Transnational economic and technological forces, institutions and policy change: the reform of telecommunications and electricity in Germany, France and Britain.

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Paper presented in the workshop:

National regulatory reform in an internationalised environment.

Joint Sessions of Workshops, Grenoble France, 6-11 April, 2001
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Abstract

This paper examines the processes of policy change in the telecommunications and electricity sectors in the context of transnational economic and technological forces and national institutions. The paper draws on some of the key aspects of the policy process in the 1980s and 1990s which led to liberalisation and privatisation (partial and full) in Germany, France and Britain. It presents a cross-sectoral analysis based on the premise that transnational economic and technological forces are much more powerful in telecommunications than in the electricity sector. This has led to a greater rationale for liberalisation in telecommunications which has strengthened the arguments of the pro-liberalisers, persuaded the sceptical, and given rise to new pro-liberalisation actors. Despite this, cross-national analysis in terms of national ‘policy styles’ shows the continuing importance of national institutions and political cultures. Many national characteristics have left their imprint on the policy process such as: in Germany, elite support for liberalisation constrained by a consensus seeking policy style; in France, dirigisme with a pervading scepticism about liberalisation; and in Britain, ideological commitment, strong government. The most interesting questions therefore concern the nature of the relationship between transnational forces and national institutions. The objectives of the paper are twofold. First, to illustrate some of the ways in which transnational forces have interacted with national policy processes. Second, to stress the interdependence of exogenous forces and institutions in the policy process and to act as a reminder of the enduring importance of the external context in institutional analyses.
1. **Introduction**

In the understanding of the process of privatisation, liberalisation and regulatory reform, most studies in the discipline of political science stress the centrality of national institutions. Even in sectors such as telecommunications in which there are powerful transnational economic and technological pressures, the process of reform can only be properly understood by analysis of national institutional structures, norms and decision making procedures (Thatcher, 1999; Hulsink, 1999). ‘Environmental determinism’ is rejected, ‘although the techno-economic and the international environment may exert strong stimuli to adjust on national telecommunications regimes, these do not necessarily lead to immediate and uniform policy responses’ (Hulsink, 1999, p.316). The importance of institutions in policy change is derived firstly from single sector, single country studies, which show that policy change reflects established processes and the new regulatory regimes draw on traditional regulatory styles and cultures. For example, in Germany the consensus orientated policy process is evident in telecommunications reform (Schmidt, 1991, 1996) and the new regime in electricity reflects a tradition of industrial self regulation (Eberlein, 2000). Secondly, cross-national single sector studies in both telecommunications and electricity show the enduring importance of national institutions within specific sectors (Hills, 1989; Sturm and Wilks, 1997; Thatcher 1999; Hulsink, 1999; McGowan, 1996).

The stress on national institutions does not mean that exogenous forces are insignificant. What is particularly important is the nature of the relationship between institutions and exogenous forces. Common exogenous forces are interpreted in different institutional and policy systems; cross-national policy learning and transfer might occur but a process of adaptation occurs in which ideas are imported but are selected and adjusted to suit the new institutional environment. One way of viewing the relationship is that institutions offer varying levels of resistance to external pressures: national institutions can determine the pace and timing of policy change but not necessarily its direction. Another perspective is that similar pressures for change are not simply resisted or embraced but are interpreted in different ways and cross-national policy diversity is significant.

Although one of the central aspects of new institutionalism has been the repudiation of ‘contextualism’ (March and Olsen, 1984) or ‘inputism’ (Peters, 1999)
the above reflects broader trends in institutional analysis. Institutionalism is clearly
differentiated from contextual approaches which ‘emphasise the way order is imposed
on political institutions by an external environment’ (March and Olsen, 1989, p.16)
and inputism which posits that the ‘direction of causation was entirely in one direction
- economy and society influenced politics and political institutions’ (Peters, 1999,
p.15). Institutionalism in contrast posits a greater independence for political
institutions which can provide order and influence change over and above exogenous imperatives. This may seem incompatible with the above, but the repudiation is not of
the context per se, but the primacy attached to it: ‘political democracy depends not
only on economic and social conditions but also on the design of political institutions’
(March and Olsen, 1989, p.17) and ‘institutionalism … argues that causation can go in
both directions’ (Peters, 1999, p.15).

Most studies of liberalisation, privatisation and regulatory reform are single
sector, single country or single sector, cross-national. These approaches have notable
strengths - single case studies enable detailed analysis of phenomena and contrasts
can be made across time; cross-national studies can enable the comparison of policy
developments in different institutional systems subject to the same exogenous forces -
different responses can be explained by institutional diversity. However, these
approaches suffer from heuristic weaknesses vis-à-vis exogenous forces: contrasts
cannot be made between different exogenous forces. For example, in sectors where
the exogenous forces are much weaker than telecommunications, there may be very
different policy outcomes which would weaken the argument about the importance of
institutions (Thatcher, 1999, p.311). Alternatively similar policies across different
sectors can strengthen the institutional argument. Thus analysis of more than one
sector could enhance the explanatory power of institutional processes in the process of
policy change (Hulsink, 1999, p.318).

Most studies of policy change and regulatory reform in telecommunications
and electricity in Western Europe tend to be single sector, single country or cross-
national comparisons. Thus, for example, there are single country, single sector
studies of British telecommunications privatisation (Moon et al 1986) and regulation
has examined the new liberalised regulatory regime in the German electricity sector,
and the first two major reforms in German telecommunications were investigated by
Humphreys (1992) and Schmidt (1991, 1996). There are also numerous cross-national
studies of the telecommunications sector (Morgan and Webber, 1986; Humphreys 1986; Hills, 1986, 1989; Palmer and Tunstall, 1990; Thatcher, 1999; Hulsink, 1999),
though there are fewer cross-national studies of electricity (McGowan, 1996; Midttun,
1997; Sturm and Wilks, 1997). There are far fewer studies which combine cross-
sectoral and cross-national analysis. Vogel (1996, 1997) focuses on
telecommunications and financial services and argues that most distinctive difference
is cross-national: national institutions and regulatory cultures have had the most
distinctive impact on the new regimes. In another cross-sectoral and cross-national
study Levi-Faur (2000) compares electricity and telecommunications reform in the
US and UK with particular focus on the new regulatory regimes. Levi-Faur stresses
the importance of the interdependence of institutions, technology and economic forces
in the policy process which lead to national specific systems of ‘ordered competition’.
Moreover, he argues that ‘it is electricity reform, much less induced by technological
incentives, that best exemplifies how comprehensive and politically motivated these
changes are’ (Levi-Faur, 2000, p.452).

