Transforming Telecommunications
Democratising Potential, Distributive Challenges and Political Change

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1 Introduction

Possibilities and Challenges
Within the information and communications sectors we have witnessed substantial changes over the past decades. There have been considerable technological developments with digitisation and development of new services. Politically, the telecommunications monopolies have been abolished. Economically, telecommunications and other information and communications technology (ICT) industries have grown to larger shares of the economy. Socially, we have received new channels for information, communication and participation regardless of time and space.

This thesis considers how some of the possibilities and challenges that follow from this development have been handled politically. The main focus will be on a classic political tension currently actualised: the relationship between market forces, distributive justice and democracy. This is one of the basic questions within critical political economy and one of the core tensions in debates about the welfare state. The point of departure for this thesis is that ICT has a democratising potential as new services provide citizens with new channels for information and participation. One example is the Internet through which we may engage in personal and political debates, respond to others, make proposals, as well as seek information. However, building on concepts of democracy which emphasise the inclusiveness of democracy, i.e. that all citizens should have equal opportunities in exercising their citizenship, I will argue that access to important services must be universal. This implies that ensuring everyone access to important information and communication services is essential in order to realise the democratising potential of ICT.

At the same time the infrastructure of these services, that is telecommunications, has been liberalised. Earlier, the telecommunications sector used to be organised as
monopolies, and cross-subsidies between profitable and non-profitable areas could ensure service provision to all parts of the country. Hence, a contemporary political challenge is how to ensure this inclusiveness in liberalised markets. Should politicians trust the market to distribute resources fairly, or will political interference be necessary? The first main question for investigation in this thesis is: *How has the challenge of ensuring distributive justice in liberalised telecommunications markets been handled politically in the three states Norway, Denmark and Ireland?*

The analysis will focus on what role the concern for distributive justice has played in political debates on telecommunications in these states, what regulatory measures have been chosen in order to promote universal provision of services, and how these have been implemented. The three states provide an interesting comparison as they are all small European states with different relations to the European Union (EU) and different traditions for political interference in the economy. The comparison may therefore contribute to more general insights about the tension between liberalised markets and distributive justice.

Furthermore, the comparative approach will be important in order to analyse the level of policy convergence. I will argue that when politicians in these states respond to such challenges, they do this in another tense relationship between international constraints and national concerns. They must act within an international framework with common EU-regulations and global markets which constrain their degrees of freedom for policy-making. This may lead to a political convergence where national differences diminish. However, at the same time, the states’ starting points differ and there are significant variations between them regarding their national characteristics, historical legacy and political cultures. For example, before liberalisation Norway, Denmark and Ireland had different regimes for telecommunications regulation, different levels of telephone penetration, and the concern for distributive justice varied between the states. Hence, this thesis’ second research question is: *To what degree are we experiencing a political convergence between the states’ telecommunications policies?*

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1 Here Ireland refers to the Irish Republic.
Before going more closely into the three states’ telecommunications policies, there is a need to sketch out the background for this study more clearly. Below, I will first take one step back and discuss one of the basic assumptions underlying the questions asked in this thesis. This is the observation that modern societies are currently undergoing important changes, changes which are related to the development of ICT and which challenge existing policies.

Thereafter, the two political tensions, which will be the focus of analysis in the thesis, will be discussed in closer detail. The tension between democracy, distributive justice and liberalised markets will be discussed within the framework of political economy of communication, whereas the tension between international constraints and national concerns will draw upon theories of the importance of institutions and institutionalisation of politics.

Having established this as a point of departure for a comparative policy analysis, I will contextualise telecommunications within the broader framework of ICT policies. This will be done through a brief presentation of how the three states have developed ICT-policy strategies to meet the challenges of a changing society. With this as a background, I will return to the questions of research for the analysis of telecommunications policy.

**Theories of the Information Society**

One of the basic assumptions underlying the questions asked about the new challenges for policy development in relation to ICTs is the idea that society is going through significant changes. In the academic literature, there has been a debate about the consequences of ICT-related social change for at least three decades. One of the early contributions was a book by Daniel Bell about the coming of a post-industrial society, and in the 1990s, this debate was again revisited by a number of scholars. Without intending to write a full overview of this debate, I will present some of the important perspectives within it.² I will focus on three dimensions of social change that are all important in this debate; the economic, the spatio-temporal and the cultural

² See for example Webster (1995) for an overview of many influential theories.
dimensions. These dimensions are inspired by five definitions Frank Webster has identified which include a technological, an economic, an occupational, a spatial and a cultural (Webster 1995:Chapter 2). However, as these definitions are partly overlapping, and as most contemporary concepts of the information society include aspects from several of the definitions, I think it is more fruitful to regard them not as definitions, but as dimensions in a process of social change. Further, I find it serviceable to reduce them from five to three. In this scheme the economic and the occupational are combined into one dimension, and technology, which plays a role in all dimensions, is not seen as a separate dimension as I want to focus on social, and not technological, changes. Hence, the dimensions I wish to focus on are the economic, the spatio-temporal and the cultural. I believe that these three dimensions may serve as useful tools for analysing ICT-related social change, and, as is the purpose here, in reviewing some theoretical approaches to the information society.

The Economic Dimension

The first dimension is the economic dimension. This focuses on the importance of the information industries in a total economy. Economies have grown rapidly with the diffusion of ICTs, both in terms of contribution to the gross national product and in terms of employment. Bell (1974) described the emergence of a new form of society significantly different from the industrial society. According to Bell, the post-industrial society will have a different economic basis than the industrial society. There will be a change from goods-production to services-provision, and the majority of the labour force will no longer be engaged in agriculture or goods-manufacturing, but in services. This expansion of the service economy also implies a shift from blue-collar to white-collar occupations and a growth of professional and technical employment (Bell 1974:Ch1).

Bell’s concept of the post-industrial society has been very influential in the subsequent debates about how societies are changing, and current concepts about the emergence of an information society emphasise not only the predominance of services in the economy, but also of information services. There are, however, several issues of conflict and one of these is how this information sector should be defined.
Nevertheless, most agree that there has been a change in modern societies in which information sectors are growing. Another controversial issue is whether this development implies that a new kind of society is developing as Bell suggests. Webster criticises this idea and states that the problem with the concept of a new society is partly quantitative and partly qualitative (Webster 1995:217). The quantitative question concerns at what point the economy has become so dominated by the information industry that it is a new form of society, and signifies a general problem of identifying societal transformations as the moment of change will always be problematic to distinguish, especially when describing contemporary society.

Webster’s qualitative critique is that if there is merely a growing information sector, it is hard to see that what we have before us is something qualitatively new. This qualitative issue has been approached quite differently. On the one side, libertarians like Nicholas Negroponte (1995) and the Microsoft industrialist Bill Gates (1999) describe a new economic reality in which the traditional conflicting interests between rich and poor, between workers and owners will diminish. They argue that in the new digital economy, the market will work effectively and the most important capital is not economic assets but human skills. Critical political economists like Herbert Schiller (1996) and Dan Schiller (1999), on the other hand, hold that the basic structures of power persist. In their view, computer networks do not abolish the problems of inequality and domination in the market system. On the contrary, such networks broaden the effective reach of the marketplace (Schiller 1999).

These different perspectives provide important insights. It is obvious that significant changes in the economy have been evolving over several decades. But, it is not obvious that they lead to a new kind of society. In fact, some of the descriptions of a fundamentally transformed economy could be interpreted as ideological statements. I will argue that the logic of capitalism is not being changed fundamentally and that technology does not eliminate social conflicts in society. Further, manufacturing industries still play an important role in today’s society, even if much of the production has been moved to low-cost countries. However, the contents and modes of production in modern industrialised societies have changed radically and we may
therefore say that the changes in the economy are substantial and constitute one of the important dimensions of social change today.

The Spatio-Temporal Dimension

Another important dimension of social change is the spatio-temporal dimension. This focuses on how the social meaning of space and time changes as a result of the creation of new social and technological networks. Marshall McLuhan was concerned with the development of television networks and argued that time and space collapse to the extent that we will all be living in a ‘global village’ (McLuhan and Powers 1989). Manuel Castells has studied the development of new networks and has given a more recent interpretation of such changes (Castells 1996). He argues that in the information age, the dominant functions and processes are increasingly organised around networks, hence we are entering the ‘Network Society’. This concept is closely linked to the economic dimension as one of the basic arguments in his theory is concerned with economic globalisation. Castells argues that information networks enable a new international division of labour between high cost informational labour, lower cost labour, natural endowments and devalued labour. These positions do not coincide with countries, but are organised in networks and flows, enabled by the technological infrastructure (Castells 1996:66). Further, he argues, this facilitates a new and innovative economy with a higher rate of productivity like what was observed in the USA in the later half of the 1990s (Castells 2001). Castells agrees that networking is not a new form of social organisation, but insists that the new information technology enables the expansion of networks throughout the entire social structure (Castells 1996:469).

