

On the 'Net Impact' of Europeanization. The EU's telecoms and electricity regimes between the global and the national

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Abstract

Does Europeanization matter, and, if so, to what extent and in what respects? While research on the European Union is thriving, only limited efforts have been directed towards a discussion of this crucial question. This paper examines the outcome of the EU policy process from various comparative perspectives in an effort to distinguish the 'net effects' of EU membership and EU-level policy outcomes from more general – perhaps global – processes of change. The effects of EU membership are discussed in relation to the process of liberalization and the major question raised is whether Europeanization matters for the advance of liberalization. In responding to this question, the paper advances the following major argument: While the Europeanization of the telecoms and electricity industries has led to some liberalization, it is at best a mediating variable, not an independent one. The major features of liberalization would have been diffused to practically all member states even in the absence of the European Commission and other agents of supranationalism. This is not to suggest that Europeanization does not matter, but that it matters in less obvious and perhaps less critical ways than is frequently assumed. These arguments are supported by comparative empirical analysis of the spatial and temporal diffusion of liberalization across nations and sectors, and by a comparison of the diffusion of liberalization today with the diffusion of nationalization in the past.

Kurzfassung

Ist Europäisierung bedeutsam, und wenn ja, in welchem Ausmaß und in welcher Hinsicht? Während die Forschung zur Europäischen Union blüht und gedeiht, konnten bislang nur geringe Erfolge in Richtung einer Diskussion dieser entscheidenden Frage erzielt werden. Dieses Papier untersucht das Ergebnis des europäischen Politikprozesses aus verschiedenen vergleichenden Perspektiven im Bestreben, die "Nettoeffekte" der EU-Mitgliedschaft und Politik auf EU-Ebene von allgemeineren – vielleicht globalen – Veränderungsprozessen zu unterscheiden. Die Effekte der EU-Mitgliedschaft werden im Zusammenhang mit dem Prozess der Liberalisierung diskutiert und die Hauptfrage ist, ob Europäisierung für den Fortschritt der Liberalisierung von Bedeutung ist. In Beantwortung dieser Frage bringt dieses Papier das folgende Hauptargument vor: Während die Europäisierung der Telekom- und Elektrizitätsindustrien zu einer gewissen Liberalisierung geführt hat, ist dies bestenfalls eine vermittelnde Variable und keine unabhängige. Die Haupteigenschaften der Liberalisierung wären auch in Abwesenheit der Europäischen Kommission und anderer Vertreter des Supranationalismus in praktisch alle Mitgliedstaaten verbreitet worden. Dies soll nicht implizieren, dass die Europäisierung nicht von Bedeutung wäre, jedoch dass sie in weniger offensichtlichen und vielleicht weniger kritischen Wegen bedeutsam ist, als gemeinhin angenommen wird. Diese Argumente werden durch eine vergleichende empirische Analyse der räumlichen und zeitlichen Durchdringung der Liberalisierung quer durch Nationen und Sektoren sowie anhand eines Vergleichs der Verbreitung der Liberalisierung heute mit der Verbreitung der Nationalisierung in der Vergangenheit unterstützt.

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1

1 Introduction

Does Europeanization matter, and, if so, to what extent and in what respects? While research on the European Union is thriving, only limited efforts have been directed towards a discussion of this fundamental question. Europeanists assume that the economic and political fruits of Europeanization are self-evident or, alternatively, that it is too difficult to untangle the complex interactions between liberalization and Europeanization. Indeed, this task is complex. The EU institutional structure seems to be ever evolving and ever-spreading, and its rapid advance in the last two decades has made it a moving target. Also, in the world of nation-states the European Union is unique and thus all the more puzzling. In addition, the course of the development of the EU is governed by complex procedures that result in multiple forms of governance that defy simple interpretations of the process, its sources, and its effects (for a skeptical account of our current state of knowledge, see especially Richardson, 2000; Scharpf, 2001). Not least problematic is the fact that since the 1980s Europeanization has interacted with radical structural changes in the governance of the capitalist economy. The crisis of the post-war order and the rapid advance of the global economy since the 1970s are due to *uni*-dimensional forces that are anything but simple. Thus, the task of unravelling these complex processes is certainly not easy, yet it is unavoidable if one wishes to understand the transformation of governance in general and its European aspects in particular.

This paper examines the outcome of the EU policy process from various comparative perspectives in an effort to distinguish the 'net effects' of EU-membership and EU-level governance from general and global processes of change. The effects of EU membership are discussed in relation to the process of liberalization; and the major question raised is whether Europeanization matters for the advance of liberalization. This issue is obviously only one aspect of the much broader process of Europeanization but it certainly not a minor one. In addition, the methodology of the study offers a

new perspective on the effects of Europeanization. While the Europeanization of the telecoms and electricity industries has led to some liberalization, it is at best a mediating variable and not an independent one. The major features of liberalization would have been diffused to practically all member states even if the European Commission and other agents of supranationalism had not existed. This is not to suggest that Europeanization does not matter, but that it matters in less obvious and perhaps less critical ways than is frequently assumed as to the advance of liberalization. The argument is supported by comparative empirical analysis of the spatial and temporal diffusion of liberalization across nations and sectors and by a comparison of the diffusion of liberalization today with nationalization in the past.

The empirical parts of the paper focus on two network industries: telecoms and electricity.⁽¹⁾ In the last two decades of the twentieth century these two industries experienced radical degrees of liberalization and Europeanization. Indeed, the extent of change in these two industries exceeds that of other infrastructures in the modern economy (e.g., post, gas, oil, railways, roads, airlines, and media).⁽²⁾ Like other infrastructures, they were characterized by public ownership and monopolistic supply; yet, unlike other infrastructures, they have experienced Europeanization to an extent that makes them 'most favorable' cases for the argument that Europeanization has become a driving force in the transfer of liberalization across the member states. It is this dimension of the Europeanization of the two industries that makes them critical cases for students of Europeanization. If the argument for EU-driven liberalization is discredited for the most favorable cases of telecoms and electricity, it is even less likely to be supported in less favorable cases. In addition, despite experiencing a common and explicit trend towards liberalization and Europeanization, the telecoms regime has been more liberal and more 'supranationalist' than the electricity regime. These variations open an additional opportunity for comparative analysis and strengthen the plausibility of the paper's argument. Moreover, telecoms and electricity together supply a good basis for empirical study, not least because they have attracted the attention of many scholars of liberalization. Finally, several comparative studies of the liberalization of telecoms and electricity in Europe have appeared in recent years (Schmidt, 1997; 1998; Levi-Faur, 1999b; Bartle, 1999; Coen, 2001; Padgett, 2001a), indicating an explosion of interest in the governance of these industries and confirming their 'theoretical value' as most-favorable cases for the study of issues such as Commission activism, delegation to semi-independent regulatory authorities, and transnational lobbying. At the same time they supply a solid basis for theoretical debate that is based on overlapping empirical analysis.⁽³⁾ Such a debate might be beneficial since many accounts have exaggerated the effects of Europeanization.