The aim of this paper is to add to the limited literature on cross-sectoral and
cross-national analysis and in so doing assess the relationship between exogenous
technological and economic forces and national institutions. The study focuses on the
processes of liberalisation and privatisation in two sectors, electricity and
telecommunications, in three west European countries, Germany, France and Britain.
The rationale for comparison of these two sectors is that the transnational
technological and economic pressures for change are much weaker in electricity than
in telecommunications which can help assess the importance of the impact of different
exogenous forces. Whilst such a broad ranging study inevitably lacks detail, broader
comparative trends can, however, be observed which are not evident in narrower more
detailed studies. Section 2 outlines the different economic and technical forces and
shows how these have impacted on a variety of interests in the two sectors and has led
to much stronger communities of interest in favour of, or not strongly resisting,
liberalisation and privatisation in telecommunications. Section 3 examines the
relationship between exogenous forces and institutions in the policy process by
assessing the impact of these cross-sectoral differences on policy change in the
different institutional systems of Germany, France and Britain.

This study supports other findings that stress the importance of institutions
because of significant cross-national differences. Cross-national differences are
shown not only within each sector but also in the extent of cross-sectoral variation. However, significant cross-sectoral differences are shown and the purpose of this paper is to demonstrate the ways in which transnational economic and technological forces have interacted with institutional processes in the process of liberalisation. It serves not as a rebuttal of institutionalism but as a corrective to analyses which focus predominantly on institutions and a reminder of the enduring importance of contextual factors in the process of policy change.

2. Transnational technological and economic change and actor preferences

Traditionally in the post-war period the core belief in both sectors was that monopoly was the most effective form of organisation. A consensus existed amongst most key actors such as the utility companies, manufacturers, trade unions, users, governments and political parties of the right and the left. In telecommunications in most European countries there was one monopoly provider of all services and in some countries a major equipment supplier such as Siemens in Germany and Alcatel in France who received a steady stream of large contracts from the utilities and supported the status quo. In electricity many European countries have had several companies generating and distributing electricity but all have had clearly demarcated monopoly supply areas and again strongly supported monopoly organisation. One of the chief reasons for these organisational beliefs is that both industries were considered to be ‘natural monopolies’, an important aspect of which refers is that network infrastructures would be inefficient and environmentally destructive to duplicate (Vickers and Yarrow, 1991).

The telecommunications sector has, however, been subject to powerful transnational technological and economic forces since the 1960s which have led to a questioning of the arguments for national monopoly (Hulsink, 1999, pp.75-110). When telecommunications is compared with the electricity sector significant cross-sectoral differences emerge due to much weaker transnational forces in electricity (Levi Faur, 2000; Bartle, 1999). Four processes can be identified, which are either transnational in themselves, or transnational in their effects. First, technological change, particularly the information technology (IT) revolution has had a fundamental effect in telecommunications and has facilitated the globalisation of networks and services. A wide range of advanced network based services, as well as alternative
telecommunications infrastructures such as cable TV and satellite systems have been developed. In the electricity industry in contrast there remain major network constraints, no alternative infrastructures, and no new advanced network based services. Secondly, the possibility of global telecommunications networks and services has led to global user demand which has intensified in the 1980s and 1990s with the increasing internationalisation of production and the integration of financial markets. In the electricity sector there is a cross-border element as users have focused on cross-national price differentials but the network limitations mean there is no equivalent global user demand. Thirdly, international investment and commercial alliances, which are responses both to user demand and increasing liberalisation and competition, have grown in both sectors in the 1990s but much more in telecommunications. The investments of major telecommunications companies are much more globally extensive and integrated, and cover the developed and developing countries and alliances of truly global reach have developed. There are no similar global alliances in electricity and the international investments of major electricity companies are not as extensive. Fourth, liberalisation and growing international competition have also promoted globalisation and this is more advanced in telecommunications. Liberalisation at national level (e.g. in the US and UK) has also had greater transnational repercussions.

Each of the above processes have had a significant impact on the preferences of actors in relation to national monopoly organisation. The internationalisation has meant that many actors are less willing to support national monopoly structures. Technical change, as well as promoting internationalisation, can also reduce the natural monopoly argument, by for example, alternative infrastructures and the myriad new services in telecommunications. In the following it is shown that there are growing sets of interests supportive of liberalisation in telecommunications.

Technological change

One of the impacts of rapid technological change is that there is greater potential for one or more country to gain a lead in technical development and stable markets can be severely shaken. In the 1970s and 1980s a ‘technology gap’ emerged in which European national champions in telecommunications industries were failing against the likes of the US firms, IBM, AT&T and Texas, and Japanese firms (Middlemas, 1995, p.137). In order to compete in this developing globalised market, a larger world market
share was required than nationally focused European companies could support (Schneider and Werle, 1990, p.94). As a result in the 1980s two of the biggest electronics and telecommunications manufacturers in Europe, the French company Alcatel and the German company Siemens, began to internationalise and protected and segregated national markets were no longer in their interests (Sally, 1993; Humphreys, 1992). A second effect of technological change is the convergence of IT with telecommunications and the development of new infrastructures which has given rise to new actors in the sector who favour liberalisation. In Germany in the 1980s, for example, there were many new actors, such as computer manufacturers, most notably IBM but also German firms (Schneider and Werle, 1991). In Britain in the 1980s potential new entrants such as cable TV operators were clearly in favour of liberalisation and in the 1990s they invested heavily in Britain and added to the new entrants who were strongly lobbying for a regulatory regime more favourable to market entry.

In electricity the above features were not always absent but they were much less distinctive. An alternative network infrastructure is not a possibility, correspondingly there are no new actors with an interest in market entry and the supply of new infrastructures. IT has had an impact by increasing flexibility and diversity of conventional technology but there are no new products or services and therefore fewer new actors striving for liberalisation. Technical change has led to some smaller and diverse generation technologies such as smaller gas generators and have led to some actors favouring a more liberal regulatory regime, particularly in Britain with the rise of gas generation in the 1990s, however, the effect in Europe as a whole is small compared to telecommunications. In addition, the heavy electrical equipment industry has not been subject to the same pace of technological change as telecommunications manufacturing. The industry was also fragmented and nationally organised (Power in Europe, 16/2/89, 27/4/89, 1/2/90), however, there was little competition from the US and Japan: within EC countries there was little market penetration by US or Japanese industries in heavy electrical equipment (Power in Europe, 27/4/89). Framatome, the French reactor construction company, has internationalised, but this has been driven mainly by the falling growth rate in the French electricity market (Edwardes-Evans et al, 1997, p.131).
Transnational user demand