Parallel to the discussions about the economic dimension, there is an argument about whether or not the changes along the spatio-temporal dimension are strong enough for us to talk about a new form of society. Some critics argue that the development of global networks is nothing new, that capital has been global for at least a century, and that global investments were comparably high in the beginning of the 1900s (Østerud 1999). Others are concerned that the notion of a new economy is not very clear and that the evidence of the US development is not necessarily unambiguous and positive
A more fundamental objection to the notion of the global network society is that this society is a very exclusive one. The networks actually reach only a small part of the world’s population. According to the UNDP more than three-quarters of the world’s Internet users live in high-income OECD countries, which contain 14% of the world’s population (UNDP 2001:40).

Nevertheless, the spatio-temporal dimension adds important insights to the current social changes in the sense that new technological networks enable people, businesses and governments to communicate, regardless of time and space. This has consequences for how we organise our daily lives, and how the economy and the polity work. However, I think the critics are right in stressing that we are not seeing the emergence of a new global network society where all people are networked as equal participants. Large industrial interests are much better networked than workers’ and citizens’ groups, and rich countries have a far better infrastructure and many more networked citizens than less developed countries. The networks do not transcend inequalities and domination in the political economy, but, the networks are being developed, and even though they are not inclusive, their consequences may be global.

The Cultural Dimension

The last dimension concerns how contemporary culture is more information-laden than ever before. We live in a media-laden society in which television, video, movies, advertising, books, magazines, compact discs, radio, newspapers, telephony, internet etc., play increasingly important roles and contribute to an environment in which symbols and messages surround us.

How fundamental social changes do this growing importance of information represent? Some, and especially scholars within the postmodernist tradition hold that this signifies an essential break with the past. Postmodernists reject the modernist project and argue that there is no truth, only versions of truths, there is no authenticity, everything is inauthentic, and there are always multiple meanings and interpretations. According to Jean Baudrillard, the contemporary media-laden culture is one of signs. Everything from the news to what is happening to ones self is a matter of
signification, and we therefore cannot escape inauthenticity (Webster 1995:177). Such rejections of authenticity, and in effect of the existence of an empirical world are highly controversial. However, Webster argues, even those who reject post-modernism might agree that we are living in a post-modern condition in the sense that signs and post-modernist lifestyles surround us. There is no doubt that the amount of information in circulation is growing rapidly. In this sense the cultural dimension constitutes an important aspect of the changing society. Still, I agree with Webster that this observation is too vague a description to say that we are entering a new kind of society.

Not the Information Society, but also an Information Society

The above review of three dimensions of social change shows that significant changes in society are related to the development and diffusion of ICTs. Enabled by ICT, information and communication play a more important role in our economy, in the organisation of society, and in our culture and personal lives than ever before. Communication networks reduce the meaning of geographical distance for those who are connected and they allow new economic, social and political networks to develop. Whether or not these changes are so fundamental that a new kind of society is emerging is uncertain. I agree with Webster when he argues that there is no dramatic shift in society, but a process that has been going on over recent centuries in which information has become increasingly important (Webster 1995:217). The changes are gradual and the basic power structures in society seem to persist. I therefore agree that we are not entering the information society as a radical break with the past that replaces the industrial society.

Nevertheless, the changes we are observing are substantial. One way of expressing this would be to say with Webster that our societies are ‘informationised’. Another way of expressing this, which I prefer, is to say that our present society is also an information society. Society today is not fundamentally different from earlier forms of society. Our society is still a modern industrialised society, but the industrial society is changing. As we have seen, the development and diffusion of ICT enable significant social changes that affect the economy, the meaning of time and distance
and our culture. I will therefore argue that the current industrial society is also developing into an information society.

**ICT, Democracy and Political Economy**

This development of a society that is also an information society represents both opportunities and challenges for policy makers in several areas, from medicine to media, from electronic surveillance to industrial development. One set of opportunities, which will be emphasised in this thesis, is how the development of new information and communication services provide new opportunities for citizens to access information and to participate in society. The debate on ICT and democracy has many parallels to the debate on media and democracy. It is widely recognised that media, like newspapers and broadcasting, have important functions in modern democracy. They are essential channels for expression of views and political arguments to citizens and policymakers. They are important sources of information and necessary for citizens in order to make informed choices. Furthermore, the media are arenas for public discourse, and they form important public spheres in which arguments may be confronted and opinions presented and formed. These functions are significant for a democratic society and in order to fulfil these functions freedom of speech, press freedom and media diversity have been key ideals for media performance as well as for media policy.  

New information and communications services share many of these democratic functions. Using the Internet as an example we find that, like the press and broadcasting, the Internet gives citizens new means for information and participation purposes. Through e-mail and the World Wide Web, the Internet provides alternative sources of information, possibilities for expression of arguments and arenas for public debates. Yet, in addition to these characteristics it also has other additional qualities that enable a stronger democratic potential.

The Internet does not recognise national borders. On the World Wide Web, publishing may be done in one country, and the contents are immediately available all over the

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3 See for example Keane (1991) and Skogerbø (1996).
world. Similarly, e-mails may be distributed immediately to receivers at different locations. The way of distributing makes direct censorship of the contents difficult. As a consequence, freedom of speech, defined as non-interference from the state, is strengthened. This is something that is particularly important in states with strong censorship of the press. This does not imply that governments cannot forbid certain kinds of contents, but that policing such prohibitions is difficult.4

Furthermore, the threshold for publishing on the web is low. All that is needed for communicating and expressing opinions is a computer with access to the Internet. Citizens may then participate in established discussion based web sites, or establish their own sites for publishing. Although a server, or at least space on a server is needed in order to establish specific web sites, the resources required in order to publish on the web are minor compared to those needed in order to publish a newspaper, broadcast on radio or television, or print a book. Furthermore, on the web, or by use of e-mail, one may publish without the approval of an editor. This implies that the possibilities for public expression increase for more people.

As a result, large amounts of information are made available on the web. Public institutions, universities, non-governmental organisation, individuals, corporations, press and broadcasting etc. publish on the web. The amounts of available information grow rapidly and the possibility of citizens to access alternative sources of information is much larger through the web than through press and broadcasting. On the web, information is immediately available and it may be faster and easier to access than through other media or by direct contact with institutions, companies or organisations.

In these ways, the Internet gives citizens new means to access information and to communicate and participate in society. In addition, new ICT-services are being developed with more possibilities for interaction with text, sound and moving images combined. Hence, I will argue that ICT has a significant democratising potential as it enables citizens to make better informed choices and to participate in public debate and decision-making. This could be realised by strengthening today’s system of

4 Although difficult, Staksrud (1999) claims that control over the Internet is nevertheless possible and
representative democracy or even by increasing the use of direct democracy and electronic voting. This will be elaborated later in the thesis. What is important at this stage is to pinpoint the potential for strengthening democracy.

However, in order to realise this potential some preconditions must be met. Firstly, the networks must be open so that a diversity of information is actually available (Storsul 1999). Secondly, citizens must have communicative capabilities, i.e. knowledge in how to use the new services (Silverstone and Mansell 1996). Thirdly, and this is the precondition that will be emphasised in this thesis, citizens must have access to the infrastructure that carries such services. This infrastructure consists of telecommunications networks, and access to these networks therefore becomes a communicative resource, without which citizens cannot make use of the new possibilities. Furthermore, as equal citizenship is one of the basic ideas in democracy, access to important telecommunications networks and services should be universal. If parts of the citizenry are excluded from participation through ICT services, the democratising potential will not be fully realised. Hence, distributive justice is fundamental for a democratic information society. This implies that telecommunications services that are important for social and political participation should be universally available at affordable prices.

How to realise this ambition of universal access to important telecommunications services is a political challenge which raises many questions. First of all, which services should be perceived as important telecommunications services? Today, access to basic telephony is regarded as a social necessity in countries like Norway, Denmark and Ireland. Does the development and diffusion of new ICT-services imply that more services become important and should they therefore be made universally accessible? Moreover, how can universal access to important services be ensured in liberalised markets? As mentioned, telecommunications used to be organised as monopolies throughout Europe and surplus from profitable areas was often used to subsidise network development and service operation in non-profitable areas. In the 1980s and 1990s, telecommunications were gradually liberalised, and at the end of the 1990s the last parts of the monopolies were abolished. We are now faced with a set of

that the Singaporien Government has exercised such control.
new, critical questions. To what extent is it the case that the concern for distributive justice and universal provision of important services is compatible with a liberalised market? Will the market ensure a fair distribution or will political interference be necessary? If so, what kind of interference would be effective towards the ambition of ensuring all citizens access to telecommunications services important for social and political participation?