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Indeed, according to some students of the European telecoms' policy process, Europeanization in the form of a coalition between supranational institutions and business actors is the driving force behind liberalization. A plain statement to this effect has been made by Wayne Sandholtz: "The evidence is clear: the EU has created a supranational policy domain in telecoms, and the initiative came primarily from the Commission, armed with legal precedents from the European Court of Justice and acting in alliance with societal groups that had a stake in efficient pan-European telecommunications" (Sandholtz, 1998, 135). Sandholtz's account of the power of the Commission is not exceptional, yet other accounts are skeptical of his views. Volker Schneider, for example, has argued that some countries (France and Germany, but not Italy) "began to liberalize their telecommunications markets in response to global deregulation pressures. Thus, their liberalization efforts were made parallel to – and at times, in advance of – the emerging European policies. Hence, Europeanization produced less adaptational pressures in these countries" (Schneider, 2001, 61). Peter Humphreys stresses the "the danger of focusing too much on the explanatory power of 'Europeanization', and the institutional aspects of EU policy transfer, and not enough on the structural pressures arising from globalization" (Humphreys, 2001, 4; see also his much earlier

observation in this vein, Humphreys and Simpson, 1996). Indeed, it is now widely accepted that liberalization in telecoms is the outcome not only of Europeanization but also of globalization (Bartle, 1999, 378; Eliassen et al., 1999, 27; Natalicchi, 2001, 2). But while both effects have been acknowledged, no effort has been made to distinguish them empirically. The problem is certainly not unique to telecoms, and the only empirical effort to distinguish the effects of Europeanization from those of globalization has been made by Verdier and Breen (2001) in their study of various measures of interest intermediation.

Most accounts of the process of electricity liberalization place special emphasis on the role of the European Commission and other EU-level actors. Rainer Eising and Nicolas Jabko, for example, have argued that the source of change in the preferences of the major EU member states is the EU process itself: "National perceptions and positions evolved in response to the liberalization process at the EU level. Despite the considerable inertia of national electricity sectors, the member states' involvement in EU negotiations opened the way for a reassessment of their electricity supply models and for a redefinition of their preferences. Ultimately, the formal and informal institutional dynamics of EU negotiations induced preference changes and political realignments at the domestic level" (Eising and Jabko, 2001, 743). Stephen Padgett writes "that the findings... suggest that the EU's multi-level institutional system has considerable transfer potential. Consequent upon EU initiative, a majority of member states now have a governance regime in the electricity sector, which replicates the essential features of the UK model" (Padgett, 2001b, 31). Beyond electricity but still in energy, Svein Andersen generalizes his study of the liberalization of natural gas by suggesting that, despite a weak organizational core, "the EU system has a surprising ability to carry out radical reforms – even against the will of a majority of states" (Andersen, 2000, 19). Susanne Schmidt argues that the Commission has played important role in both industries but especially so in electricity (Schmidt, 1997, 265). Similarly, Vivien Schmidt, has argued that "Here [i.e., in electricity], Europeanization was the main (institutional) pressure for liberalization, with the EU Commission the principal instigator of reform, and the EU decision-making process crucial in getting member-states to accept changes which for some went completely against their policy legacies and preferences" (Schmidt, 2001, 11).

This paper offers an alternative to the common research designs in the study of Europe, which are usually Euro-centered in their case selection and generally bounded by the three common forms of small N analysis (case study; comparison of two sectors in one country; and, comparison of two countries as to one sector). I am far from doubting the view that the study of Europe 'from within' and small N analysis represent a highly important contribution to our understanding of political research in general and of the European political process in particular.⁽⁴⁾ Still, the time is ripe to complement them by applying more complex designs to the study of European politics and policy. This is carried out here by combining four comparative perspectives. First, variations in 'downward' delegation of authority in telecoms and electricity are analysed and compared for all countries other than member states of the EU. This comparison helps us to demonstrate that cross-sectoral variations in 'upward' delegation in the EU reflect global tendencies rather than uniquely European outcomes. Second, a most-different-research design (Przeworski and Teune, 1970) is employed to compare 14 out of the 15 member states of the EU⁽⁵⁾ with 16 Latin American states (Argentina, Bolivia, Brazil, Chile, Columbia, Costa Rica, Ecuador, El Salvador, Guatemala, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela—hereafter LA16). Since the Latin American countries differ considerably in their state traditions, level of economic development, democratic stability, and the efficiency of their bureaucracies, they offer a remarkably different perspective on the effects of EU membership. Third, a most-similar-research design is employed as well. The EU member states studied here (hereafter EU14) are compared with a group of eight most-similar countries (Canada, New Zealand, Australia, Norway, Switzerland, Israel, Japan, and the USA, hereafter the Democratic & Rich Group of Eight, or D&R8 for short). These eight economically developed countries enjoy stable democratic regimes and have relatively efficient bureaucracies; and they supplied an additional test for the evaluation of the extent to which Europeanization matters in the diffusion of liberalization. Finally, a comparative historical analysis is undertaken whereby the diffusion of telecoms and electricity privatization since the 1980s is compared with the diffusion of telecoms and

electricity nationalization since the last quarter of the 19th century.(6)

3

If ‘Europeanization matters’, that is, if it has a ‘net impact’ on the process of change in the governance of the telecoms and electricity industries, one should expect support for most or all of the following five hypotheses:

1. First, one should expect different patterns of liberalization across Europe from those of two other groups of countries. This hypothesis is examined against data on (a) ownership (timing, scope and extent of privatization); (b) the establishment of sector-specific regulatory authorities (timing and nominal independence); (c) the creation of regulatory regimes for the promotion of competition (wholesale and retail competition).
2. Second, Europeanization would matter not only in sectors that are prone to liberalization but also in those that are not. This hypothesis is examined against cross-sectoral analysis of the processes and outcomes of liberalization and Europeanization in telecoms and electricity.
3. Third, one should expect Europeanization to have an effect on all or at least most member states. This hypothesis is examined through aggregate measures of liberalization and Europeanization. This allows us to move from case studies and deterministic causal analysis to descriptive statistics of the group’s characteristics such as the mean and the median.
4. Fourth, one should expect that Europeanization would matter not only for indicators of liberalization that are most favorable to Europeanization but also for those that are not. This hypothesis is discussed against three indicators of Europeanization – ownership policies, sector-specific regulatory authorities, and competition regimes. The three indicators differ in the degree to which they have been subjected to EU legislation and thus supply valuable comparative leverage in the study of the relations between Europeanization and liberalization.
5. Finally, one should expect that the convergence of the EU14 group on the desired governance regime would be stronger nowadays than in the past. This hypothesis is examined against a comparative analysis of the diffusion of nationalization in these sectors in the past with the diffusion of privatization nowadays.

2 Conceptualizing Change: The Analytical Framework [↑]

Distinguishing Europeanization from liberalization is a precondition for any empirical analysis. The task is complex not least because the two concepts have few dimensions. This part of the paper first clarifies their meaning and then spells out their interaction in the transformation of the telecoms and electricity regimes. Liberalization is defined here as the promotion of a market economy via private ownership and competitive allocation of resources. Thus, a positive step towards liberalization may include one or more of the following policy measures: privatization, deregulation, regulation-*of*-competition, regulation-*for*-competition, and the establishment of separate and independent regulatory authorities (Levi-Faur, 1999b).