In telecommunications the transnationalisation of user demand has had an increasingly important impact since the 1960s. This has given rise to an active set of users demanding transnational solutions and liberalisation (Hulsink, 1999, p.92). A notable manifestation of this in the 1970s and 1980s was the organisation of users into interest associations at the national and international levels. For example, users formed the International Telecommunications Users Group (INTUG) in 1974 which demanded improved international services and has supported liberalisation. At national level in Europe, users striving for better transnational services were most evident in Britain. Britain’s internationally orientated economy, particularly financial services in the City where banking was becoming increasingly internationalised and computerised, led to complaints about the poor quality of data transmission services (Hills, 1986, p.90; Hulsink, 1999, pp.112-113). Moreover, in the 1980s and 1990s after Britain had liberalised there was evidence that international users favoured Britain as a base for their international communications. Liberalisation in Britain led to gains by long distance and international users, particularly in the City (Hills, 1986, p.97), in the 1980s many companies such as Ford, chose Britain as the centre of their European communications (Noam, 1992, p.130), and in the 1990s the increasing internationally orientated BT strove to attract large international users (Thatcher, 2000, p.25)

In electricity sectoral characteristics mean there is no demand for a global service or product. The interests of large users are more dependent on specific national contexts or on cross-national price differences and the ability to get a cross-border supply from a neighbouring country. In Germany, for example, electricity prices were particularly high in cross-national terms. Although, in the mid 1980s, large users in Germany were the first to call for liberalisation in Europe, this was more a solution to their particular national problems rather than any broader aspiration for liberalisation across Europe. In Britain high prices for large users were also an issue but it was only by the early 1980s that intensive users feelings on cross-national price differentials were strong enough to lead to the formation of an interest group (the Energy Intensive Users Group). The interests of large French users illustrate that these pressures were primarily the result of particular national situations. Large French users for many years have not supported liberalisation due to the low prices they received from EdF. It is only in the mid 1990s that the growing internationalisation of French industry has recently brought French
industry around to support electricity liberalisation (Interviews: VIK 24/4/97, BDI Energy 7/5/97).

*International investment and alliances*

In the 1990s it became an imperative for telecommunications operators to respond to transnational user demand and form extensive international alliances to supply a global product. In France and Germany particularly, this had an impact on the preferences of the incumbent telecommunications operators who became more supportive of liberalisation and privatisation. Privatisation became more acceptable as it would ease equity swaps, a technique in forming alliances, and ease strategic decisions in an international commercial environment (Hulsink, 1999, p.267). Liberalisation also became more in favour as companies free from state control and operating in liberalised markets were more favoured as partners by the major US operators (Thatcher, 1999, p.160). In the early 1990s British Telecom (BT) was increasingly more successful internationally and cast an unfavourable shadow across France Telecom (FT) and Deutsche Telekom (DT). The alliances between BT and the US company MCI in 1992 made DT and FT appear weak internationally and militated towards the acceptance of privatisation to help their international strategies. These developments also had an impact on some unions and left wing parties who were interested in the success of the major national companies, and, in France in the mid 1990s, for example, gradually, albeit reluctantly, their opposition waned.

In electricity, although there is much internationalisation and many alliances, they are much less extensive than in telecommunications and the pressures on key actors to accept liberalisation and privatisation were also less. Alliances tend to be much smaller and ad hoc and there is no need to respond to global demand, to engage in equity swaps to construct major alliances. Electricité de France (EdF) is an excellent illustration of this, in the 1980s and 1990s it has internationalised yet it has done so on its own terms, without the pressure to accept privatisation and liberalisation that was evident in telecommunications. The performance of EdF was seen to be good: it ‘is arguably Europe’s leading utility in international markets ... [and] is centralised and cheap; state owned yet dynamic’ (Edwardes-Evans et al, 1997, p.121).

*The international repercussions of national liberalisation*
There are distinctive international repercussions of national liberalisation (in Britain and the US) which again are more marked in telecommunications. As noted above there are strong positive lessons in France and Germany about telecommunications reform in Britain, particularly in the supply of international services. The lessons from electricity reform in Britain are much less clear. Prices have fallen for many consumers (MacKerron and Watson, 1996) and the system is more competitive with numerous new entrants. However, although the system has not collapsed as some feared, there remain doubts about security of supply and the regulator has had to make numerous interventions in the system as flaws have become apparent (Thomas, 1994). There have also been questions about the extent of competition which has resulted in large profits to the large generators; energy intensive users have strongly argued that the large generators have too much power in setting prices (Thomas, 1996; Interview: EIUG 9/1/97). The French in particular have been sceptical of the UK’s system, in a report authored by EdF staff they argued that ‘traditional continental models are just as solid’ and ‘their consistent performance is valued as much as the UK’s’ (Toccoen, 1994, p.3), and in 1997 they were still defending a system of long term planning against free competition (Interview, EdF 24/3/97).

A further international repercussion of national liberalisation in the US and UK in telecommunications is the rapid increase in new entrants from the latter two countries in France and Germany favouring and lobbying for liberalisation. In the 1990s BT, for example, has been actively involved in Germany with its partner Viag. Lower profile US companies such as MFS became active in Germany as a result of building a network to serve many financial companies in Frankfurt (Telecom Markets, 16/3/95). In France the increasing activism of new entrant foreign firms is exemplified by the creation in 1996 of the Association of Telecommunications Services Operators whose main players were the US companies AT&T and Worldcom and the UK’s BT and Cable & Wireless (DGPT, 1996, pp.8-9). In electricity, liberalisation in the UK has also created actors seeking new opportunities abroad and favouring liberalisation, but they have not been able to establish themselves to the same extent. Although the lack of similar actors in the two countries is in part due to the lack of liberalisation, it is also the lack of user demand, in particular for a global product or service.

3. Transnational forces, policy styles and policy change
The concept of ‘policy style’ is invoked here and is closely related to institutionalism but focuses more closely on the policy process. Like institutionalism, norms and decision making processes are central: understanding the policy process requires a move ‘from the single decision to the structure of the relationship between participants and the norms which serve to maintain or change the relationship through time’ (Richardson et al, 1982, p.2). Normative values such as the preference for wide ranging consultations or the belief in strong central government may pervade a political system and define its general characteristics. Approaches to problem solving can vary, with ‘governments taking either an anticipatory/active attitude towards societal problems, or taking an essentially reactive approach to problem solving’ (Richardson et al, 1982, pp.12-13). Governments may also be more inclined to reach a consensus with societal actors or prefer imposing decisions even if there is strong opposition (Richardson et al, 1982, pp.12-13). These features of policy style are not only a normative choice of governmental or societal actors but are also shaped by the institutional structures. Thus, central governments may wish to be proactive but may be constrained by an institutional system where power is dispersed. By invoking national policy styles the following demonstrates how exogenous forces have impacted on the policy process in Germany, France and Britain.