These are classic questions within the tradition of political economy of communication. As the term indicates, political economy focuses on the interaction between economy and politics in the communications sector. The approach typically distances itself from more specialised economic approaches, as it refuses to separate out the political from the economic, and favours alternative institutional or holistic approaches (Preston 2001:101). As Preston has noted, many of the contributions within this tradition have been influenced by critical theory. Golding and Murdock call this ‘critical political economy of communication’ and describe it as being concerned “not only for what is, but also for what ought to be”. Typically it addresses “the distributional consequences of capitalism for communications processes and institutions” (Golding and Murdock 1997:xvi). This thesis fits nicely into this tradition because it intends to analyse, compare and assess how telecommunications policies and regulations have been developed in order to ensure distributive justice. However, placing a thesis within a research tradition like this does not delimit the choice of theoretical contributions that may inform the questions asked. For example the theories most central in the discussions about ICT, democracy and distributive justice will be theories about liberal democracy. Such choices will be discussed in the relevant contexts in the chapters.

International Constraints - Policy Convergence?
So far, we have seen that in a society which is also an information society, access to important information and communication services is essential for citizenship. Consequently, a just distribution of communicative resources such as telecommunications networks and services becomes one of the key challenges for policy makers concerned with strengthening democracy, a challenge that is reinforced
by the liberalisation of the telecommunications sector. In the thesis, we shall see that when politicians act on such challenges, they do this within another tense relationship between international constraints and national concerns. This tension raises new questions about how freely policy-makers in the different states may choose their own approaches to meeting these challenges. Are they constrained by international and technological factors leading to political convergence, or will national differences and historical legacies still result in different solutions? Below, I will discuss some of the constraints that may imply a convergence of policies: the role of international institutions, world markets and technological developments.

**International Institutions**

International institutions and international regulatory frameworks play an increasingly important role for policymakers in several areas, including telecommunications. One example is the Organisation for Economic Co-operation and Development (OECD) which has become increasingly concerned with ICT and telecommunications issues. The OECD does not establish common regulations but plays an important indirect role by developing general recommendations on economic and regulatory issues, and by providing meeting places and arenas where actors from different countries may discuss and develop common approaches. More direct forms of influence are exercised by the EU and the World Trade Organisation (WTO) which, in order to enable international competition and international markets, have developed common regulations for telecommunications. For Norway, Denmark and Ireland, which are all subject to the EU regulations, the EU is the most important as the EU-framework was implemented earlier and is also more detailed and extensive than the WTO-regime.

The EU\(^5\) started developing a common telecommunications policy in the 1980s and has been an important driving force for the liberalisation of telecommunications in the 1980s and 1990s. The EU has been influential in at least three ways (Claes and Tranøy 1999). Firstly, and most importantly, the EU has developed a common regulatory framework with several directives that member states must comply with. In

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\(^5\) This organisation has had several names, which reflects its development towards a more unified and integrated union. It was founded as the EEC, the European Economic Community, it later changed its...
this way, decisions at the EU-level must be implemented by the member states. The EU regime for telecommunications is detailed not only on liberalisation, but also on the re-regulation of markets. Hence, the degrees of freedom for national policy-makers are limited. Claes and Tranøy name this rule-based adjustment to EU policy. Secondly, and more indirectly, the EU influences how policy-makers perceive their degrees of freedom. The EU develops guidelines for policy-implementation that are not mandatory, but might nevertheless be significant. This can be strengthened by the competitive situation in which the states are concerned with not establishing a very divergent framework from competing states, and reinforced by national actors who use EU guidelines, resolutions and other policy documents to argue for policy reform. This can be called interest-based adjustment. Thirdly, the EU also has a more indirect influence through defining the important concepts and questions to address, through being a meeting place for bureaucrats, politicians and lobbyists from the member states where they exchange opinions. They learn from each other and copy popular ideas. This may be called idea-based adjustment to EU policies and resembles the influence of the OECD. In these three ways, the EU has both direct and indirect influence over the three states studied, that is over Denmark and Ireland as EU-members, and Norway as member of the EU single market through the Agreement on the European Economic Area (EEA).

International Markets

Another international constraint is globalisation and internationalisation of markets. A basic assumption is that when markets are liberalised and open to international competition, there is little room for variations between states. Market actors will press for similar conditions in the national markets as their competitors have in other markets. Hence, two similar mechanisms might interact. The first is often called ‘race to the top’ and implies that actors will want the level of national regulations to be at least as favourable as the regulations in competing markets. The second is called ‘race to the bottom’ and concerns how actors will want to avoid national regulations being more extensive than those in competing markets. An important argument is that in internationalised markets, companies may move their businesses to states or regions

name to EC, the European Community, and in November 1993 its name was changed to EU, the
where taxes and salaries are low. Consequently the states adjust their policies to the state with the lowest costs for companies (Claes and Tranøy 1999:9). This mechanism corresponds to the interest-based adjustments to EU policy, but differs in the sense that it refers to international markets generally and not only the EU.

Peter Katzenstein has argued that such processes are particularly powerful in small states. He insists that because of their size, small European states are very dependent on world markets and must therefore choose a strategy of economic openness. This allows international markets to force national economic adjustments to a greater extent than larger states whom have more options and may form their own long term plans (Katzenstein 1985:24). Norway, Denmark and Ireland all fit this description of small European states with open economies and strong dependence of world markets. As we shall see, Katzenstein’s views have been criticised. The policy analyses of this thesis will give some indications on whether or not his theory provides useful insights in the telecommunications sector, or if it leaves too little space for national concerns in politics.

Technological Developments
A third kind of constraint for policy-making concerns technological developments. The debate about the relationship between society, politics and technology is a classic debate in the social sciences, which has been reinforced by ICT-development in recent decades (Feenberg 1995; Sejersted 1998; Street 1992). This is now a debate where technology determinists on the one side argue that technology has a large impact on society and that politics is left with no choice but to adapt to technological change. The development of technology is perceived as relatively autonomous and driven by its own logic. This position has been met with fierce opposition and one of the radical criticisms has come from social scientists who have turned the argument around, and argue that technology does not shape society, but rather that society shapes technology. Accordingly, these social constructivists claim that technological developments are outcomes of political interests and values in society and serve these interests.

European Union. For the sake of simplicity I will use EU in this thesis, even prior to 1993.
Technological determinism and social constructivism, as briefly presented here, are of course extreme positions on a continuum. Many scholars find themselves somewhere in between as they recognise that the causal relationship between society and technology goes both ways. This is also the position taken in this thesis and I will use Robin Mansell’s concepts ‘design’ and ‘capabilities’ to show how technology may be interpreted both as a social product and as having an impact on society (Mansell 1996).

Mansell’s *design principle* stresses the importance of human agency in the innovation process. Human actors design technology within their social and institutional environments and technological developments are the intended and unintended consequences of these actions (Mansell 1996:23-27). Using the development of the Internet as an example, Terje Rasmussen argues that this was a result of unintended consequences of the innovation process (Rasmussen 2002:22), whereas Manuel Castells holds that computer scientists deliberately designed the Internet (Castells 2001:19). They do, however, agree that the institutional environment enabled the development of the Internet in the sense that the cold war implied strong government support for technology programs and investments. Hence, the Internet was designed, deliberately or not, within a social context that enabled its development.

The *capabilities principle* focuses on how human capabilities are influenced by technical and institutional change. Capabilities are defined as the power to act and are affected by institutional, technological and individual conditions and actions (Mansell 1996:28). In my interpretation, capabilities can be acquired and studied on different levels, i.e. as individual capabilities, institutional capabilities and societal capabilities. Returning to the Internet example, the Internet affects capabilities on all these levels. As we have already discussed, the Internet provides individuals with new capabilities for information and participation, and thereby enables democratisation of society. At the same time, it challenges existing policies. For example, the development of IP-telephony, which enabled voice telephony over the Internet, challenged telecommunications monopolies because the data networks and services were already liberalised. Some argue that liberalisation of voice telephony then became a slippery slope, whereas others hold that the liberalisation was an intended
and wanted political outcome. Either way, technological solutions challenge policies and may also limit the degrees of freedom policy-makers have at their disposal. However, this does not imply that technology determines political choice.

**National Concerns - Policy Divergence?**

International institutions, international markets and technological developments are all mechanisms that may constrain national policies. Empirically, the question is whether or not this has led to increased policy convergence. Several studies have argued that in spite of such mechanisms, national variations seem to persist.\(^6\) Policy-makers still have significant degrees of freedom and may choose different solutions to similar challenges. Here, I will discuss some of the factors that may contribute to explaining why we may still expect to find policy divergence between the states.