Each of these components of liberalization might be implemented separately. In practice, however, there are highly correlated. Privatization is the transfer of ownership from public to private hands.(7) Deregulation is the elimination of economic, political, and social restrictions on the behavior of business. It differs from two others components of liberalization – regulation-*of*-competition and regulation-*for*-competition – that are often confused with it. While deregulation aims to strengthen market processes and competition by the removal of political constraints, regulation-*of*-competition and regulation-*for*-competition aim to promote competition via the enforcement of roles through administrative controls. Regulation-*of*-competition and regulation-*for*-competition differ in their degree of intervention. While both require the establishment and the strengthening of governance capacities, regulation-*for*-competition requires far more intrusive capacities. This is best indicated by

the economy-wide responsibilities of national competition authorities in the case of regulation-*of*-competition and the sector-specific responsibilities of regulatory authorities in the case of regulation-*for*-competition. The broader responsibilities of national competition authorities give them less influence on market actors who know their industry better. These broader responsibilities also imply that competition authorities adopt a reactive approach to anti-competitive measures. In regulation-*for*-competition, the responsibilities of regulatory authorities are narrowly confined to a sector or industry but they usually give those authorities much more influence over market actors. Unlike the reactive approach of competition authorities, these sector-specific authorities are proactive and involved in market design and market control to an unprecedented extent.(8)

4

Europeanization, like liberalization, has many facets. These reflect its popularity as a topic of political analysis, but render it a contested concept. So contested has it become that Kassim argues that it is futile to use it as an organizing concept (Kassim, 2000, 235). Johan Olsen, however, has responded recently by suggesting that it may be premature to abandon the term, and made an attempt to clarify some of its meanings and to point to the various processes that promote them (Olsen, 2002). Europeanization, according to Olsen, might be used in five different ways: (1) changes in external territorial boundaries; (2) the development of institutions of governance at the European level; (3) central penetration of national and sub-national systems of governance; (4) exporting forms of political organization and governance that are typical and distinct for Europe; (5) a political project aiming at a unified and politically stronger Europe (ibid.). In this paper, Europeanization is understood as the development of institutions of governance at the European level (Olsen's third meaning of Europeanization)(9) and its impact is examined with regard to the suggestion that it may result in distinct European outcomes (Olsen's fourth meaning of Europeanization).

Since the advance of Europeanization is uneven across sectors and policy arenas, it might be useful to distinguish two forms of Europeanization — intergovernmental and supranational — according to the degree to which they involve transfer of control to extra-national institutions. While intergovernmental and supranational regimes both involve 'upward' transfer of control, the former have specific provisions that guarantee room for maneuver and autonomy of policy makers at the national level. In other words, the design of an intergovernmental regime allows more national discretion than does that of a supranational regime (Levi-Faur, 1999b). In addition to these two formal regimes, at the European level it might be also useful to point to the possibility of Europeanization via the *informal* consolidation of norms of behavior. Unlike the cases of intergovernmentalism and supranationalism, where contractual commitments exist among the parties and there are distinct and specific mechanisms for dispute resolution and enforcement, Europeanization through *informal* regimes is based only on common norms, mutual trust, and minimal conflict of interest among the actors of the regime.

The legislative leverage that the EU enjoys over each of the components of liberalization varies considerably. The EU actors from the Judiciary to the Commission have no authority over the ownership of the means of production (that is, public or private property), little authority over governance issues at the national level, and wide authority on competition issues. In what follows we shed light on some of these issues, starting with privatization. According to article 222 of the Treaty of Rome, privatization is outside the jurisdiction of the treaty and cannot be subject to either an intergovernmental or a supranational regime. The language of the article is very clear and leaves little room for doubt: "This Treaty shall in no way prejudice the rules in Member States governing the system of property ownership." Thus, the scope for Europeanization of this important aspect of any governance regime is very narrow since it would require a 'constitutional' change that seems unlikely or at best remote.

The establishment of separate and independent regulatory authorities is also largely outside EU legislative power. Yet, unlike with ownership, no provision is found in the various treaties governing the EU that prevents the legislative bodies from requiring the member states to establish such authorities. While all member states except Germany have established such authorities, they have done so spontaneously and not in compliance with any part of the electricity directive of 1996. Indeed, the Commission is at present trying to oblige member states to establish national regulatory authorities in electricity.⁽¹⁰⁾ A directive proposed by the Commission in March 2001 and still pending at the European Parliament declares that "Member States shall establish national regulatory authorities. These authorities shall be wholly independent of interests of the electricity industry" (article 22). This part of the directive will most probably be opposed by the member states, but not because they oppose the idea itself. After all, with the exception of Germany all of them have already established separate regulators for electricity. Opposition might arise from the desire of the member states to protect their "institutional autonomy", that is, "the right of the member states to perform the tasks that stem from membership of the EU on the basis of their own constitutional rules" (Dimitrakopoulos, 2001, 444).

5

The components of liberalization concerned with competition (deregulation and regulation *of and for* competition) have always been within the jurisdiction of the Union's supranational structure. Specifically, there is a growing and very clear trend to apply it to the infrastructure of the European economies. The authority of the EU in these matters rests directly on the principle of 'a single market' and specifically on article 3(f) of the Treaty of Rome, which requires member states to ensure that "competition in the common market is not distorted". Indeed, the Treaty of Rome goes even farther, and prohibits cartels (article 85) and monopolies (article 86) (see Cini and McGowan, 1998). Since 1989 mergers have also been within the competency of the EU. Competition policy is "the central means towards the fundamental goals laid down in the Rome Treaty" (McGowan and Wilks, 1995, 141). While the authority of the EU regarding these issues is generally indisputable, the form of Europeanization of these sectors is a matter for bargaining – especially in respect of public services (Nicolaidis, 1998). Consequently, the following four outcomes of the European policy process are possible:

- a. no Europeanization at all;
- b. informal regime;
- c. intergovernmental regime, and
- d. supranational regime.

3 Strategies of Liberalization and Europeanization

Table 1 presents EU-level policy choice as to the form of Europeanization and the strategy of liberalization. The table is partly grounded in a study of liberalization strategies in five micro regimes of the two sectors (telecoms equipment, interconnection, generation, transmission, and distribution: see Levi-Faur, 1999b). The study suggests that, while there are clear differences in the extent of Europeanization across the sectors, intra-sector variations exist in the components of liberalization within each of them. Thus, the EU telecoms equipment regime experienced deregulation but the infrastructure of telecoms 'transport' was subject to regulation-*for*-competition. In the electricity sector, regulation-*of*-competition governed the generation of electricity but transmission and distribution were subject to regulation-*for*-competition. Column 1 shows those aspects of the liberalization process that were outside the reach of the EU or where there was no EU regime. It covers privatization in both sectors and highlights the absence of EU legislative leverage over this component.

Column 2 of Table 1 shows the aspects of liberalization where informal regimes, based on trust and common conceptions of best practices, were chosen to propel the process of Europeanization. Since none of the telecoms and electricity directives obliged the member states to establish regulatory authorities, and since the member states did so in both sectors with amazing uniformity (again, with the exception of German electricity), it is suggested that this aspect of the process of liberalization is governed by an "informal European regime".

Columns 3 and 4 show "positive" cases of Europeanization and distinguish intergovernmentalism in electricity from supranationalism in telecoms. As was suggested above, the analytical basis of the distinction is the extent of the transfer of control upward from the member states to the EU. The lesser degree of transfer of control in electricity and thus its intergovernmentalism is evident in the wide discretion of member states that is recognized by the electricity directive. The intergovernmentalism of electricity is manifest in four critical elements: the access regime, the transportation tariffs regime, the reciprocity clause, and the rule that governs distribution companies. First, the directive allows member states to opt either for a Third Party Access principle or for Single Buyer status. In the former case, consumers or suppliers negotiate the terms of access with the operator of the grid, while in the latter case a single national operator will handle all requests for import and will be directly responsible for the supply of electricity to the consumers. Second, the directive opens the way for a member state to choose a system of negotiated or regulated access. Here the question of tariffs takes centre stage. The generators and the consumers are critically dependent on the grid operator, which may abuse its power. Here, member states can leave the question of tariffs and conditions of access to the "market" (neg. TPA) or regulate it (reg. TPA). Clearly, only the second case provides safeguards to competition, but the directive allows member states to avoid competition and Europeanization.