**Germany**

The most salient characteristics of the German policy style are consensus-seeking and reactive (Dyson, 1992). The main facets of the system are federalism, coalition government, a non-adversarial parliament and the active role of interest groups. Three concepts are often used to describe the policy style: ‘cooperative federalism’, ‘cooperative opposition’ and ‘neo corporatism’ (Sally and Webber, 1994). Cooperative federalism reflects the important role of the regional governments (the Länder) which are actively involved in federal policy-making via their representation in the upper house, the Bundesrat, (Paterson and Southern, 1991, pp.111-113) which has a veto on ‘consent laws’ which are the domain of both the federal and regional levels of government. Cooperative opposition reflects the predominance of coalition government and the evolution of a ‘working parliament’ in which negotiation and compromise between the government and opposition parties tend to prevail (Paterson and Southern,
Neo-corporatism reflects the close relations between organised interests and the government in the policy process. Policy-making is often seen as ‘sectorised’ with the government tending to be reactive to the sector (Bulmer and Paterson, 1987, p.30; Dyson, 1992, p.16).

Neo-liberal policies have been supported by many in the Free Democratic and Christian Democratic Parties (FDP and CDU), and the new FDP/CDU coalition in 1982 seemed set on a neo-liberal reorientation (Esser, 1989; Leaman, 1994). Yet with the emphasis on consensus there tends to be a ‘policy immobilism’ as the government was constrained in its ability to make policy change (Bulmer and Humphreys, 1989, pp.181-183). Despite this, consensus has been more easily achieved in telecommunications than in electricity, new laws on liberalisation and privatisation in telecommunications were adopted between 1989 and 1996 whereas the first major law on electricity liberalisation was not passed until 1998. The changing preferences of key actors outlined above are argued in the following to be important reasons for cross-sectoral difference.

The first significant cross-sectoral differences started to occur in the 1980s. In telecommunications actors with strong preferences in favour of liberalisation were beginning to make substantial inroads into the policy process. Computer manufacturers and corporate users supported liberalisation and others such as the FDP, the confederation of German industry (the BDI), and the Economics Ministry became more united in favour (Schneider and Werle, 1991, pp.118-130). Liberalisation in the US and the increasing internationalisation of markets led to further pressure for liberalisation in Germany from the US government and IBM (Telecom Markets, 24/9/85, 4/12/85). In the late 1980s, as Siemens increasingly internationalised, it began to support liberalisation (Humphreys, 1992, p.123). Reflecting the policy style, a long process of consensus building was required for the adoption of a new law. In 1989 a new law was passed which made the first significant inroads into monopoly organisation with the liberalisation of terminal equipment and advanced services. It involved substantial compromise and was criticised from both sides: the opponents felt it opened the door to privatisation and the increasing influence of business and the supporters felt that leaving the monopoly of basic services intact was too modest a reform (Schmidt, 1991, p.217).

In the 1980s and early 1990s in the electricity sector despite attempts by some in government to pursue liberalisation, there were no significant reforms. Unlike telecommunications there was little change of key actor preferences which, with the exception of large users, remained strongly against liberalisation. With few supporters of
liberalisation the imperatives of cooperative federalism and neo-corporatism ensured the road to liberalisation remained firmly blocked. Although the industry organisation was highly fragmented, neo-corporatism is well developed in the electricity industry with a high degree of cross-ownership and a developed system of representation in associations which has tended to promote sector solidarity (Padgett, 1990, pp.179,185). The sector was united in its arguments that competition should not be introduced because of the importance of supply security and the special technical factors of the sector. Although reform proposals came from the Economics Ministry, internal divisions suggested neo-corporatist tendencies as its Energy Policy Division had close links to the industry and was less favourable towards reform (Padgett, 1990, p.177). Cooperative federalism has also been significant, for example, the municipal utilities which had strong political support at regional state level and thus in the Bundesrat. They were concerned that some form of TPA could result in the ‘cherry picking’ of the cheapest suppliers by the large users leaving ordinary consumers with higher prices (Ortwein, 1996, p.120). In comparison to telecommunications, in the 1980s even large users calls for liberalisation were not strong. This is evident in that the calls by both the Federation of German Industry (BDI) and the association of large users and auto-producers (VIK) for European liberalisation were not made until the mid 1980s when the single market was already on the agenda (Interviews: VIK, BDI Energy). These calls can be seen primarily as a means to overcome national problems: ‘the appeal to Europe by German industrialists is largely a strategic move in a long battle over prices, designed to get the utilities to negotiate with them’ (Power in Europe, 29/10/87, p.14). Large German users admitted that, between 1989 and 1992, when the first proposals for competition based on grid access were being discussed in Commission led committees, their calls for European liberalisation were not strong (Interview: VIK). The lack of an example of a working system of competition was given as a reason.

In the 1990s both sectors have undergone dramatic transformed but viewed comparatively the changes were much more marked in telecommunications. The privatisation of Deutsche Telekom (DT) required a constitutional amendment (needing a 2/3 majority in both the Bundestag and the Bundesrat) and strengthened the imperative to strive for consensus (Schmidt 1996). The need for capital opening, for investment in eastern Germany as well as internationally (Werle, 1999) had an impact key actors, most notably DT and some in the SPD (despite being under strong union pressure) who now accepted the case for privatisation, and a compromise agreement was possible.
Cooperative opposition was the dominant trait in the policy process with an inter-party commission set up in 1992 and protracted negotiations before a compromise agreement could be reached in 1994 (Schmidt, 1996). In the run up to liberalisation in 1996 there were again similar processes. DT felt compelled to accept early liberalisation of alternative infrastructure to gain regulatory approval for its international alliance strategy. The international alliance between FT and DT (Atlas) in 1992, enabled the European Commission to exploit it by demanding further liberalisation in France and Germany in exchange for approval of the alliance. Increasingly, DT and FT had to accept privatisation and liberalisation in order to engage with and compete in the fast developing global markets.