**National Characteristics**

One aspect of the national context for policy-making we have already touched upon relates to a state’s *size*. Earlier, we have discussed that small states may face special challenges as they have a strong dependence on international markets and therefore may have specific incentives to adjust to the policies of other states. Norway with 4,5 million inhabitants, Denmark with 5,3 million and Ireland with 3,8 million\(^7\) are all small states both in a European and a global context. They may each therefore experience strong constraints of national policies, if Katzenstein’s assumption is correct. However, there might be important differences even between small states.

Paschal Preston has been especially concerned about the situation for the less favoured regions of Europe which must adapt to the international framework and fears the negative impacts liberalisation and competition may have for these countries (Preston 1994). In contrast, Eli Skogerbø has argued that this argument may be turned upside-down for the small, highly industrialised and economically well-off countries which might have more space for national autonomy (Skogerbø 1997:391). Norway,

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\(^6\) See for example Tranøy and Østerud (2001) for some recent studies of different markets, and Morris and Waisbord (2001) and Skogerbø and Storsul (2000) for studies of media and telecommunications markets.
Denmark and Ireland all fit the description of being small states, but their economic starting points are very different. Norway and Denmark are both among the richest states in Europe, whereas Ireland has been among the poorer ones. This may give the states very different starting points and also different conceptions of national autonomy. The Irish situation is, however, changing. In the 1990s, Ireland was the fastest growing economy in the OECD and the Irish gross domestic product passed the OECD average in 1997\(^8\) (OECD 1999; 2001a).

We might also expect that issues such as the density of the population and geographical factors may imply different kinds of challenges for the states. Norway has numerous fjords, a mountainous topography and a scattered population. Hence, network construction in Norway may face greater challenges than in Denmark which has a flat topography and a dense population. In this regard, Ireland is in an intermediate position as it is less densely populated than Denmark, but does not have as scattered a population as Norway. Its topography is not as flat as Denmark, but is characterised by hills and moors, and not mountains and fjords as Norway. Such factors may contribute to explaining why states face different kinds of challenges.

**Welfare State Models**

March and Olsen (1989) have argued that in order to understand the framework within which politics take place, we must also consider political institutions. They argue that:

> Political actors associate specific actions with specific situations by rules of appropriateness. What is appropriate for a particular person in a particular situation is defined by political and social institutions and transmitted through socialisation (March and Olsen 1989:23).

Hence, actions, also in politically novel situations, are institutionalised through structures of rules and routines that reflect historical experience (March and Olsen 1989:23).

\(^7\) Numbers from 2000. Source OECD web: [www.oecd.org/pdf/M00022000/M00022957.pdf].

\(^8\) In 1997, the GDP (in US dollars) per head based on purchasing power was for Ireland: 20 634, Norway: 26 771, Denmark: 25 514 and OECD total 20 535 (OECD 1999).
The institutionalisation of public services like telecommunications was the outcome of the historical resolutions of conflicts, and, since the conflict structures differed, so did the public service institutions (Skogerbø 1997:390). Following this argument, we would expect that even if the development of an information society brought new challenges, political actors would not only be constrained by international restrictions, they would also be guided by institutional legacies and political traditions.

An important part of the states’ institutional legacy is their welfare state arrangements. Telecommunications is a key infrastructure and its organisation is therefore part of the institutionalisation of the welfare state. Gøsta Esping-Andersen (1990) has investigated how welfare states cluster into three different types of regimes, which vary in their capacity for decommodification, i.e. in how they permit people to make their living standards independent of market forces. The first is what he calls the *liberal* welfare state cluster. In this cluster, means-tested assistance, modest universal transfers, or modest social-insurance plans predominate. Entitlement rules are strict and often associated with stigma. The second cluster is the *conservative* or corporatist regimes. Here, rights are attached to class and status and the redistributive impacts are negligible. The regimes are typically shaped by the church and committed to preserving traditional family values. Typically, the state will only interfere when the family does not have the capacity to serve its members. The third cluster is the *social democratic* regimes. These emphasise universal rights instead of proven needs. The ideal is an equality of the highest standards, not of the minimal needs (Esping-Andersen 1990:26-27).

*Norway and Denmark* both belong to the cluster of social democratic welfare states. Their welfare systems share many similarities with the other Scandinavian states and they are therefore often labelled the Scandinavian model. Basic aims of the model have been the redistribution of resources and decommodification. The model is described by John Stephens (1996) as being characterised by universal arrangements for income security, both for people who are temporarily out of work because of illness, unemployment and maternity (and paternity), or permanently because of injury or retirement. Health care and education are basic rights for all citizens and
provided with small co-payments. Employment within the welfare state is also high. In the 1980s about 15% of the working age population were employed in public social services in the Nordic countries compared to 5-6% in other European welfare state models (Stephens 1996:34-35). The Norwegian and the Danish welfare states are, however, not identical, and one of the traditional differences is the role of the state. In Denmark, there has been less state ownership than in Norway and the business and trade union organisations themselves carry out services such as unemployment-insurance, which in Norway is a public arrangement.

Ireland belongs to the liberal cluster of welfare states. This is the least decommodifying model and the basic aims are not redistribution, but relief of poverty and provision of a minimum standard of living for all. In contrast to the Scandinavian model, most welfare arrangements in Ireland are not universal, but related to specific entitlement criteria and special measures that have been implemented in order to enable people from lower income groups to access education and proper health care. Moreover, private ownership of schools and hospitals play an important role, and the Church, particularly the Catholic Church, has an important influence in the Irish welfare system. When the role of the church has not led to a corporatist model like it has in continental Europe, this may mainly be explained with reference to the British influence on Irish politics as the tendency has been to look to Britain as the first reference point (Curry 1998).

Political Cultures
As we have seen, the differences between the Scandinavian and the Irish welfare state models are considerable, and lay the ground for very different frameworks for the states’ telecommunications policy. Another important part of this framework is the political cultures and the conflict structures in the states. As the institutionalisation of the welfare states, as well as the telecommunications services, may be interpreted as the outcomes of historical resolutions of conflicts, these should be studied more closely.
In his research on the European political systems, Stein Rokkan found that along with state-formation and nation-building a stable system of cleavages and oppositions developed in national political life. These cleavages were generated at four critical junctures in the sequences of nation-building. Firstly, the \textit{reformation} divided Europe into protestant, catholic and religiously mixed parts at the time when territorial states were being consolidated. Secondly, the \textit{national revolution} with nation-building and cultural standardisation, primarily of mass education, resulted in cleavages between the centre and periphery, both between subject ethnicities and language groups against central dominance, as well as cleavages with moralist/religious rejection of central culture. Thirdly, the \textit{industrial revolution} added further cleavages; one between rural agricultural and urban industrial interests and one between workers and owners. And fourthly, the \textit{international revolution} and the period after the Russian Revolution resulted in new cleavages between communism and socialism and between commitment to the historical nation versus international solidarity. Rokkan’s argument is that differences in the timing and character of these junctions resulted in different party systems in the European states (Rokkan 1987, Flora 1999). These cleavages have been relatively stable over time and provide important insights into the political cultures of the states, which are helpful in order to understand contemporary policy-making.

When we employ this theory in Norway, Denmark and Ireland we find that the reformation made Norway a protestant country with state control of the church. The state was, however, not Norwegian. For almost four hundred years, Norway was under foreign rule. From 1536 until 1814 it was under Denmark, and from 1814 until 1905 the country was under the Swedish crown, although with internal self-governance. The period of Swedish rule was the nation-building century with the development of mass education and mass politics. During this period the national opposition became increasingly strong and what has been called counter-cultural cleavages developed. The rural periphery formed alliances with urban sub groups on cultural and moral issues like language, religion and abstention. The industrial revolution added a cleavage between agrarian versus urban interests that was partly overlapping with the counter cultures. Together, these cleavages constituted a centre-periphery-axis in Norwegian politics and in 1884 two political parties were founded.
which reflected these cleavages with, on the one side, the counter cultural party, the Liberal Party, and on the other, the Conservative Party. Two parties later developed from the Liberal Party: the agrarian Centre Party and the Christian Democratic Party. This centre-periphery-axis has been stable and provides one of the important explanations as to why the Norwegian citizens have twice rejected EU membership in referendums. The demand for self-governance and the concern for the periphery have made the question about EU-membership one of the most controversial issues in Norwegian politics. Although the significance of the axis is no longer as strong as it was a century earlier, the axis still had explanatory power in the 1990s.

