

The Future of Telecom Regulation

- the case of Denmark

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Topic

- Changes in telecom regulatory institutions – with emphasis on independence
- The case of Denmark
- Does it apply to other countries? – the trends that we analyse apply generally
- In Denmark, the trends apply – but it can be discussed whether these are the concrete reasons

Hypothesis

- The independent regulatory institutions that we have had during the past 20-30 years will (gradually) be subsumed under broader political concerns – politically and organizationally
- Reasons (drivers):
 - Move back from a regulatory state (with focus on competition) to a developmental state (with focus on broadband deployment)
 - ICTs are increasingly enablers for other social and industrial sectors

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Additional hypothesis

- Independent regulators have all the time been 'foreign' in European public administration
- Independent regulation was inspired by the US
- Now that 'time has passed' and focus has changed (the 2 'drivers'), the independence of telecom regulatory institutions are undermined

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Motivation – the case of Denmark

- In 2011, the Danish telecom NRA (NITA) was dismantled
- Its functions are spread over 4 ministries
- The telecom regulatory functions was subsumed under the general Business Authority under the Ministry of Business and Growth
- No reasons – what so ever – were provided
- The paper: Seeking to analyse plausible reasons

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Method

- Discussing the issue of independence from a theory point of view
- Describing the Danish development of the telecom regulatory institution
- Discussing the 2 'drivers' from a theory point of view
- Interviewing 6 key stakeholders – as experts, but taking their affiliation into consideration

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Immediate conclusions (from interviews)

- No 'enthusiastic support' for our hypotheses from interviewees – not to be expected
- However, recognition of the problem issues
- General support for the hypothesis that telecom regulation has become more politicized – either deploring the fact or pointing at positive implications
- Statement from interviewees: Politicians have never really understood the concept of independent regulation

Theory on independent regulation

- Independence as the *touchstone* of telecom reform
- The basics: Separation of policy development, regulation, and operation
- References to texts by William Melody and Marc Thatcher
- Melody
 - Independence from state owned operators
 - Independence from day-to-day policy processes
 - Independence from operators lobbying policy processes
- Independence from the policy 'principals' and those being regulated

Theory on independent regulation (cont.)

- Thatcher
 - Regulatory agencies as a consequence of pressure on policy institutions
 - Vast differences between European countries
 - Not only an issue of common law vs. civil law
 - In Sweden, regulatory agencies must be independent
 - Two types of regulatory institutions:
 - Competition and price control ('hard' matters)
 - Environment and safety ('soft' matters)

Theory on developmental trends

- References to texts by Chalmers Johnson, Giandomenico Majone and William Melody
- Johnson
 - Analyses the developmental state in Japan
 - Finds similar trends in other Asian countries
- Majone
 - Analyses the transition in Europe from a positive state to a regulatory state
 - Links it to the processes of internationalization and liberalization
 - (The positive state is – almost – the same as the developmental state)
- Melody
 - Focus on extending broadband (with state support) as opposed to creating competition

Summary of developmental trends

- Differentiation between developmental state as opposed to regulatory state
- The claim is not that one substitutes (entirely) for the other
- It's a question of combination and focus

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Theory on ICTs as enablers

- References to texts by Giovanni Dosi, Christopher Freeman and Carlota Perez
- Dosi and Freeman
 - Technological paradigm based on ICT
- Perez
 - When a technological paradigm settles, focus will change from the technology sector itself to the social applications of technologies

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Summary of ICTs as enablers

- The enabling functions of ICTs have 'always' been taken into consideration
- From the Delors plan (1993) to eEurope and Digital Agenda
- In national contexts: ICT plans with application areas of ICTs
- However, with maturation of ICTs, more focus on enabling functions
- ICTs are part of a broader policy agenda

Conclusions

- Increasing politization of regulation
 - Promotional activities complementing regulatory activities
- Weakening of independence in relation to the policy level
- Strengthening of combination with other policy areas
- In Denmark, the combination of telecom and IT (convergence) has lead to greater politization
- But it was weakened attention to telecom regulation that lead to the dismantlement

Conclusions (cont.)

- The two 'drivers' do have an influence
- The different elements in the policy foundation is a fine-tuned set of conceptualization – this has changed
- Evidence from Denmark
 - Policy discussions
 - Policy statements
 - Actual public support:
 - Bornholm
 - Policy support for municipal activities
- Stronger evidence from other European countries