In the process of liberalisation, there were elements of cooperative opposition and federalism but the main actors resistant to change (the SPD, unions, and some Länder governments) accepted (somewhat reluctantly) the broad principle of liberalisation but disputed some of the details. The initial moves towards full liberalisation caused some union resistance on the basis of job losses (Frankfurter Rundschau, 19/11/94), but after initial discussions in early 1995 the SPD supported liberalisation (Frankfurter Allgemeine Zeitung, 27/4/95). A process of inter-party discussion lasting almost a year revealed a number of conflicts between the government and the SPD and Länder. Throughout the process there were strong calls from the SPD for a broad definition of universal service at an affordable price (Frankfurter Rundschau, 9/8/95). Also municipal, Länder governments and the association representing the municipal companies (the VkU) demanded the right to payment for the use of their rights of way for new networks (Handelsblatt, 26/7/95). Throughout the process the Länder governments also demanded a greater role in the regulator and issuing of licences (Telecom Markets, 25/11/95; Handelsblatt, 17/6/96). The Bundesrat rejected the proposed law in June 1996 and arbitration was required to reach an agreement in July 1996.

In the 1990s in electricity there was also waning resistance to liberalisation amongst large producers but, parts of the industry were more locally focused and ensured liberalisation was a much more difficult process. Sectoral resistance began to wane as the large utilities began (somewhat ambivalently) to support liberalisation. By the mid 1990s two of the large companies Bayernwerk and PreussenElektra (both having been privatised in 1994 and the late 80s respectively) saw gains from liberalisation, particularly in a single European market and became strong supporters. Others such as
RWE, EVS and Badenwerk were more reluctant but started to restructure, diversify and seek new markets, particularly abroad. There were also international reverberations from liberalisation in the UK. Large users and pro-liberalisation elements in government were galvanised by seeing a workable form of competition and strengthened their calls for liberalisation, at EU level as well as in Germany (Eberlein, 2000, p.85; Eising, 1999).

However, despite waning resistance from the larger electricity companies, in 1997 a liberalisation law had not been passed and two traditional features of the policy process, cooperative federalism, and cooperative opposition dominated, resulting in an extremely difficult process of change. The EU directive of 1997 had to be converted into national law, and the politically strong municipals were still opposed, though less on the basic principle of competition and more on distributors not having the same rights to choose suppliers as large users. In late 1996 the cabinet reached an agreement based on Third Party Access with 100% market access (Power in Europe, 1/11/96). The municipals, with the SPD as political support, reacted strongly against the proposals fearing the end of local energy supply as small utilities would be swallowed by the large utilities, and the SPD dominated Bundesrat rejected the proposals in its first reading (Power in Europe, 17/1/97). The draft law was debated in the Bundestag and received strong criticism from the SPD, the Greens/Bündnis 90 and even some in the CDU/CSU (Das Parlament, 25/4/97). In 1997 the Bundesrat rejected the law but mediation between the two houses failed to produce an agreement and despite more compromises the government controversially had to draft the law to exclude the Bundesrat veto and the law came into effect in April 1998.

The persistence of important national factors in the reform process meant that support was much more difficult to obtain in electricity. In debates on telecommunications in the Bundestag, for example, it is noticeable that SPD members appealed to SPD members in the Bundesrat to accept change on the basis of international competitiveness, whereas in electricity SPD members in the Bundestag attacked the government’s new law (Das Parlament, 28/6/96, 25/4/97). Although the German electricity law of 1998 apparently specified full liberalisation it was sufficiently vague for substantial interpretation to be required. Without a pro-active sectoral regulator, and detailed legal specifications of regulatory instruments as in telecommunications, the new electricity law seemed to reflect the difficulty of achieving the consensus.

Despite the distinctive cross-sectoral differences in the 1980s and 1990s, recent evidence suggests there may be increasing cross-sectoral convergence. The 1998 energy
law might have been lacking in the pro-competition regulatory detail as in telecommunications, yet since 1999 competition has grown significantly in electricity (Eberlein, 2000). Why this occurred is unclear, as is the future trajectory of the sector but it can be speculated that the post 1998 mode of sectoral governance is merely a ‘punctuation’ (Eberlein, 2000, p.98) and increasing liberalisation and convergence with telecommunications will be the defining feature of the 2000s.

France

The dominant norm of the French policy style is dirigisme in which economic and industrial policy-making is interventionist and state directed. Policies have been based on ‘indicative plans and industrial policies that focused on grands projets and encouraged the creation of “national champions” in both public and private sectors’ (Schmidt V., 1996a, p.375). This style is bolstered by the institutional system with a unitary state, a dominant administrative elite and a weak parliament (Wright, 1989). A ‘statist’ policy style in which ‘heroic’ policies are formulated and implemented with minimal input from societal actors is commonly attributed to France (Schmidt V., 1996a, p.376). Policy formulation, however, is often based on ‘bargains within and between government ministries and parties’ and favoured interests play an important role (Schmidt V., 1996b, p.199). In economic policy-making business and industry interests are close to government whilst interests such as the unions are often excluded from the policy process and frequently revert to short term direct action (Hall, 1986, pp.158-159, p.244). Overall, there is a predominantly ‘statist pattern of policy making’ modified to account for the politics of ‘confrontation’ and of ‘accommodation and co-optation’ (Schmidt V., 1996b, pp.46-70).

France provides an interesting case study of liberalisation, whilst not requiring the same extensive societal consensus as in Germany, a shift in the dominant norms of elites in government, the administration and industry have been necessary. The acceptance of liberalisation by the unions which have confrontationist tendencies is also necessary. Moreover, in broad terms industrial performance in France has been good: despite the rising neo-liberal critique against dirigisme, ‘France provides the obvious example of industrial policies which have not brought about the disasters predicted’ (Cohen, 1995, p.23). Of the three national cases considered here, France displays the
most distinctive cross-sectoral differences, most notably in the 1990s when liberalisation was embraced in telecommunications but strongly resisted in electricity.

Dirigiste economic management in France was most vividly manifested in the state-led developments in both sectors in the 1970s and 1980s. In telecommunications the ‘technology gap’ and the increasing competitive threat of US firms was recognised as early as the 1960s and became central to government policy, most notably in the 1978 Nora-Minc report which emphasised US competition and the importance of IT and telecommunications. A state led telematics programme, which involved computerised networks supplying a wide range of advanced services, was conceived, a central project of which was Teletel, an advanced telecommunications information system. In electricity in the late 1960s France’s low reserves of primary fuel gave rise to the strong state led nuclear power programme. A massive nuclear building programme unequalled by any other country was commenced in the early 1970s and resulted in a rapid stream of new nuclear power in the late 1970s and 1980s (Lucas, 1985, pp.44-47).