6

Table 1

Third, a reciprocity clause allows member states, up to a period of nine years, to restrict import of electricity from countries that do not open their markets to the same extent. Finally, the issue of whether to allow distribution companies to shop freely for the electricity they distribute was left to the discretion of the member states. This is a critical aspect of competition as the distribution companies are well-placed to exert pressure on generators and transmission operators in order to get their electricity at cheaper costs. This element again reinforces the intergovernmental features of the distribution regime and in fact of the electricity sector as a whole (Levi-Faur, 1999b). None such discretion is visible in telecoms, so it is possible to suggest that the governance regime in telecoms is more supranational than in electricity.

4 Upward and Downward Delegation: The EU vs. the Rest of the World [↑]

To what extent is the relative reluctance to transfer control upward in electricity unique to Europe? Is there something in electricity that makes politicians in general –not only EU politicians – less enthusiastic to transfer control than in telecoms? It would help if there were "additional EUs" somewhere in the world, but as unfortunately there are not we must devise another strategy to answer this question. We suggest that a more comprehensive picture of the uniqueness of the European policy outcomes may be gained by examining patterns of 'downward delegation' in the two industries around the world. Delegation is transfer of control; it may involve transfer of controls from national-level policy makers to international institutions (upward) or as in the case of the transfer of control from policy makers at the national level to separate sector-specific regulatory

authorities (downward). In both cases the degree of control at the national level is constrained by the act of delegation. The extent of delegation downward varies from case to case (a case might be a country or a sector) and across time, and, as it is manifested in formal as well as informal rules of conduct, it is extremely hard to measure.⁽¹¹⁾ Yet crude measures of ‘delegation downward’ might be useful for our purposes. Table 2 presents two features of the new institutional design that is emerging across the utilities. The first feature is the growing tendency – usually explained as a reflection of best-governance practice – to create separate and sector-specific regulatory agencies to govern the industry. The second reflects even greater commitment to keeping politicians at arm's length from the regulators through the creation of an institutional mechanism that will ensure the fiscal and legal autonomy of the regulator.

Table 2 shows the propensity of countries that are not members of the EU to ‘delegate downward’ in the two sectors. Evidently, policy makers outside the EU tend to create more separate regulatory authorities in telecoms than in electricity (68% and 38% respectively). When they establish these regulators they tend to give them nominal independence to a greater degree in telecoms than in electricity (74% and 55% respectively). Levi-Faur (2002) offers a political explanation for this tendency that stresses the greater political reward and lesser political risks that are involved in the liberalization of telecoms than in electricity. However, the source of these sectoral differences is not a concern of this paper, since what is interesting and suggestive is that there is co-variation between the extent of transfer upward in Europe and the patterns of transfer of control downward to national regulatory authorities. This suggests that the source of the variations across the EU’s telecoms and electricity regime lies not in the EU policy process but in the way policy makers worldwide perceive the costs and benefits of transferring control in each of the sectors.

Table 2

The comparison of ‘upward’ and ‘downward’ delegation across the sectors, and the ensuing suggestion that variations in policy outcomes reflect the responsiveness of the Europeanization process to global patterns of costs benefit calculations, is somewhat indirect. More direct evidence on the impact of Europeanization might be obtained through comparison of the results at the national level inside and outside the EU. If Europeanization is driving the process of liberalization, one would expect significant variations in the process of liberalization between members and non-members of the EU. This issue is discussed in the next section of the paper.

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4.1 Europeanization in Most Similar and Most Different Perspectives

Table 3 presents some indicators of liberalization for the EU14, LA16, and D&R8 groups and for the two sectors. These indicators allow us to compare the EU members with Latin America, providing a most-different perspective on the process of liberalization and therefore a most-favorable design for the argument that “Europe matters”. At the same time Europe is compared with a group of eight democratic and relatively rich countries (providing a most-similar perspective on the process of liberalization and therefore a least-favorable case for the argument that “Europe matters”). If “Europe matters” one should easily observe different patterns of liberalization in the EU group compared with Latin America. We expect that the variations across the most-similar groups of EU14 and D&R8 will be more difficult to discern but these variations will provide more robust support for the argument that “Europe matters” than the differences that will be found, if at all, with LA16 group.

Let us first examine the issue of ownership across the three groups of countries. The number of privatization events – which record the decision to sell part of the dominant telecoms or electricity

operators – reveals some gaps between the EU and Latin American groups. While all the European countries studied here privatized at least some of their major operators, only 62% of the Latin American group did so (10 countries out of 16). In electricity the Latin American group seems to show a somewhat greater propensity for privatization. The indicator of the timing of telecoms privatization suggests that the EU14 group lag two years behind Latin America (the summary statistics for the mean and the median reflect the same conclusion).(12) In electricity, however, EU member states were quicker to move ahead, with median years of 1991 and 1995 respectively (again, the groups' median and the mean suggest similar conclusion). The structure of ownership, which was very similar across these two groups of countries and in both sectors in 1975, seems to become even more similar in 2000. The differences in the telecoms sector between the mostly private structure in Europe and the mixed structure in Latin America are less visible when the actual scores are examined (3.71 for the EU and only 3.2 for Latin America).(13) Overall the similarities in the two groups seem to be much more robust than the differences.

Table 3

We stay with the ownership aspect of liberalization but move on to discuss the EU and the D&R8 groups (Columns [1] and [3]). The results confirm the observation of 'no effects' on ownership by EU's membership. In both sectors there are minimal variations in the extent, scope, and timing of privatization. Most interesting is the finding that the variations between the 14 EU member states and the two remarkably different groups of Latin America and D&R8 are similar. The privatization of telecoms and electricity industries is so sweeping that the effects of variations in state traditions, level of economic development, political institutions, and public preferences seem to have minimal effects on the advance of liberalization. However, since EU institutions have no leverage over the extent of privatization, one may argue, reasonably, that this is not the best indicator of Europeanization. Yet if "the EU matters", and if we are interested in the overall effects of EU membership, ownership patterns still supply an important indication of the marginal role of the EU-level process. One has to admit, however, that it is not the most important possible indicator. Moreover, privatization, while outside the legislative power of the EU, is a relatively convenient indicator of the sweeping spread of liberalization as a global process that is not dictated by any political institution 'above the nation-state' but reflects common perceptions across policy makers. Thus, it helps us to dispel misconceptions about the role of the Commission and other supranational actors at the EU level promoting liberalization against the will of the nation states (Grande, 1994, Levi-Faur, 1999a)

Let us now discuss the issue of regulatory authorities, beginning with a comparison of the EU and the LA groups. Again there are significant similarities in the incidence of regulatory authorities across the two groups. In telecoms, 100% of the countries in the two groups established regulatory authorities. In electricity, there was somewhat less consistency but still an impressive majority opted for this institutional innovation (outside the United States and Canada): in the EU 86% of the 14 member states studied here did so, while in Latin America 81% established regulatory authorities. The difference of 5% seems safely within the range of statistical error. A similar picture emerges from the data on the median and mean years for the establishment of regulatory authorities. Latin America seems to have moved earlier than the EU but the gaps are relatively narrow (1 to 3 years). The first exception in this picture of cross-group similarities is the reluctance of Latin American policy makers to grant independence to their separate regulatory institutions. This reluctance to delegate in Latin America is evident across both sectors, and the variations are big enough to suggest a qualitative difference in this respect between the two groups of countries.