The other cleavage resulting from the industrial revolution was the classic left-right conflict between workers and owners. In Norway, the labour movement grew rapidly into a strong organisation and in 1887 the Labour Party was founded. The international revolution resulted in a divided Labour and the establishment of the Norwegian Communist Party in 1923. The Communist Party remained marginal, and in 1961, as a result of disagreements within Labour over NATO membership, the Socialist People’s Party, which later developed into the Socialist Left Party, was founded. Furthermore, two new parties appeared in the early 1970s, which were both related to the left-right dimension, a libertarian party, which later developed into the Progressive Party, and the small marxist-leninist Workers Communist Party. In the 1970s, Ronald Inglehart identified a new political cleavage between post-materialist values like environmentalism on the one side and economic growth on the other (Inglehart 1981). In Norway, this did not contribute to the development of new political parties as it was integrated in existing parties and especially the environmental issues in the Socialist Left Party.9

Like Norway, Denmark became protestant after the reformation. Apart from that, the situation was very different. Denmark was an independent state and did not experience the same kind of national struggle as Norway did. Hence, the centre-periphery cleavages never became as important in Denmark. Thus, the industrial revolution had a strong impact in Denmark and produced two important cleavages. One cleavage developed between agrarian and urban interests and resulted in the
1870s in the development of the agrarian Liberal Party and the more urban Conservative Party. In the early 1900s the Liberal Party split and the Radical Liberals emerged as a party resembling the Norwegian Liberal Party.

The other cleavage resulting from the industrial revolution was the left-right dimension. The Social Democratic party was founded in 1871 and has since played an important role in Danish politics. As in Norway, the Social Democrats split over the socialist-communist issue, and the Danish Communist Party was founded. In 1959 the Socialist People’s Party was established because of disagreements over foreign policy in the Social Democrats. Hence, entering the 1970s there were five main parties in Danish politics; a conservative, an agrarian, a liberal, a social democratic and a socialist leftist party. Except for Denmark not having a Christian party, the situation was quite similar to the Norwegian one. In the 1970s the picture became more fragmented and several new parties were established. The Centrum Democrats developed from the right wing of the Social Democrats, The Christian People’s Party was established in order to fight liberal pornography and abortion legislation, and the Progress Party was founded as a right wing party which later split opening up for the anti-immigration Danish People’s Party. On the left wing of the political spectrum a common election list called the Unitary List was formed in the 1990s. As in Norway, the new cleavage between materialism and post-materialism did not result in new political parties in Denmark (Heidar and Berntzen 1998).

Although there were many similarities between the party systems in Denmark and Norway, the main difference was the relative absence of a centre-periphery axis in Danish politics. The Danish agrarian-urban cleavage was different in that it did not overlap with counter-cultural cleavages and had less impact on Danish politics than the Norwegian centre-periphery cleavages. The most important Danish cleavage was, and is, the left-right.

Compared to the Scandinavian countries, Ireland made a very different case as the national question overshadowed all other political cleavages. At the time of reformation Ireland was a British colony, and the reformation left Ireland divided with

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9 See for example Valen 1992, Heidar and Berntsen 1998 for further discussions of Norwegian Political
a British protestant minority which ruled over the catholic Irish majority for centuries. During the 1800s, which also in Ireland was the century of nation-building, the national question became increasingly important, and the Irish resistance to British rule increased. The Easter Rising in 1916 when republican Irish tried to take possession of important British sites of power in Dublin marked the beginning of the military campaign for independence. The uprising was defeated, but the execution by the British authorities of the leaders of the rising produced an angry public mood. The demand was no longer only for ‘home rule’, but for total independence from Britain. The independence party, Sinn Fein, won a majority of the Irish seats in the British general election in 1918. These representatives refused to go to Westminster, but formed their own parliament in Dublin, Dáil Eireann. The British tried to suppress this by arms, but had to negotiate and in 1921 a treaty was signed which divided Ireland into the Irish Free State and Northern Ireland, which remained British. The Treaty was highly controversial in Ireland. Sinn Fein split over it and a civil war broke out between the opposing sides. These two sides were the origins of what have since been the two major parties in Ireland: the Anti-treaty Fianna Fail and the Pro-treaty Fine Gael (Collins and Cradden 1997:3-6). Accordingly, the national question is the main political cleavage in Ireland, and it has been quite stable even after full independence was achieved through the adoption of the Irish Constitution in 1937. As Peter Mair concluded in an analysis of the Irish parties’ ideologies, “As far as ideological competition is concerned, therefore, the conclusion is that in the beginning was the Treaty, and that thereafter everything has been frozen” (Mair 1987:139).

Concerning the social conflict between left and right, between socialists and conservatives, in Ireland this conflict never played the same role as in other European states. There was and is a Labour party, but it never became as strong as elsewhere in Europe and the left-right cleavage never played a decisive role in Irish politics. There are three main reasons for this. The first is that the struggle for independence took place when Ireland was still industrially underdeveloped and only had a small industrial proletariat. The national question, therefore, overshadowed the social question. Secondly, the industrial heartland was in the northern part of Ireland, which remained British after the Treaty. Thirdly, the Fianna Fail party had a popular socio-

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culture.
economic policy which outflanked Labour even in the working class population (Collins and Cradden 1997:28-29).

Collins and Cradden note that the national question had a social basis. The Pro-treaty side had the support of larger business owners, merchants and big farmers whereas the Anti-treaty side consisted of landless farmers and farm labourers (Collins and Cradden 1997:26-27). Their political profile also differed as the Fianna Fail had a corporatist approach emphasising the national interest, social solidarity, economic growth and administration. Fine Gael were from the beginning more libertarian and pro-privatisation than the Fianna Fail. This did, however, change in the 1980s as Fine Gael formed coalition governments with Labour and thereby adjusted its policies somewhat. Both the Fianna Fail and Fine Gael are catch-all parties who refuse to define themselves on a left-right dimension, but are basically centre-right parties (Chubb 1992, Mair 1987, Heidar and Berntzen 1998).

Other political cleavages have not played an important role for the formation of the Irish party system. Language and religion never became a separate political identity as they overlapped with the national question. There is, however, a cleavage between traditionalism and modernisation in Ireland, the most recent expression of which was seen in a referendum over abortion in 2002. In this regard the Irish polity is extremely conservative compared to the Scandinavian countries, and Fianna Fail is the most conservative, wanting to deny abortion under all circumstances whereas Fine Gael and Labour are somewhat less restrictive. This has however not led to the formation of political parties.

As we have seen, there are considerable differences between the political cultures of these three states. In Norway, the two basic political cleavages are between centre and periphery and between left and right, and in Denmark, the most essential cleavage is the left-right axis. In Ireland, however, the left-right dimension was not very decisive because the national question overshadowed all other cleavages. These differences are in compliance with the differences in welfare state systems as the left-right cleavages in Norway and Denmark have contributed to a more inclusive and distributive welfare system than that in Ireland. This, and also the centrality of the centre-periphery
cleavage in Norwegian politics, implies that different concerns historically have played important roles and constituted different frameworks for policy-development in the three states.

**ICT-Strategies in Norway, Denmark and Ireland**

One of the current challenges policy-makers are faced with, in which they experience this tension between international constraints and national concerns, is the technological development and the emergence of a society that is also an information society. In this section, we shall see that at an overall level the states have approached this development quite similarly.\(^{10}\)

In the 1990s, most European governments developed national ICT-strategies. There had been earlier technology initiatives in the 1980s and 1990s, some quite general as the Norwegian commission report on telematics,\(^ {11}\) and some more sector specific and concerned with industrial development as the Norwegian plan for IT development,\(^ {12}\) or with telecommunications as the Danish hybrid network initiatives.\(^ {13}\) However, in 1993, when the World Wide Web made the Internet available to a mass market and the Clinton/Gore-administration in the USA launched its action plan *National Information Infrastructure*, the debate gathered new momentum in Europe. The need for a comprehensive ICT-policy was discussed in a 1993 EU white paper\(^ {14}\) and this was followed up by a High level group of Experts, which in 1994 submitted the report *Europe and the Global Information Society*, also known as the Bangemann-report. In the following years, the Danish *The Info-Society Year 2000*, the Norwegian *The Norwegian IT-Way. Bit by bit*, and the Irish *Information Society Ireland. Strategy for Action*, were presented, along with similar reports in other European states.

These documents initiated what we may call the first phase of ICT-strategies in this period. The reports were concerned with promoting the information society, and they were later followed up by new policy documents. At the EU-level, two new phases of

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\(^{10}\) Full references to the documents analysed in this section is given in Appendix I.

\(^{11}\) NOU 1983:32.

\(^{12}\) Nasjonal handlingsplan for informasjonsteknologi. See Buland (1996) for a presentation of this plan.

\(^{13}\) See for example Qvortrup (1988) for a description of this initiative.