In the 1980s distinctive cross-sectoral differences in the performance of these programmes, particularly in international terms, began to emerge, and this had an impact on policy. The state led strategy, which involved using success in the domestic market as a springboard to international markets, proved ill-suited to the diversification and internationalisation of telecommunications. Whilst Teletel was successful in France, it became isolated from developments elsewhere and was unable to meet the increasing demand for new international services for business users (Humphreys, 1990, p.214; Thatcher, 1999, p.155), and was unable to compete with the new international services provided in the liberalised environment in Britain in the 1980s (Humphreys, 1990, p.221). The failure to achieve success in international markets with the telematics programme was a key factor which persuaded the government to a limited liberalisation of value added services in 1987 and, with prompting from the European Community, further liberalisation in 1989 (Noam, 1992, pp.144-145; Humphreys, 1990, p.222). In electricity as noted above the state led strategy was successful and EdF began to establish itself as the largest exported in Europe (Finon, 1996). In this context there was no pressure to consider radical alternatives in the 1980s and in the 1990s the pressure on France was much more political than from sectoral performance, particularly from the European Commission.
In the 1990s increasing international cross-sectoral differences provided an important context for the policy differences. In the early 1990s the changing attitudes of the key actors began to impact on government policy. Alcatel supported liberalisation and a thaw in the attitude of France Télécom (FT) led to it giving qualified support for further liberalisation in the European Commission’s 1992/1993 Services Review (Telecom Markets, 4/3/93, 8/6/93). The government also became more positive about liberalisation. In 1993 the new right wing government proposed privatisation as a means to give FT more freedom to act internationally. Also in 1993 the government accepted the liberalisation of voice telephony by 1998 in the context of EC discussions and in 1994, Bruno Lassere, a supporter of liberalisation and the head of the regulatory directorate in the ministry since 1989, successfully persuaded the government of the need for full liberalisation (Vedel, 1997, p.311). By 1993 liberalisation and privatisation were fully on the government agenda and the government had much wider industrial support. A process of consultation on the new liberalisation law, initiated in late 1993, was marked by increasing participation, particularly of new market entrants and foreign firms such as AT&T, BT, Cable and Wireless and Deutsche Telekom (DGPT, 1996; MTIP, 1995). A narrower ministry led consultation committee also included new entrants BT France and Bouygues as well as user, and manufacturing interests, though not trade unions (Interview: DGPT 12/6/97) and a new law on liberalisation was passed in 1996. There are, however, still traces of the tradition French norms in telecommunications. In the negotiations on European liberalisation France strove for a strong universal service and in the new regulator set up in 1997 interventionist tendencies, particularly regarding universal service, have been observed (Maxwell, 1999, p.260).

Whilst a law on liberalisation was passed in 1996, difficult struggles ensued over liberalisation and privatisation with the unions and Socialists opposed (Thatcher, 1999, pp.161-163). In the run up to the presidential election of 1995 the Socialist candidate Lionel Jospin was opposed to privatisation and the controversy led to its delay until after the election (Communications International, April 1995, January 1996). Unions were strongly opposed and there were strikes in 1994, late 1995 and early 1996 (Telecoms Markets, 14/3/96, 25/4/96). However, as noted above, slowly but surely there was increasing acceptance, if not full support for privatisation across a wider spectrum, sufficiently so that in 1997 Jospin, now prime minister, became more ‘pragmatic’ and announced the first stage of privatisation of FT in September 1997 (Financial Times,
9/9/97, 18/8/97). Union opposition also fell a little, with some, such as the Force Ouvrière (FO) accepting the need for capital opening (Financial Times, 31/7/97).

The most distinctive feature of reform in the early and mid 1990s in the two sectors is that whereas in telecommunications liberalisation was accepted by most and embraced by some, the key actors in electricity, EdF and the government resolutely resisted liberalisation. This is most notable in the context of the proposals for a liberalised single European market. The government and EdF strongly held to the ideas of public service, central planning and monopoly organisation throughout the difficult negotiations at EU level in 1995 and 1996 (Power in Europe, 15/12/95, 12/7/96) and in the agreement of 1996 France managed to have the less liberal ‘Single Buyer’ option included. Once the EU electricity directive was adopted the enactment of a new law was still a slow and difficult process. A new law, limited to 30% market opening in 2000 rising to 34% in 2003, was finally passed in early 2000 (Power in Europe, 3/2/00) a year after the EU’s deadline for implementation of the directive. Moreover, in the 1990s the privatisation of EdF, although occasionally considered (Barnett, 1994) has never been a serious agenda item. Comparison with telecommunications suggests that the weaker transnational forces are important reasons for the differences between the sectors. Although EdF has internationalised, this has not been in response to global user demand nor is there any pressure to engage in global alliances. There are also no significant foreign suppliers establishing in France and pressing for greater liberalisation. Furthermore, the limited technical diversification also means that there are relatively few French new entrants pressurising for liberalisation. Potential competitors of EdF who have seriously considered the French market, are limited and mainly French such as Generale des Eaux. The latter have pressed for liberalisation (Interview: EdF) but judging by policy outcomes their influence has been insignificant.

Differences in the elite attitudes to the sectors are illustrated by a comment in early 1996 by the French Industry Minister, Franck Borotra: ‘a distinction can be made between sectors where a monopoly is necessary - the post office, EdF and the railways - and those where changes are required like France Télécom’ (Agence Europe, 3/2/96). It was also notable that the French government in 1993 and 1994 was willing to support broad resolutions on the full liberalisation of telecommunications by 1998 before the details of the directives were agreed whereas no general resolution was possible before the agreement of the directive. Furthermore, in interviews a France Télécom representative was bullish about competition saying that ‘France is more liberal than the
UK’, whereas a representative of EdF lamented the (relatively limited) decline of central planning in electricity (Interviews: France Télécom 21/2/97, EdF).

There are, however, some signs of change in the electricity sector in the late 1990s and early 2000s which appear to reinforce the importance of the international context. A pan-European capital market in electricity has developed rapidly with increasing cross-European mergers and acquisitions. A successful international strategy within Europe has become increasingly essential if EdF is to retain its position as the largest electricity company in Europe. Partial privatisation to open capital for international investment is becoming a more serious agenda item (Financial Times, 29/1/01). Like Germany it can be speculated that in the early 2000s there will be increasing cross-sectoral convergence.