Still on the issue of regulatory authorities, we move on to a comparison of the EU and the D&R8

Groups. Here we find that the extent and the timing of the establishment of regulatory authorities across the two groups and the two sectors are remarkably different but the tendency to delegate is remarkably similar. More specifically, the members of D&R8 varied considerably on the decision to create regulatory authorities. The USA adopted this method in order to preserve its private ownership structure from the mid-1930s. The Canadians followed in the 1970s, but the New Zealanders refused until recently to consider regulatory authorities a legitimate part of the liberalization program. It is, however, remarkable that when the D&R8 group created regulatory authorities it allowed similar degrees of nominal independence for them.(14)

Thus, on the extent and timing of the creation of regulatory authorities we found similarities with Latin America (where we expected differences) and differences from D&R8 (where we expected similarities). Expectations of similarities and variations were, however, confirmed as regards the independence of the regulatory authorities. To what extent do these data confirm the hypothesis that the "EU matters"? The answer is that they do not support it. The general tendency in the 1990s to create separate regulatory authorities is in no way a European phenomenon and the variations between the EU member states and the D&R8 group should not be overemphasized. Much more important - and much more telling about the limits of the arguments that Europeanization determines liberalization - is the finding that the propensity to grant independence to regulatory authorities is similar across the two groups. Again, as in the case of privatization, the case for significant effects of EU-membership on the patterns of liberalization is weak.

More remarkable differences between the EU and the LA groups are evident with regard to the indicators of competition. Here, where the EU institutions have the largest leverage over liberalization outcomes, one indeed finds qualitative differences between the two groups of countries in the emphasis on competition. While all the EU member-states opened their international market to competition, only seven of the 16 Latin American countries did so. While all EU member states opened their local telecoms loop to competition, only one of the Latin American countries did. Similarly, in the electricity sector the Latin American countries are behind the EU in opening the transmission networks and in supplying the regulatory framework that is essential for retail competition. This might be interpreted as striking evidence of the effects of EU membership, yet the Latin American comparison is a most-favorable case for the assertion that the EU matter with regard to the spread of liberalization policies. Some skepticism might be in order here. For example, it is highly plausible that these variations are a product of different levels of economic development (to suggest just one possibility) rather than of EU membership. Specifically, it might be argued that retail competition makes economic sense only when there is universal access to the telecoms and electricity networks in Latin America. Variations between Europe and the D&R8 group would provide more significant support for the hypothesis that "the EU matters"; Yet such variations are hardly to be found. There are almost none between the two groups of countries in the telecoms sector. The variations in the extent of regulation-*for*-competition in electricity are more significant but they do not display a definite pattern. The EU member states moved more decisively towards a competitive regime in the opening of the transmission network but they lagged behind the D&R8 group with regard to retail competition.

All in all, we found no convincing or conclusive evidence to support the suggestion that EU membership has made a critical difference in the transfer of liberalization across the world. In fact, we found more evidence to support the view that the EU does not matter in this respect than to refute it. We can safely suggest that it matters less than is often assumed or explicitly stated in the literature. All this suggests that the EU is not the major force driving liberalization since liberalization is just about omnipresent and Europe as a group has lagged behind other significant actors in moving to liberalize.

5 Europeanization in Comparative Historical Perspective [↑]

Additional insights into the question of whether Europe matters may be gained from comparative historical analysis. Since the current wave of liberalization is unprecedented in the history of telecoms and electricity, it is necessary to classify liberalization as a governance regime and to compare its diffusion across Europe with the diffusion of former governance regimes. This road is taken in this section of the paper, which compares the diffusion of liberalization today with the diffusion of nationalization across the EU member states before the establishment of the EU. As will be demonstrated, clear indications are found of interdependencies between the decision of one country to nationalize and the decisions of others to take the same course. In many countries, and for the most of the 20th century, nationalization, not privatization, was considered the 'best practice' for the governance of the telecoms and electricity industries. The influence of 'nationalization' as 'a best practice' was so strong that some countries opted for it as late as the end of the 1970s. Snow's study of the depth of belief in the natural monopoly characteristics of the telecoms industry among the economists of the German competition authority just a few years before the first cracks in this assumption became apparent tells the story of entrenched beliefs that nationalization is the best way to govern telecoms provision (Snow, 1988). Even before liberalization, nations and policy makers learned from each other and made use of each others' actions in order to gain legitimacy and power in their own countries. Yet, as will be demonstrated soon, there are important differences between the diffusion of liberalization and the diffusion of telecoms nationalization (since the late 19th century) and electricity nationalization (since the inter-war period).

Figure 1 Figure 2 Figure 3

Figure 1 presents the diffusion of nationalization and liberalization across the 14 EU member states in both telecoms and electricity. Consider first the patterns of the diffusion of nationalization. Telecoms and electricity were developed technologically and commercially in about the same decade (1876 and 1882 respectively), yet European policy makers chose to nationalize telecoms first and to move towards the nationalization of electricity only decades later. Indeed, in some countries, notably Germany, telecoms was introduced commercially to the country as a state monopolistic service from the very beginning of the industry (Schneider, 1997; Levi-Faur, 2002). A critical moment followed the decision of the British Postmaster-General to advance the case that 'telephone is sort of a telegraph' and therefore subject to the control of the government under the Telegraph Act of 1869 (Meyer, 1907).⁽¹⁵⁾ The confirmation of this decision by a British court did not lead directly to government provision of the telephone service since it was well within the authority of the Postmaster-General to grant concessions to private companies. For a while it seemed that other countries would follow the British example of government control through concessions to private companies. Indeed, in the early years many countries seemed to replicate the British decision to place the telephone under the control of their postmasters. Yet it was not long before Belgium, Austria, Sweden, France, and Denmark made deep inroads into the field of telephony through the nationalization of the entire industry or through control of critical strategic assets such as the long-distance networks. At the end of 1911 the British nationalized their telephone services, thus practically sealing the future of commercial telephone services in Europe. Spain and Portugal were exceptional in that they nationalized their industries very late, and Mussolini's Italy made an attempt (that failed) to reinvigorate the commercial provision of telephony.

