speed communications networks. However, the European Commission has noted the concern of newer telecommunications service providers 'that little or no transparency exists over the NGN roll-out strategy of the fixed incumbent' (European Commission 2008b, p.47) which according to Reding, still controls as much as 89.5% of direct access to customers (Reding 2007, p.2). In a market-led telecommunications sector, this raises a significant question mark over which organisations might provide NGN investments, if not the incumbents. Despite this, the EU is likely to persist with its assumption that engineered competition will be the route to the creation of NGNs, the EU's role being to establish a conducive regulatory environment. It has shown itself to be deeply opposed to the granting of regulatory holidays to incumbents – that is temporary absolution from having to make their networks available to competitors - in return for commitments from them to invest in NGNs (European Commission, 2006).

Nonetheless, for Member States there may be a contradiction between creating competition in this new aspect of telecommunications as a policy goal in itself and the need to ensure roll-out of the new networks and services as quickly as possible. It has been argued that the creation of point-to-point fibre infrastructure, allowing transparent competitive usage by commercial players (in return for a fairly established access fee being paid to its proprietor) 'is rarely being deployed by market investors' but is, on the contrary being utilised more often 'in open access schemes initiated by municipalities' (Reding 2008, p.5). This suggests that a different, non-proprietary, model might be developed to deliver NGNs in the future. It may well be worth re-considering certain elements of telecommunications – in this case the core high speed information infrastructure – as a public good. Here, those elements of the sector which have proven to be contestable in market terms could be allowed to flourish. Others might be delivered through the public sector in the public interest, perhaps in conjunction with one or more regulated private entities. As Cerny (2008, p.36) notes, '[c]ontemporary politics entails both a process of choosing between different versions of neo-liberalism, and the attempt to innovate creatively *within* the new neoliberal playing field' which may lead to '“reinventing the social”' in a neo-liberal world.

## **5. Conclusion**

The telecommunications sector in Europe has undergone radical reorganisation over the last 30 years. As this article has illustrated, change has been justified and driven with remarkable success by proponents of neo-liberalism. In this crucial part of the information environment, there is no doubt that, compared with the days of the traditional state-owned monopolies, improvements have occurred. The cost of core basic telecommunications services has, for example, fallen significantly and service quality improved. The European Commission has calculated that in 2006 'consumers in the EU15 spent around 27% less for the same telecoms services than 10 years ago – in real terms this represents a 40% decrease' (European Commission 2007, p.12). However, though often trumpeted rhetorically as an exemplar of the unqualified

triumph of the neo-liberal model, this article shows that in practice the picture in telecommunications is more complex. Often the dogmatic ideological antipathy of neo-liberalism towards the state, and the public sector more broadly, has created blindspots not only to its practical costs but also its limitations. It should, for example, be borne in mind that the period in question has witnessed major technological change as a result of which basic telecommunications services could be expected to become cheaper and of better quality. Market failure, as recently claimed by the European Commission, is now a feature of the telecommunications sector across the EU (European Commission 2007, p.24). The current European and global economic downturn has begun, more generally, to cast doubts over the perceived efficacy of the neo-liberal model. In telecommunications specifically, the issue of next generation broadband networks places a major question mark over the private sector's ability to secure the future development of the sector. The time may well be ripe for a re-evaluation of the role of the public sector and the public interest in telecommunications. Given the areas in which the neo-liberal model has underperformed (alongside those areas where it has been successful) it is apposite to 'abandon the a priori assumption of the general superiority of the market' (Huffschmid et al. 2007, p.235). The current and likely future poor state of public sector finances across the EU, however, suggests that in telecommunications this is unlikely to occur to any significant extent in the foreseeable future.

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