Britain

The UK’s political system can be characterised by its centralised nature and the strength of the executive. It has a majoritarian parliamentary system with a unitary political structure with few challenges to the power of the executive. A duopoly party system with disciplined and cohesive parties tends to encourage adversarial, rather than consensus-seeking, parliamentary politics. Despite this, for much of the post-war period the British policy style has been predominantly one of ‘bureaucratic accommodation’, in which ‘the prominent actors are groups and government departments and the mode is bargaining rather than imposition’ (Jordan and Richardson, 1982, p.81). Incrementalism, compromise and consensus have characterised the style and problem solving has tended to be reactive to interest group pressures (Jordan and Richardson, 1987). However, in the 1980s in the broad thrust of privatisation and liberalisation there was a clear shift towards a pro-active and centralised policy style. The longer term view challenges the conventional wisdom that a ‘heroic’ and proactive policy style in the UK cannot last (Moran and Prosser, 1994, p.5). The ideologically committed Conservative government, in contrast to Germany, were faced with no other significant centres of political power and the duopoly party system led to no constraints of coalition building. There were also minimal constitutional constraints on privatisation compared to Germany where post, telecommunications and rail services have had special constitutional status.

The central role of the ideologically determined government and the lack of major institutional barriers were reflected in the privatisation process in both sectors
and mean it is difficult to make the case for the impact of different transnational sectoral forces. Radical experiments were conducted in both sectors and met strong interest group opposition. The privatisation of BT was a manifestation of a pro-active and centralised policy style because it was a radical innovation based on a strong party programme and had strong interest group opposition (Moon et al, 1986, p.339). The central thrust of the privatisation of BT came from ministers with little outside pressure even from large users (Thatcher, 1999, p.146). Although some privatisation and liberalisation had already been undertaken, it was a radical and innovatory step because of its size, its status as a national utility industry, and the degree of uncertainty in the outcome. The privatisation and restructuring of the electricity sector in the late 1980s was even more radical and the government proceeded with strong commitment. The highly ambitious programme of privatisation and restructuring within the lifetime of parliament was described as ‘frightingly tight’ (Roberts et al, 1991, p.61). There was also very strong opposition from various quarters. Management of the largest company, the CEGB, although in favour of privatisation, strongly argued on technical and security of supply grounds that the CEGB should not be split (Roberts et al, 1991, p.70; McGowan 1996, p.143). A parliamentary energy committee described the legislation as ‘spatchcock’ and critics from across the political spectrum urged caution (Roberts et al, 1991, pp.78-79). Nevertheless, the pro-active policy style was predominant as the government ignored the opposition and the privatisation and new restructured competitive system was completed by 1992.

Yet there were some important differences: it can be asked for example why telecommunications was chosen first? Clearly it was an easier sector to reform: the barriers to change were lower and there were some supporting interests. There was a much stronger rationale for reform in telecommunications and international domestic factors played important roles. Whilst the privatisation of BT was government led, in the late 1970s and 1980s pressure grew most notably from large internationally orientated users for liberalisation, particularly for more competitive advanced services and leased lines for private business networks. City interests were concerned about the poor quality of data transmission services, and about maintaining its position as the leading global financial centre ((Hills, 1986, p.90; Hulsink, 1999, p.132). Organised large and small business users also pressurised the government for the liberalisation of advanced services (Hulsink, 1999, p.127). The idea of a second network operator came from a group of internationally orientated financial and industrial interests (Barclays
Bank, BP and Cable and Wireless) (Thatcher, 1999, p.176; Hills, 1986, p.93) who closely collaborated with the government on liberalisation (Hills, 1986. p.93). Another international factor, the ‘technology gap’, led the new Conservative government in 1979 to embark on policies aimed to improve advanced industries, such as electronics or biotechnology, rather than support ailing traditional industries (Noam, 1992, p.104).

In electricity there was an attempt to reform the industry in the early 1980s but this had little effect. The 1983 Energy Act aimed to encourage private generation by ending the statutory monopoly of the generating boards was ended and private generators were to be allowed to use the transmission system to supply customers (Roberts et al, 1991, pp.51-52). However, the Act was seen to have failed as almost no new private generators entered the market (Roberts et al, 1991, p.52). Why was the liberalisation more modest than telecommunications and why did it fail? There were a number of reasons specific to the industry which include the politics of coal, the centrality of electricity to modern life and the technical characteristics of electricity generation. The policy community which comprised of the electricity generating and distributing boards, the nuclear industry, the coal industry and the power plant construction industry (Roberts et al, 1991, pp.43-46) was even more closed and nationally orientated than telecommunications. There was therefore a very powerful set of interests which favoured the status quo. Moreover, pressures and support from outside interests were much less. City interests were much more peripheral and as noted above large energy users only began to act more collectively in the early 1980s. With big investment in the 1960s and 1970s the industry was not antiquated despite the problems with nuclear power. In addition, technical factors, such as the non-storability of electricity and the need to maintain supply under all demand conditions, were recognised as limiting the potential of market forces (Roberts et al, 1991, p.51). The weakening of the policy community which enabled the reelected Conservative government in 1987 to pursue radical reform required the long and bitter miners strike of 1984-85.

Looking at the broad trends of liberalisation in the 1990s the most distinctive feature of government policy and regulatory activity is cross-sectoral convergence. In both sectors in the years following the initial privatisation, competition was limited, there were dominant established players, and most consumers had little choice. In both sectors the government and pro-active regulators have aimed to overcome these restrictions by encouraging new entrants, giving all consumers more choice and eliminating anti-competitive practices. In telecommunications in 1990 the duopoly
expired and the government allowed a wide range of players such as cable TV satellite service operators to apply for licences to operate domestic services (Thatcher, 1999, p.208). This was followed in 1996 with the full liberalisation of international lines. In electricity the local monopolies held by the regional electricity companies were relaxed in 1998 (Green and Newbery, 1998) and to promote more competition in the operation of the pool, the ‘New Electricity Trading Arrangements’ are to be introduced in 2001. The regulators have also striven to increase competition.

Throughout the 1990s the promotion of new entry by network interconnection has been a significant feature in telecommunications and since 2000 the regulator has attempted to open up BT’s local loop. The electricity regulator, although having limited powers to change the operation of the pool has striven to make improvements. Most notably the regulator, using the threat of an MMC reference, has fought a long battle with the two big generators and succeeded in getting them to divest some of their plant (Green and Newbery, 1998).