\(^{14}\) COM(93)700.
ICT-documents can be identified. Seen as a second phase, the first of these commenced in the second half of 1996 when the EU’s ICT-policy was reviewed\(^\text{15}\) and the Commission presented a new action plan *Europe at the Forefront of the Global Information Society*.\(^\text{16}\) In 1999 the overall ICT-policy was again put on the top of the political agenda when a third phase commenced with the launching of the *eEurope* initiative.\(^\text{17}\) These three phases were also traceable in the national documents, and will be employed in the following analysis.\(^\text{18}\)

**Promoting the Information Society**

A basic observation from the analysis of these ICT-policy-documents is that they were all concerned with promoting what they all named the *information society*. The states’ approaches were similar, both to each other, and to the EU, but there were interesting variations over time. In the *introductory phase*, the first ICT reports were presented and the governments sought to draw attention to a new policy-area. Each of these initial reports described the ICT-related social changes as fundamental. The message was that we were on the doorstep to a new form of society - the information society - and that this development could be compared to that of the industrial revolution. In the introductions to these reports we find very similar conceptions, and the Norwegian report may well serve as a typical example:

> Information technology is a driving force. The changes it is making in our everyday lives and in our society are every bit as sweeping as those made by the Industrial Revolution. In fact, this is a revolution we are living in the midst of.\(^\text{19}\)

There was no hesitation that what we had before us was something radically new. The theoretical critique that these changes may be significant although not transformative of society was not reflected in the policy-documents. These documents described the

\(^\text{15}\) COM(96)389 and COM(96)395.
\(^\text{16}\) COM(96)607.
\(^\text{17}\) COM(99)687.
\(^\text{18}\) An overview of the documents analysed and how they relate to the three phases is included in Appendix I. Methodological considerations relevant for this analysis will be discussed in the next chapter.
emerging information society mainly through the economic dimension and their portraits echoed Daniel Bell’s theory about the post-industrial society. Typically, the Norwegian *Bit by bit*-report defined the information society as a “Society dominated by industries supplying services, communications and information.” Although less prominent, the documents also included aspects from the spatio-temporal dimension in the sense that they noted that the meaning of time and distance was changing, and the cultural dimension was expressed through descriptions of an explosion of information which was produced, communicated and used intensively.

These documents were also characterised by a strong bias towards technology determinism. Technology was described as a driving force for social change and it was claimed that the process could not be stopped, hence political adaptation was required. This strong focus on technology-driven revolutionary change should be interpreted in its context. The reports were presented in order to draw attention to ICT as a new policy area and the dramatic descriptions may have been a strategy to achieve this. At the same time, this was also a strategy that could be serviceable in order to legitimise policy reform. As we shall see later, these documents played an important role when the decisions were taken to fully liberalise telecommunications.

In the second phase, the concept of the Information Society had already been introduced and the focus was now slightly changed. Although ICT-related social changes were still emphasised, there was now more emphasis on continuity and less on describing the emerging information society. Further, a main difference between this phase and the previous was that technology determinism no longer had an important position in the documents. The Norwegian documents actually rejected determinism explicitly, whereas the Danish, Irish as well as EU-documents did this implicitly as they emphasised and discussed political degrees of freedom in controlling the development. This change in focus between the phases can partly be read as a corollary to the fact that in the first phase the concept of the information society had been established and that this was therefore not necessary in the second phase. Another explanation could be that this was a period in which

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telecommunications liberalisation was implemented and there was therefore not the same need to legitimise reform.

In the third phase, revolutionary changes were again emphasised in the documents. The development of ICTs was described in dramatic terms, claiming that we were on the edge of a new order with a new economy. For example, the eEurope-initiative stated that:

The world economy is moving from a predominantly industrial society to a new set of rules - the information society. What is emerging is often referred to as the new economy.23

This renewed focus on social change was accompanied by new concepts about the ‘new economy’ and the ‘network society’ in which globalisation and network organisation was perceived as changing the logic of the economy in accordance with Castells’ theory. The new focus on radical change was followed by a return to technological determinism, although not as extreme as in the first period as technology was now presented as one principal driving force for social change, along with economy and political choice. Again, this focus on radical change coincided with the need to legitimise political reform. In the EU and in Denmark, the telecommunications regulations were reviewed and new regulatory measures considered that would strengthen competition,24 and in Norway, privatisation of the state company Telenor was decided. The only exception to this was Ireland, whose documents in this period had the same focus as in the second phase. This may indicate that the third phase was not yet expressed through policy documents in Ireland, or alternatively that the states’ approaches started to diverge in the third phase. The analysis of the ICT-documents cannot provide a full answer to this question. However, the matter will be investigated more closely in the analysis of telecommunications policy (see Chapters 4-6).

22 Other studies does, however, state that the EU did not leave the determinist views in this period even if it was less explicit in the overall documents (Kristiansen 2000).
21 COM(99)687.
23 COM(99)539, Forskningsministeriet 1999 (Full references are given in Appendix II).
The similarities between the states’ perceptions of the information society are strong, as are their descriptions of technology as the driving force. These similarities may seem surprising as there is no such consensus over the descriptions and implications of ICT-related social change in the theoretical debate, and we could expect that the differences in national characteristics and political culture would imply larger differences in the states’ concepts. Furthermore, the similarities cannot be explained by reference to common regulatory frameworks. The reports were, however, influenced by the same ideas. It is obvious that when the states formulated national policies they were all inspired by each other and by the EU, as well as by outside influences like the OECD and the USA. The Bangemann-report was in this sense an especially important source of inspiration for the whole EEA-area and many of the national reports refer to this EU-document. Further, both the EU and the states were affected by similar interest groups. In particular, industrial interests were well networked within and across states and influenced policy-making both on the European level and nationally (Skogerbø and Storsul 1999; 2000). These interests have strong interests in ensuring that national and European authorities have a common understanding of the situation in order to legitimise policy reforms.

Political Concerns

In the policy-documents there were two main concerns which called for political action. These were presented similarly across states and were also stable over time. The first was an economic concern about national industry’s ability to compete internationally. In the EU, there was a concern that European companies may lose in competition with the US and Asian companies. The challenge and ambition described in the national documents was to be “at the leading edge”, “in the forefront”, and an “early mover” in an international context. Being in the lead in development and diffusion of technology in industry, administration and households was seen as vital for the countries’ competitiveness, growth and employment. There was a broad consensus between the national documents and the EU on this general ambition. As to how to realise these ambitions, there was however a division between the EU and the

states. Generally, the EU had a strong belief in the market and insisted that the politicians should concentrate on arranging the best conditions possible for a competitive market. Norway, Denmark and Ireland had a less absolute trust in the market and called for different kinds of co-operations and partnerships between the public and the private sectors in addition to enabling competition.

The second concern was social and involved the risk that the information society would become a divided society. The Bangemann report stated that “The main risk lies in the creation of a two-tier society of have and have-nots”, and later EU-documents maintained that this was one of the main challenges the member states must address for the future. The national documents expressed similar worries and they all stressed the importance of creating the information society as an inclusive society with possibilities for all to participate economically, socially and politically. This was presented as important both in terms of distributive justice, and as a means to realise the democratising potential of ICT.

These two concerns - the economic and the social - were closely interlinked. Economic competitiveness was regarded as a precondition for social welfare, and an inclusive information society where all citizens were extensive users of ICT implied a large home market, and this was regarded as a strong competitive advantage. At the same time, many of the documents described it as a challenge to find a balance between realising the economic ambitions without jeopardising egalitarian values. In general, the national documents were more concerned with this balance than the EU documents. Typically, the eNorway plan and a Danish policy report stated that:

> We want to build the bridge that carries everyone over the knowledge gap and into the new economy – the new society. Norway is a large country with a small population. Everyone must join in. We need each other.\(^{28}\)

> It is a special Danish challenge to find the balance between new thinking, with new ways of living and earning money on the one hand, and on the other those traditions and values of the “old” world that we are not willing to jeopardise.\(^{29}\)

\(^{28}\) eNorway. 2000.

\(^{29}\)
Why is this the case? Why is the focus on the balance between economic and social concerns more explicit in the national documents than in EU ones? One likely explanation for this is that policy-development in the EU was highly influenced by industrial interests whose main concern was economic development (Michalis 1999, Schlesinger and Doyle 1995). National policy-making, on the other hand, to a larger extent involves other social groups and needs to incorporate social objectives in order to legitimise such policy initiatives. If this is the case, we could expect that the tension between the international constraints and the national concerns becomes more manifest when the tension between liberalised markets and distributive justice is realised? Another supplementary explanation might be that both tensions become reinforced when abstract principles are to be concretised into more manifest policy measures, which is necessary in national policies.