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Public (municipal) ownership in the electricity industry started to spread slowly from the very beginning of the industry (Hannah, 1979; Hughes, 1983; Kajjser and Hedin, 1995; Millward, 2000). As in the case of early transport and water systems, an electricity concession was usually a precondition for the provision of electricity and thus they were given to concessionaires according to

various sets of criteria. Often they were given to the powerful. In other cases, other criteria were important, such as a promise to give the municipality a share of the revenue or the supply of an adequate level of public service. A range of service problems with the provision of electricity as well as a rising tide of 'municipal pride' and socialism led gradually to the municipalization of electricity services in many small and big cities around Europe. Yet, unlike telecoms, the provision of electricity remained for a long time under private ownership. The advance of the state in this area came relatively late, through the construction of large hydroelectric and irrigation projects or the promotion of national high-voltage transmission networks.(16) Indeed, governments in most countries made inroads into electricity during the inter-war period. The Finns moved towards state entrepreneurship in this sector in 1921. The new Irish republic nationalized electricity provision in 1927. Still, state ownership was not to become the dominant pattern until the end of the Second World War.(17) Most remarkable were the comprehensive state monopolies created right after the Second World War by France (1946), Britain (1947), Greece (1955), and Italy (1962). Again, as in the case of telephone, Spain and Portugal were exceptional and nationalized their electricity industries very late.(18)

The diffusion of privatization since the 1980s appears to have advanced much faster than the diffusion of nationalization. Within a span of two decades all 14 EU member states privatized their telecoms industries, and eight did the same with their electricity industries.(19) The process of change in the telecoms industry started with the privatization of British Telecom in 1984 (a significant precedent for this step was the privatization in 1981 of the former provider of telecoms services to the British empire, Cable and Wireless). It took a decade for other EU member states to follow suit. In 1992 the Danes partly privatized their telecoms operator, and they were quickly followed by all the other dozen EU members studied here. In electricity the process started with the privatization of the shares of the German Federal government in electricity supply in 1984. Over the next four years none of the other EU member states followed the German example. In 1988 the federal government in Austria and the Spanish government privatized some of their electricity assets. In 1991 Britain and Sweden privatized electricity, and were followed in the second half of the 1990s by Portugal, Italy, and the Netherlands.

It might be tempting, in view of the more rapid diffusion in the era of liberalization, to argue that Europeanization has created stronger interdependencies between the member states. Yet there is little support for this suggestion when the matter is examined in cross-national perspective. We rest our case here with Figure 2 and Figure 3. Starting with Figure 2, we leave the historical perspective and return to a cross-group comparison. The graph presents the rates of diffusion of privatization for the EU and LA groups. The proximity of the lines that describe the cumulative trends of privatization in the two groups demonstrates that the EU process is in no way exceptional. It may also suggest that there are growing interdependencies between units of the international system and not necessarily between constitutive units of the EU. If the diffusion of privatization in Latin America is as rapid as in Europe, it is not plausible to argue that the EU accelerates the process of privatization.

A similar pattern is evident when progress in the establishment of regulatory authorities across the two groups is studied. Figure 3 presents the progress of regulatory authorities in both groups in the two sectors. The gaps between the two lines represent the variations in the process of diffusion. The gaps are wider than in the case of privatization (see Figure 2) but the process is still dominated by similarities rather than differences. Here we come closer than with the privatization indicator to the EU-level policy agenda, but still there is no clear evidence that "the EU matters" to the progress of liberalization.

6 Conclusions [↑]

We conclude that, while the Europeanization of the telecoms and electricity industries led to some liberalization, it was a mediating factor rather than an independent one. The major features of the liberalization process would have diffused to practically all member states even if the Commission and other agents of Europeanization had not existed. This rather thin interpretation of the effects of the European policy process is based on four major observations. First, variations in 'upward delegation' to the European level largely correspond to variations in the 'downward delegation' in these two industries. This pattern of change suggests that policy outcomes at the EU level reflect rather than dictate national policy outcomes. Second, policy choices at the national and sectoral levels with regard to the establishment of regulatory authorities and privatization reveal clear preferences for liberalization at the national level. This is particularly important since these components of Europeanization were outside the jurisdiction of the EU. Third, policy choices at the national and sectoral levels in the EU member states were not remarkably different for the EU14 group when compared with the most-similar group (D&R8) and the most-different group (LA16). Fourth, historical patterns of diffusion of governance change reveal that the interdependence between countries in the choice of governance mechanism is not a novel feature of the international system and world political economy. Certain mechanisms of policy emulation served to induce convergence across European countries in the past even without EU-level mechanisms of policy transfer.

These observations seem to support the much more general rebuke to exaggerating the effects of European-level politics and policy making suggested by Bomberg and Peterson:

Research on Europeanization needs to avoid the sort of sociology of knowledge problems that can arise when a group of scholars become so preoccupied with a certain political phenomenon that they start to find it where it does not really exist, and over-estimate its effects where it does (Bomberg and Peterson, 2000, 39).

None of this means that Europeanization is an illusion. There is a real and to some extent effective governance structure in Brussels, which will make a real impact on the way telecoms and electricity are governed in Europe in the future. Yet this real governance structure seems to be led by liberalization rather than to lead it. This conclusion is somewhat refined by the following six suggestions that aim to capture cross-sectoral and cross-national variations in the ability of Europeanization to shape liberalization outcomes as well as in the propensity of different indicators of policy outcome to reflect the effects of Europeanization.

First, while the paper's conclusion applies to both sectors, it is more valid in the telecoms sector than in electricity. The effect of EU membership, while not decisive and while not independent of processes outside Europe, is stronger in the move to liberalize the electricity sector than the telecoms sector (cf. Schmidt, 1997, 265; Schmidt, 2001, 11).

Second, while the paper's conclusion applies to all member states, it is more valid in some countries than in others. Specifically, the effect of Europeanization on liberalization, while not critically important, is stronger in the southern countries and perhaps in France than in northern Europe. This proposition confirms to some extent a conclusion reached by Volker Schneider: Europeanization was more important in Italy than in France and Germany (Schneider, 2001, 61).⁽²⁰⁾ One may add on the basis of studies of the liberalization process in east Europe that the role of the Commission and EU-level considerations in the promotion of liberalization among the east European candidates for accession was stronger than it was among the EU member states (cf. Mayhew, 1998; Nunberg, 2000; Jacoby, 2001).

Third, while the first proposition applies to all the components of the liberalization program, it does not apply equally to them. Privatization of ownership and the widespread move towards the creation of independent regulatory authorities are less the product of Europeanization than of the advance of retail competition (unbundling in telecoms and consumer choice of suppliers in electricity). Yet the

EU-led process of liberalization in retail competition was not found to be unique or more advanced among the member states than elsewhere in the most-similar groups of the D&R8.

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Fourth, while EU membership served as a catalyst for liberalization in some countries, it delayed the process for most of the members as it relieved them of some pressures to move faster. In this sense the EU has acted both as a conduit for global forces and as a shield against them (Schmidt, 2002, Chapter 1).

Fifth, it is important to distinguish between the pre- and the post-liberalization effects of Europeanization. The post-liberalization effects of Europeanization might be more important than the pre-liberalization effects. The nature of reforms – more rules and more competition – gives political actors potential leverage over market outcomes and a powerful position vis- à -vis business. The process of Europeanization may not be responsible for the advance of liberalization, yet it has created another layer of political control that may be able to check and to restrict abuse of power by national and European actors.

Sixth, the post-liberalization effects of Europeanization are more important for some sectors and countries than others. Specifically, Europeanization may be a critical factor in sustaining future competitive regimes in electricity more than in telecoms, in etatist countries more than in liberal ones, and in countries that have incompetent bureaucracies more than in countries that are lucky enough to have competent bureaucracies.

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Appendix

Telecoms

Printed material for the telecom cases include: Books by Noam (1992; 1998), Petrazzini (1995), Molano (1997) and Manzetti (1999) and paper by Wellenius (2000). In addition, interviews and e-mail exchanges with regulatory authorities and ministries were used such as EU regulatory developments (<http://www.ispo.cec.be>), the ITU regulatory database (<http://www.itu.int/ITU-D-TREG/>), OECD (<http://www.oecd.org/subject/regreform/>) and World Bank Papers on Regulatory Reforms (<http://econ.worldbank.org/topic.php?topic=14>).

