What future for the Services of General Interest?

Matthias Finger
Professor
Ecole Polytechnique Fédérale
Lausanne
Argument

As a result of increasingly widespread liberalization, Services of General Interest are either being left aside or redefined as business opportunities.

Current efforts by supranational entities – in particular the European Commission and the World Trade Organization – For dealing with this problem, display a technocratic approach to Public Services, and will ultimately lead to the fact that the State and the public interest it stands for will increasingly become instrumentalized.

Democratizing regulation – by multiplying levels and stakeholder involvement – appears, in my view, to be the only Possible answer to somewhat keeping this evolution at bay.
Structure of the presentation

• Recall how it all started
• The so-triggered current dynamics
• What the different actors try to do in response to this dynamics:
  - the European Commission
  - WTO
• The danger of instrumentalizing the State
• The challenge of “democratizing regulation”
How everything got started

Technology
Innovation
Unbundling
Deregulation
Competition
Ideology

Autonomization
Privatization
Strategy
Interests
Operators dynamics

Inter-sectoral dynamics

New relationship between State and market

Innovation

Intra-sectoral dynamics

Changing nature and functions of politics

Competition

Transformation of the public entities

New relationship between the State and public entities

Strategy
What the European Commission tries to do in response

Dynamics as a means of integration:

- Common regulated market → competition regulation
- Integrated (physical) networks → technical regulation (norms and standards)
- Common management of resources
- Consumer protection → Universal Service regulation (standards)

→ What future for Europe?
   → “Regulatory Europe” as consumer protection

→ What role for the State? → Implementor of supra-national rules and norms, and as such a simple “instrument”

→ What role for the services of general interest? → could be an additional means of integration, but are, as such, dependent upon some kind of “European State” function and financing

5/17/2009 (c) Matthias Finger
What the WTO tries to do in response

Dynamics as a means of further economic growth and expansion:

1. So far a gradual process of deregulation of goods (GATT) and services (GATS)
2. The growing need for technical standards (harmonization) and societal checks
3. Mobilization of private and public actors for setting these standards (e.g., ISO)

→ What future for the world?
→ global competition regulation as investor protection

→ What role for the State
→ enforcer of competition rules and provider of funds for private operators and investors (incl. World Bank)

→ What role for the services of general interest?
→ a business opportunity for investors and operators
Future of the Nation-State and its public economy/enterprises

State as implementor & instrument (EU) → Public enterprises as legitimized vehicles of a general interest

State as enforcer & biz-opportunity (WTO) → Public economy as a market for private (and public) operators

In both cases, the State as being instrumentalized for supra-national (business) purposes!
Instrumentalization of the State

- The State as a source of money (outsourcing, PPPs, privatization, contractualization; in particular Services of General Interest)
- The State as a guarantor of monopoly revenues (delegated management)
- The State as a bearer of risks (e.g., loans, infrastructure risks)
- The State as a guarantor of stability (legal security, political and economic climate)
- The State as an “instrument” to implement (supra-nationally defined) norms and standards
Possible answer: “Democratizing regulation”

1. Identify the main functions of regulation
2. Define the appropriate levels of such regulation
3. Involve the relevant actors