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Trans-European Telecommunication Networks

The shift towards a liberal regime within European telecommunications is tied intimately into the development of the information society across the continent. The rise of market forces across telecommunications (as well as increasingly related sectors such as IT and content) has created an interface between corporate strategy and public policy that is driving widespread socioeconomic change. The Commission’s aim is to use the public policy/corporate strategy interface to build the information society based on a pluralist platform reflecting its liberal-driven development agenda. However this pluralist strategy understated the aggressiveness (in both political and economic terms) with which incumbents sought to defend their respective positions. As a result, doubts emerged over the viability and practicality of the liberal approach. This concern has been compounded by the slump in telecommunications in the late 1990s and the uncertainties and instability within corporate strategy that it created. Thus the development of TENs in telecoms stands at a crossroads between the desire for a market-driven approach and the need to utilise incumbents to deliver the information society. This will involve a need to control and reward these incumbents which has implications for the policy/corporate strategy interface. This paradox at the heart of policy/strategy development will be the key theme of this chapter.

Initially this chapter looks at the EU policy actions to promote the information society through liberalism. Consequently, the chapter examines the evolutionary shift towards a liberal agenda for telecommunications culminating in the Electronic Communications Framework Directive. Thereafter the chapter moves to examine the key market-driven responses to these opportunities. From this analysis, key
issues in the development of the information society are addressed, notably issues regarding access to the spread of broadband, the local loop and emergent mobile strategies. Before conclusions are reached, the policy measures within both a national and supranational context are examined.

**The European information society**

The information society has moved to the centre of the EU’s international competitiveness policy through seeking to stimulate the broad socioeconomic changes associated with the increased strategic importance of information and knowledge (for a review, see Garnham, 1997). The European Commission’s path for the development of the information society is intimately linked into the re-regulation of telecommunications (and other related sectors) and the spread of advanced (most notably broadband) infrastructure. Through this strategy, the EU has sought to establish a clear link between the development of the information society, the corporate strategies of telecommunications operators and the international competitiveness of the EU.

The links between telecommunications policy and the creation of the information society only really started to become an explicit policy goal in the 1990s (see below). In doing so, the EU promoted a version of the information society that was more socially inclusive than the form promoted by the US which was more explicitly market-driven (especially in terms of deliverable content). In tune with the generic shift towards liberalism within the global economy, the EU recognised that such changes could only be realised through the freedom for operators to create and deploy the networks that act as the necessary platforms for the evolution of the information society (Liikanen, 2002). Consequently, the EU sought to remove the key impediments to such freedoms not least of which were the powerful telecommunications incumbents (see Table 4.1) who have a vested interest in limiting market integration. Core to the emergence of the European information society is facilitating the free mobility of information. Thus, just as the SEM has sought the realisation of the four freedoms (labour, capital, goods and services), so there is a need to create a fifth freedom – information. This requires integrated networks and a pan-European service environment (Natalicchi, 2001).

From the mid-1980s, the Commission (in concert with actions by national authorities) set about challenging the paradigm of network development based on control and monopoly. The European Com-