Telecoms' nationalization: Various accounts of a country's economic developments and online histories by a country's incumbents and by government agencies. Bennett, (1895); Holcombe, (1911); Noam (1992) Forman-Peck and Muller (1988).

Electricity

Printed sources in the electricity cases include Pollitt (1997), Bacon (1999) Gilbert and Kahn (1996), several publications of the IEA (1996; 2001), and the Financial Times Energy (1995; 1997, 1998). Invaluable material was collected in the library of the International Institute of Energy Law, the University of Leiden. Interviews and e-mail exchanges with regulatory authorities and ministries. Online energy information of the US Department of Energy (<http://www.eia.doe.gov/emeu/cabs/contents.html>) as well as the Electricity Project of the Catholic University of Chile (<http://www2.ing.puc.cl/power/>) and the OECD (<http://www.oecd.org/subject/regreform/>) and World Bank Papers on Regulatory Reforms (<http://econ.worldbank.org/topic.php?topic=14>)

Electricity's nationalization: Various accounts of a country's economic developments and online histories by a country's incumbents and by government agencies.

Endnotes

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(1) Network industries are built around distribution pipelines that are an economically critical strategic resource. Other examples are water, gas, broadcasting, and telegraph.

(2) Unfortunately there are no quantitative measures of Europeanization across sectors. Still, there is wide recognition that Europeanization has advanced more radically in telecoms and electricity than in other infrastructures. See, for example, Henry and Matheu (2001), p. 20.

(3) In a critical account of the state in the field of European politics, Susanne Schmidt points to three critical problems in the study of the European policy process: (i) case-specific findings, which are too specific to allow for generalization; (ii) dichotomous theoretical perspectives, which do not allow a refined view of the integration process; and (iii) the rarity of overlapping research, which constrains empirical and theoretical debate (Schmidt, 1997). I couldn't agree more, although I would add the problems of Eurocentrism and *too* conservative research designs.

(4) Indeed there are promising developments in Small-N analysis. See the site of "Comparative methods, Small N, Qualitative Comparative Analysis (QCA) and Fuzzy-sets (fs/QCA) international resource site" <http://smallN.spri.ucl.ac.be/> as well as the site of "the Inter-University Faculty Consortium on Qualitative Research Methods" <http://www.asu.edu/clas/polisci/cqrm/index.html>

(5) Luxembourg was excluded from my database, which includes states with a population of above one million people .

(6) It is obvious that our research design does not follow statistical procedures of random sampling; yet the careful selection of cases maximizes the power of explanation and the validity of conclusions when one considers the alternatives of employing inferential statistics or small-N methods of analysis.

(7) See Hodge (2000) for a comprehensive discussion of various meanings and aspects of privatization.

- (8) Steven Vogel (1996) expressed it nicely: 'freer market more rules'.
- (9) A facet of Europeanization that was also singled out by Cowles, Caporaso, and Risse, who defined it as "the emergence and development at the European level of distinct structures of governance" (Cowles, Caporaso, and Risse, 2001, 3).
- (10) Commission's proposal of 13 March 2001 available at <http://www.europa.eu.int/comm/energy/en/internal-market/int-market.html>
- (11) The most impressive effort to measure degrees of independence was made by Alex Cukierman (1992). For critical account of the various approaches that aim to measure independence, see, Forder (2001).
- (12) The timing of privatization's indicator records the first decision to privatize in each sector.
- (13) The scores were calculated for each country on a scale of 1 (private) to 5 (public). Averages were then calculated for each of the three groups.
- (14) The EU degree of nominal independence in electricity is slightly higher but the difference is not significant.
- (15) This decision was made as early as 1878, only two years after Bell's invention of the telephone. In the case of electricity, the British political system was even faster to exert control over concessions, and it established a parliamentary committee on this issue two years before electricity was introduced into London on commercial basis.
- (16) The first remarkable step was made in 1909 by the Swedish government, which created a company called Vattenfall that was the first state-owned utility in Europe and probably in the world.
- (17) Even the French authorities, for example, made serious efforts to keep most of their electricity system in private hands up to the end of the Second World War.
- (18) Spain never nationalized its entire electricity industry but made significant moves in that direction in 1985. Portugal nationalized its entire industry in 1976.
- (19) Another country, Belgium, did not nationalize electricity and therefore could not privatize it.
- (20) I am even more skeptical than Schneider of the role of Europeanization in the liberalization of telecoms, and would argue that Italy would have liberalized its telecoms industry even without the EU, albeit with even longer delays.

Table I

Strategies of Liberalization and Europeanization

EU-Level Policy Choices / Components of Liberalization	No EU-Regime [1]	Informal Regime [2]	Inter-governmental Regime [3]	Supra-national Regime [4]
Ownership	Privatization in telecoms and electricity			
Administrative Reform		Separate and Independent Regulatory Authorities in telecoms and electricity		
Deregulation				Telecom Equipment
Regulation-of-competition			All aspects of two sectors but notably Electricity generation	
Regulation-for-competition			Electricity transmission & distribution	Telecoms networks

Table II

Delegating Downward: Non-EU Countries

	Countries that ...	
	...established Separate Regulatory Authorities (I)	...allow them Nominal Independence (II)
Telecoms (no of countries)	98 out of 145 (68%)	67 out 90 (74%)
Electricity (no of countries)	45 out of 117 (38%)	22 out of 40 (55%)

χ^2 for column 1=22.5; χ^2 for column 2=13.46; Both significant at the level <0.001

(Source: see appendix)

Table III

National Level Patterns of Liberalization in Telecoms in Electricity

		European Union (N=14) [1]		Latin America (N=16) [2]		Democratic & Rich (N=8) [3]	
		Telecoms	Electricity	Telecoms	Electricity	Telecoms	Electricity
O W N E R S H I P	Number of Privatization Events	100% (14 of 14)	62% (8 from 13)	62% (10 from 16)	69% (11 from 16)	100% (7 from 7)	57% (4 from 7)
	Median Year of Privatization Events	1996	1991	1994	1995	1990	1993
	Mean Year (range & standard deviation)	1995, (19; 4.5)	1992, (15; 5.3)	1993, (16; 5)	1995, (14; 4)	1992, (14; 5.5)	1994, (5; 2.2)
	Ownership* 1975 (score and standard deviation)	Public (1.3; 0.6)	Mostly Public (2.1; 1.3)	Public (1.1; 0.3)	Mostly Public (1.4; 0.5)	Mostly Public (1.9; 1.5)	Mostly Public (2.2; 1.5)
	Ownership* 2000 (score and standard deviation)	Mostly Private (3.7; 1)	Mixed (2.8; 1.4)	Mixed (3.2; 1.6)	Mixed (2.9; 1.4)	Mostly Private (4; 0.9)	Mixed (2.6; 1.3)
A D M I N I S T R A T I O N	Established Regulatory agencies	100% (14 from 14)	86% (12 from 14)	100% (16 from 16)	81% (13 from 16)	62% (5 from 8)	62% (5 from 8)
	Median Year	1996	1997	1995	1994	1987	1987
	Mean Year (range, S.D.)	1994 (12, 4.3)	1997 (11, 3.3)	1994 (15, 3.8)	1994 (12, 3.3)	1976 (58, 24)	1974 (61, 26)
	Nominal Independence of Regulatory Agencies	100% (14 from 14)	93% (11 from 12)	62% (10 from 16)	54% (7 from 13)	100% (5 from 5)	80% (4 from 5)
C O M P E T I T I O N	Wholesale Competition**	100% (14 from 14)	100% (14 from 14)	44% (7 from 16)	50% (8 from 16)	100% (8 from 8)	62% (5 from 8)
	Retail Competition***	100% (14 from 14)	29% (4 from 14)	6% (1 from 16)	6% (1 from 16)	75% (6 from 8)	50% (4 from 8)