**Transforming Telecommunications – Key Resource and Large Reforms**

The above analysis shows a strong degree of convergence between the Norwegian, Danish and Irish ICT strategies when these were kept on an abstract level. The descriptions of the emerging information society were parallel across states, and similar economic and social concerns were perceived of as the key reason for political action. However, there may also be indications that national concerns become actualised in the tension between liberalised markets and the concern for distributive justice, or that both tensions become more apparent when policy is cast in more concrete terms. In order to investigate this, this thesis will analyse and compare the telecommunications policies of Norway, Denmark, Ireland and the EU.

Telecommunications is an interesting case for several reasons. Over the last decades, we have seen that political and technological developments have contributed to transforming both the telecommunications sector and the social role of telecommunications. The transformation of the sector from monopolies to liberalised markets was probably the most important reform within the ICT-policy-area in the 1990s. Further, telecommunications is developing into a basic infrastructure in

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29 A Net of Opportunities. 2000.
society, and advanced telecommunications networks and services are integral parts of ICT-services and necessary for making use of the new possibilities. In an information society, telecommunications networks become an important communicative resource for citizens and should therefore be universally accessible.

Telecommunications policy therefore actualises both these tensions we have discussed. The liberalisation of telecommunications has resulted in the question of how to promote distributive justice in liberalised markets becoming a substantial political challenge. Further, this political challenge is met in a situation where international constraints delimit which approaches the states may choose, whereas national concerns and national characteristics vary and may lead to divergent preferences. This thesis will investigate how these tensions affect telecommunications policy on several levels: the political concerns expressed in parliamentary debates and policy statements, the political outcomes in terms of regulatory measures as well as the implementation of these.

**Structure of the Thesis**
The following two chapters deal with the methodological and theoretical considerations of the thesis. In Chapter 2, I discuss the approach of the study, which combines normative reflections about ICT, democracy and distributive justice with empirical analysis of policy development. The same chapter also specifies a map of the methodologies employed in the inquiries and analyses of the study. The third chapter provides a theoretical discussion about the democratising potential of ICT and which preconditions should be met for this potential to be realised. The purpose of this discussion is both to establish a theoretical background for the thesis, as well as to elaborate normative criteria for a telecommunications policy that seeks to achieve this democratising potential.

In Chapters 4, 5 and 6 I present the analysis of the states’ telecommunications policies. The fourth chapter gives a historical overview of the telecommunications policies in Norway, Denmark and Ireland. The telecommunications regimes of these states will be introduced as they have changed from the monopolisation of the 1890s
up to the liberalisation one-century later. The analysis is on two levels as it focuses both on the political decisions taken and the regulation of telecommunications, and on the political concerns expressed in the parliamentary debates when the monopolies were decided, as well as when they were abolished. The fifth chapter presents an analysis of how the three states have re-regulated their telecommunications markets after liberalising them. The emphasis will be on how they have sought to ensure universal service provision in these markets. Which ambitions and concerns were expressed by the governments and in the political debates, and what measures have the states taken? Based on this analysis, the sixth chapter will proceed from the analysis of the general ambitions to an analysis of the more practical realisation of these ambitions and provide a review of the policy-implementation.

The seventh and final chapter proposes some conclusions both about the role the tension between distributive justice and liberalised markets plays in telecommunications policies, as well as the level of policy convergence. Further, this chapter also discusses how well the telecommunications policies of Norway, Denmark and Ireland comply with the normative criteria for a policy that seeks to realise the democratising potential of ICT.
2 Approaches and Methods

Introduction
This thesis presents a normative comparative case study. This implies that it is a normative analysis in which normative theory is operationalised into criteria for policy-assessment. The policy analysis and assessment is conducted within the framework of a comparative case study of Norwegian, Danish and Irish ICT- and telecommunications policies. In order to investigate and to analyse these cases, methods of document analysis, qualitative interviews, secondary research and source criticism have been triangulated. In this chapter I provide a map of the general approaches of the study as well as how the data collection and analyses were conducted.

Normative Approach
As stated, this thesis integrates a normative evaluative approach with empirical investigations. This integration is based on a rejection of notions that value judgements and research should not be mixed (Rasch 1987; Weber 1971). Instead the thesis acknowledges that all social research has normative aspects. The reasons for this are partly that the researcher’s own values and interests guide the choice of research project and theoretical framework (Skogerbø 1996:41), and partly that the researcher is a participant in the social context and therefore cannot be a neutral observer to social phenomena (Skjervheim 1976). Accordingly, the basic question I will consider below is how such an integration of the normative and the empirical could best be achieved.

One research strategy would be to deal exclusively with norms. Within moral philosophy, norms are the primary research objects, and the research questions are not concerned with explaining social phenomena, but with developing general rules for
how things ought to be. Within media research, for example, some scholars are concerned with describing the democratising potential of the media, and prescribing how the media can provide a public sphere necessary for democratic debate (Habermas 1971, Keane 1991). Such contributions are often mainly theoretical, even if they also employ empirical examples as illustrations of ethical dilemmas and solutions.

The opposite strategy is to focus on the descriptive and explanatory aspects of a study, and leave out evaluative questions. This is one of the dominating strategies within social research. Social phenomena are analysed empirically, but the researcher does not explicitly evaluate these phenomena. However, even if such studies avoid explicit value judgements, they are not value neutral. When describing and explaining social phenomena, the researcher leaves the normative evaluations open to the reader. For example, as Tranøy has argued, when uncovering the situation of the underprivileged, the researcher does not have to add that this is disturbing. People will themselves recognise a situation that needs to be changed (Tranøy 1986:111).

A third strategy is empirical studies that include values in the research without questioning the values themselves. This is a typical approach within the tradition of policy evaluation in which the researcher’s task is to investigate whether policies and policy implementations are successful according to the stated objectives (Dunn 1981, Ham and Hill 1984). The basic value-judgements in such evaluations are taken as given and the researcher evaluates whether a certain policy has achieved its goals (Nagel 1984), or if a social programme has fulfilled the expected objectives (Almås 1990). In this strategy, value judgements are made explicit but are not themselves research objects.

In the present study, I will choose a fourth strategy which I call normative analysis. A basic concern in this approach is that political systems need to be evaluated in a manner that not only questions policies, but also political objectives. Hence both the norms and the policies should be studied. Robert Dahl (1967), William Lafferty (1981) and Eli Skogerbø (1996) are all advocates of such an explicit combination of
normative and empirical analysis.\textsuperscript{30} Robert Dahl (1967) argues for a systematic and explicit evaluation of political systems. In his words:

\begin{quote}
[I]n order to judge how well a political system performs, one needs three elements: criteria of value, worth, goodness, excellence, desirability; data about the behavior of the system; and ways of applying the criteria to the behavior of the system in order to measure the degree of value, worth, goodness, excellence, desirability (Dahl 1967:169-170).
\end{quote}

The essence of this approach is that “[e]valuative research should formulate explicit norms, and operationalise them into concepts of measures that can be taken directly into empirical analyses” (Skogerbø 1996:46). By making the value judgements explicit, the normative premises for the empirical analysis are made transparent and open to agreement or disagreement by the reader. Even if it is impossible for the researcher to explicitly state all her or his normative interests in a research project, simply because of capacity and because we are not consciously aware of all our values, the core value judgements can be opened up.

I will argue that such an explicit combination of empirical studies and normative philosophy is especially fruitful when dealing with contested concepts such as democracy. In the theoretical literature, we find a number of models of democracy, ranging from the libertarian view that a democracy is characterised by equal formal rights and the absence of state interference, to the egalitarian view of participatory democracy emphasising social redistribution and citizens’ participation (Held 1987). This shows that democracy is an essentially contested concept, a concept which meaning is “controversial and subject to conflicting definitions” (Skogerbø 1996:44).

In this thesis a central ambition is to review the democratising potential of ICT and to analyse and evaluate policies according to this review. I will therefore apply the procedure outlined above and discuss the normative assumptions explicitly. The approach will follow three steps. The first step will be to review some important concepts about democracy in order to establish ideals for what characterises truly

\textsuperscript{30}Lafferty (1981) calls this approach ‘normative empirical research’ (in Norwegian normativ-empirisk
democratic decision-making procedures. Based on these ideals, the democratising potential of ICT will be examined and some more specific preconditions for a policy that seeks to use ICT to promote democratisation will be elaborated.