This cross-sectoral convergence suggests that transnational economic and technological forces have not been significant in the general policy thrust, rather the neo-liberal ideology of competition promotion has been more important. There have, however, been some cross-sectoral differences, though most can be ascribed to particular sectoral characteristics, transnational forces, again in telecommunications have not been wholly absent. For example, in the 1990s the telecommunications regulator has been able to exploit BT’s desire to engage in global alliances in its negotiations on the promotion of competition through network interconnection. In 1994, strong domestic lobbying by competitors such as Mercury (Communications International, December 1994, January 1995), and concerns about BT’s alliance with the American company MCI (central to BT’s global strategy) on competition grounds, enabled regulators to successfully demand that BT was more open about its interconnection pricing system (Telecom Markets, 23/6/94). By the mid 1990s, there were many foreign new entrants: many US companies such as AT&T, MFS and WorldCom, and cable TV companies and companies from other already liberalised countries such as Australia, New Zealand, Sweden, Canada and Japan have become commercially active (YET, 1997). The entry of these new companies is reflected in an increase in lobbying for a more liberal interconnection regime (Interview: DTI Telecoms, 4/12/96). The US company AT&T have strongly lobbied for liberalisation of international lines and the US regulators specified it as a condition on BT’s operate in
the US (Thatcher, 1999, p.208). Under pressure from internationally operating new entrants, to increase the attractiveness of the UK to multinational corporate users and maintain the UK as the hub of European telecommunications, the government fully liberalised international services in 1996 (Telecom Markets, 23/5/96).

4. Conclusion

The cross-sectoral analyses in three countries presented here show the various ways in which transnational economic and technological forces have impacted on the policy process. First, technological change, as well as facilitating globalisation, has led to diversification in telecommunications, which has increased the number of pro-liberalisation actors. Second, the development of global networks and user demand in telecommunications has led to powerful groups of large users favouring liberalisation. Third, global demand led to the development of global telecommunications alliances and patterns of extensive international investment in telecommunications. The telecommunications operators FT and DT felt compelled to participate in alliances and this was eased by being partly privatised. Fourth, liberalisation and increasing international competition have also impacted on the policy process. In the 1980s US firms subject to competition and seeking new markets such as IBM and AT&T were active in Europe and the British firms BT and C&W were more and more active in France and Germany. In electricity all these processes are much less pronounced, for example, the limited technological changes mean there is no network globalisation, no global user demand or global producer alliances. Also the communities of interest have tended to be much more nationally focused and key issues have been defined more by specific national characteristics.

There are some signs, however, that transnational forces in electricity are becoming stronger. Whilst of course there are no comparable global networks, the internationalisation of investment has developed rapidly in recent years. In Germany, for example, the possibility of the large utilities gaining markets elsewhere in Europe was an important contextual factor in leading to their acceptance of liberalisation (Eberlein, 2000). In the late 1990s and early 2000s investment in the sector in Europe has become increasingly internationalised, partly as a result of the onset of liberalisation. EdF, though internationalised for many years has begun to see that partial privatisation and capital opening may assist its international strategies.
Despite the importance of transnational forces, the arguments reported elsewhere about the enduring significance of institutions and policy styles are supported. For example, in Germany and Britain since the early 1980s there have been strong advocates amongst political elites for neo-liberal policies. The reform processes, however, were very different. In Germany an extended process of consensus formation was necessary for the enactment of reform, whilst the British government was able to exploit institutional centralisation and enact radical reforms without a broad consensus. The most interesting question concerns the nature of the relationship between the institutions and exogenous forces. This can, up to a point, be depicted as institutional mediation of exogenous forces. For example, in France the traditional dirigiste style was evident in both sectors in the 1970s and 1980s but powerful transnational forces influenced key elite and societal actors in telecommunications and dirigisme abated in the 1990s. In Germany, despite some elite support for neo-liberalism, the policy style meant that a broad consensus was required and this was more easily created in telecommunications under powerful transnational forces. However, endogenous impetuses for change and contrasting interpretations of transnational forces show the limitations of this depiction. British reform, driven by ideological commitment and with small institutional barriers, provides the best example of endogenous impetus. National policy norms have also had a distinctive impact on transnational lesson learning. This is most vividly displayed in the cross-national differences in electricity between France and Germany. Whereas neo-liberal elites in Germany were eager to draw positive lessons from the British electricity experiment, French elites have remained highly sceptical.

Interdependence of institutional processes and exogenous forces is therefore the defining feature of the policy process. One manifestation of this is the cross-national variations in the extent of cross-sectoral difference (Table 1). France in the 1990s has displayed the most distinctive cross-sectoral difference with liberalisation being embraced in telecommunications but strongly resisted in electricity. By contrast Britain in the 1990s displays the least difference with full liberalisation pursued in both sectors and pro-active regulators actively promoting competition. The extent of cross-sectoral difference in Germany is moderate and located between France and Britain. By the end of the 1990s liberalisation became established in both sectors but the process of enacting liberalisation was much slower in electricity and consensus much more difficult to forge. In the 2000s it seems that cross-sectoral differences in
all countries are falling. The process has already occurred in Britain in the 1990s, in Germany after 1999 there is clear evidence of convergence, and there are some signs of convergence in the near future in France with further reform of the electricity sector on the agenda.

The increasing cross-sectoral convergence in all three countries leads to some interesting thoughts and questions about the relationship between exogenous forces and institutions which can be briefly raised here. It could be argued firstly that there is increasing transnationalisation in the electricity sector (most notably the internationalisation of investment) and this is building pressures for more capital opening, privatisation and liberalisation. In this case, the longer term view is that the primary role of institutions is one of mediation of external forces. Alternatively it could be argued that transnational forces are still much weaker in electricity (e.g. there are still major network limitations and international investment is not as extensive or global as telecommunications). In this scenario greater dependence can be ascribed to the neo-liberal ideas and their diffusion and adoption rather than responses to external economic and technical stimuli.
Table 1. Cross-sectoral Differences

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<th>1980s</th>
<th>1990s</th>
<th>2000s (?)</th>
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<td><strong>Germany</strong></td>
<td>Medium</td>
<td>Medium</td>
<td>Low</td>
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<tr>
<td></td>
<td>End of decade: first stages of telecom reform</td>
<td>Privatisation and full liberalisation of telecom</td>
<td>Full liberalisation in both sectors?</td>
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<td></td>
<td>No change in electricity</td>
<td>End of decade: liberalisation of electricity</td>
<td></td>
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<tr>
<td><strong>France</strong></td>
<td>Medium</td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td>State-led policies in both sectors</td>
<td>Full liberalisation of telecom</td>
<td>Moves to privatisation and more liberalisation in electricity?</td>
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<td></td>
<td>End of decade: first stages of telecom reform</td>
<td>End of decade: some electricity liberalisation</td>
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<tr>
<td><strong>Britain</strong></td>
<td>High</td>
<td>Low</td>
<td>Low</td>
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<td></td>
<td>Beginning of decade: privatisation and first stages of liberalisation of telecom</td>
<td>Promotion of competition by government, sectoral regulators and competition authorities in both sectors</td>
<td>Increasing competition and decline of sector specific regulation?</td>
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<td>End of decade: privatisation and liberalisation of electricity</td>
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