(*) Ownership Key: Private=5; Mostly Private=4 Mixed=3 Mostly Public=2 Public=1 Ownership classifications for both sectors are based on my own estimate of the public share in the revenue of the industry for each country. The classification was carried according to the following criteria: Mostly Public (more than 85%), Mostly Public (70%-85%), Mixed (30%-70%), Mostly Private (15%-30%) and Private (less than 15%). The ownership calculations in telecoms refer to the

traditional business of telephony and not to the Internet or mobile markets.
 (**) Opening the International Telecoms Market for Competition and Transmission Networks in electricity.
 (***) Telecoms unbundling or free choice of supplier in electricity

Figure 1

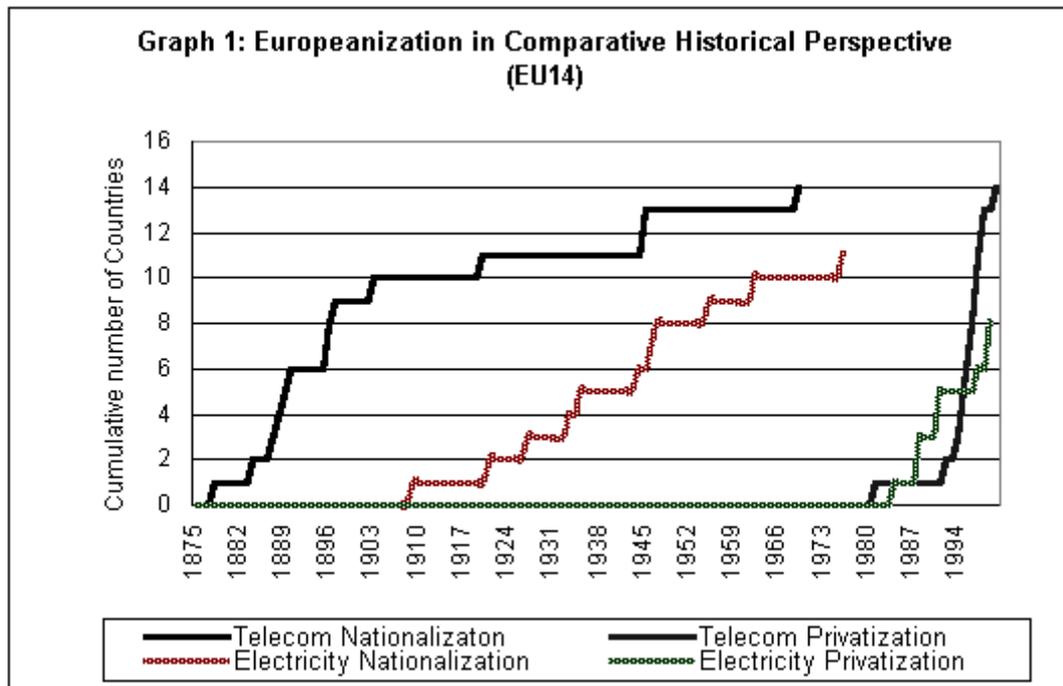


Figure 2

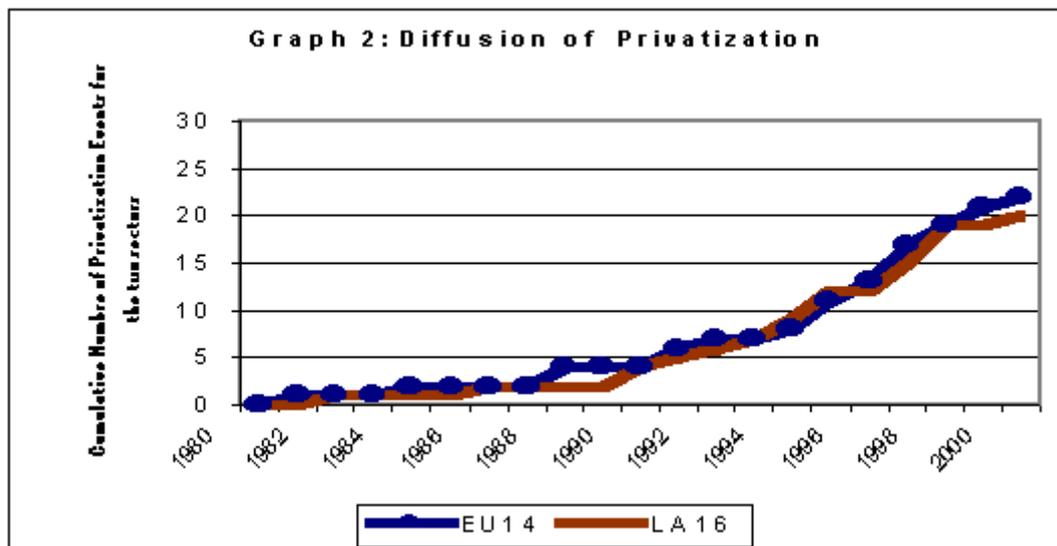
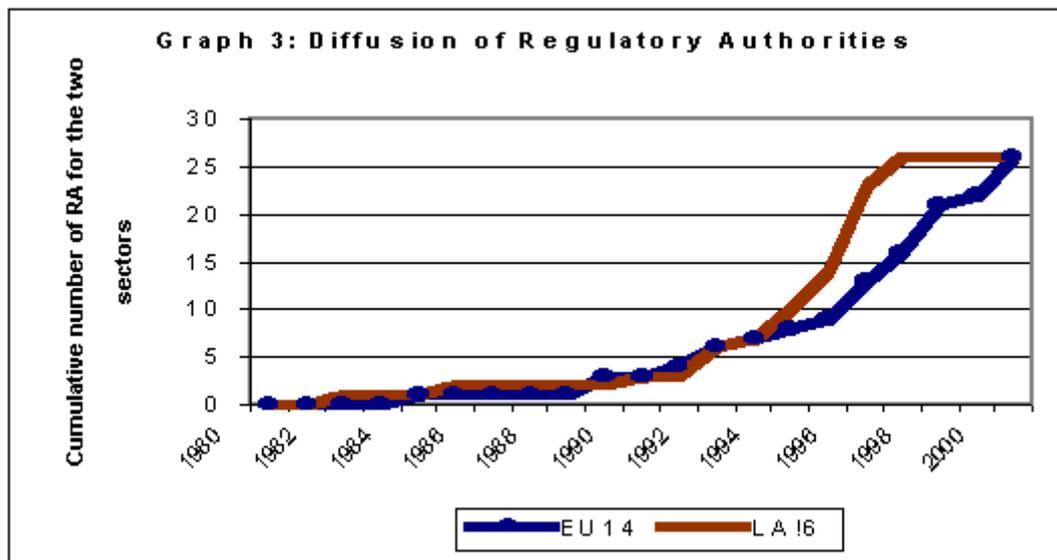


Figure 3



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