The second step will be to operationalise these democratic ideals and normative preconditions into measurable criteria that can be brought into an empirical analysis of the policies of the three selected states. It is important at this point to emphasise that the purpose is not to establish criteria that might enable a more general answer to a question about the degree to which ICT contributes to democratisation. For that purpose, a thorough analysis of the use of ICT for different purposes must be conducted. This is not the intention of this study. In accordance with the goals of this thesis, I will develop normative criteria for a policy that seeks to realise the democratising potential of ICT. As the thesis will adopt a concept of democracy that emphasises that all citizens should have equal possibilities in exercising their citizenship, I will argue that distributive justice is one of the basic preconditions that must be met. Consequently, distributive justice of communicative resources, such as access to telecommunications networks and services, will be one important challenge for a policy that seeks to realise the democratising potential of ICT. This argument will be further expanded upon and concretised in order to develop criteria as precise as possible for the assessment of telecommunications policies.

The third step will then be to employ these criteria in an evaluation of the policies in Norway, Denmark and Ireland. As we shall see, the policy-analysis will be evaluative on several levels. On the most general level, the normative framework guides the research questions, which explains the emphasis on the distributive aspects of the telecommunications policies. More specifically, in the analyses of the political statements and debates, I will investigate and assess what role the concern for distributive justice and democratic equality plays, and if such concerns have a high priority. Furthermore, the political measures the three states apply will be analysed and assessed with a special focus on what degree the markets are regulated in order to ensure universal services. Following this, the implementation of these measures will be studied in order to evaluate if the states have established relevant means of
implementation in order to ensure that the regulations are efficient in realising the political ambitions. Finally, questions concerning distributive outcomes will be discussed in an overview of the distribution of important services in the three states.

In summary, the evaluations will be both on the policy ambitions and concerns, on the policy measures chosen, and to a certain extent on the results of these policies. On these levels the policies will be evaluated against how well they comply with the established normative criteria for a policy that seeks to realise the democratising potential of ICT. It is, however, important to note that as the normative criteria will not be detailed policy prescriptions, these evaluations will not aim at definite conclusions on whether or not a policy initiative will be serviceable towards a democratising purpose. Instead, the approach will be to review the specific policy initiatives and discuss how they relate to the overall ambitions. In this context, the comparative approach will be especially instrumental as differences in how the concerns for distributive justice are prioritised and which policy measures are chosen, may provide useful insights and raise new questions to investigate across these specific states.

**Comparative Case Study**

Having established the normative approach of the study, the following will provide a guide as to how the empirical policy analysis is designed as a comparative case study of ICT- and telecommunications policy in Norway, Denmark and Ireland.\(^{31}\) As both the case study and the comparative approach involve complex methodological questions, both approaches need to be elaborated.

**Case Study Research**

There are many definitions of what characterises case studies, and my study can be called a case study by some definitions, whereas it deviates from other definitions.

\(^{31}\) Some of the general methodological reflections in the following build upon discussions in one of my earlier works (Storsul 1997). This is particularly relevant for the discussions about case study research, qualitative interviews, source criticism, the employment of forms for analysis as well as discussions about reliability and validity. The discussions have, however, been elaborated further and the more specific discussions about the present study are of course original contributions.
The definitions provided by Robert Yin (1994) and Robert Stake (1995) illustrate this. Stake’s definition of a case study is narrow and holds that a case study should be an integrated system, an object rather than a process (Stake 1995:2). This would exclude studies like the present of policy and policy-processes that are not objects but phenomena, often with unclear boundaries. On the other side, Yin argues that:

“A case study is an empirical inquiry that
• investigates a contemporary phenomenon within its real-life context, especially when
• the boundaries between phenomenon and context are not clearly evident”
(Yin 1994:13).

According to this definition, this study is a case study. The purpose is to investigate the contemporary phenomena of policy and policymaking in three states within its real-life context of international constraints and national concerns. Furthermore, as we shall see, the boundaries between the policy areas and their contexts are not always obvious. I will therefore consider this study to be a case study, or more specifically, a multiple-case study with three cases: the ICT- and telecommunications policies in Norway, Denmark and Ireland. A demarcation of these cases is not straightforward and a clearer discussion of which aspects will be included in the analyses will be provided. First, however, the choice of the three cases will be addressed as they are chosen specifically for the purpose of comparison.

**Comparative Research**

I have chosen the comparative strategy for two main purposes. The first is that through comparison, differences between the states may provide additional insights into the single states’ policies, as differences between the states’ approaches indicate areas that should be investigated further. This is useful both for the empirical analysis, as well as for the normative evaluations. The second main purpose is that comparison is also a strategy for explanations.
Comparative research is often presented as a research strategy that enables general explanations, even if the number of cases is low. Arend Lijphart argues that the comparative method is “the statistical method under relatively unfavorable, but improvable circumstances” (Lijphart 1975:163), and in accordance with this, Neil Smelser holds that the comparative method is a substitute for experimentation (Smelser 1983:51). The basic idea behind these statements is that through comparison and the selection of cases the researcher may control variables and thereby “isolate relationships between variables by eliminating “nuisance” or extraneous variables, or in causal terms, to isolate causal factors by eliminating competing variables as possible causes” (Frendreis 1983:260). These ideals for comparison may be interpreted into a very positivist tradition of the Social Sciences in which the purpose is to uncover general laws for human behaviour. However, I will argue that even if we do not embrace the idea of general laws in the social sciences, these strategies for comparison are still useful. Research should still aim at explaining social phenomena, and uncover not any general laws, but the mechanisms that affect our research object (Elster 1989). In this project, the states’ policies will not only be described and evaluated. I also wish to uncover mechanisms that can explain questions such as why the states’ strategies converge on some points and differ on others.

To enable such explanation, the choice of cases becomes a key issue. Basically, there are three main strategies for comparing political systems. The first is what John Frendreis calls *most similar systems*. This strategy implies the comparison of political systems that are similar or identical on as many variables as possible, with the exception of the phenomenon to be examined. The explanation for differences in the dependent variable is then sought in variables that differ between the states. The second strategy is called *most different systems*. Within this strategy, systems are chosen that do not differ on the phenomenon under examination. All the variables on which the systems differ may then be eliminated as causes. Frendreis criticises both these strategies for suffering from the problem of causal overdetermination. Simply detecting co-variations and eliminating some factors may still leave a number of spurious co-variations that should not be perceived as explanations (Frendreis 1983).
Frendreis therefore proposes a third strategy, which he calls the *mixed systems* research strategy. According to this strategy systems should be compared that are similar on some variables and different on others. He argues that

> The chief logical advantage of the mixed approach is that it allows a variety of comparisons to be drawn. [...] By not systematically selecting cases in such a way that the dependent phenomenon is either invariant or completely variable across cases, the researcher is free to eliminate variables that make the systems *both* similar and different (Frendreis 1983:268).

In the present study, this mixed systems strategy has been adopted because this seems the most fruitful strategy in order to explain complex phenomena such as differences in policy-strategies and levels of policy-convergence. The selection of the states Norway, Denmark and Ireland as cases reflects this, and important similarities and differences between the states have already been discussed in the introductory chapter. Summing up, the three states are all small European states, subject to EU regulations. They do, however, have different relations with the EU and different starting points for developing ICT- and telecommunications policies. The states’ economic situations differ, and so do their geographical and topographical characteristics. There are also considerable differences between their welfare state traditions and their political cultures. A comparison of policy in these states will therefore be useful in order to investigate if the states’ policies converge as a result of international constraints, or if national differences will prevail. Furthermore, this comparison will be important in order to explore and assess how the tension between distributive justice and liberalised markets is treated politically in different contexts with different historical legacies.

**The Cases**

More specifically, the cases in this project are the *ICT- and telecommunications policies in Norway, Denmark and Ireland*. As earlier indicated, the demarcation of these policy areas are not self-explanatory and need to be elaborated. ICT-policies in

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32 This approach has earlier been described by Lijphart as the *comparable cases strategy* (Lijphart
this thesis are understood to be political strategies developed in order to meet the challenges as well as opportunities that follow from the introduction and diffusion of ICTs in society. This comprises several policy-areas, ranging from telecommunications to education, from medicine to commerce. However, the aim of this project is not to investigate all aspects of the states’ ICT-policy, but to focus on ICT-policies on an overall level, and telecommunications policies in more in-depth analyses as an important policy-area within the ICT framework.

The analysis of overall ICT-policy has already been presented in Chapter 1. As the analysis showed, overall ICT-policy is operationalised as the broad strategies governments have formulated, or appointed commissions to formulate, in order to meet the ICT-development. These strategies are broad in the sense that they are not sector-specific, but are intended to cover the general challenges and opportunities issued in by ICT-development. In the 1990s, most European governments developed such strategies. As reviewed earlier, the analysis focuses on the period from 1994 through 2000 as the period when the diffusion of the Internet as well as the presentation of action plans in the US and the EU generated national responses and made ICT-policies a highly prioritised policy area.

The states’ telecommunications policies will be analysed in Chapters 4, 5 and 6. In contrast to the analysis of the states’ overall ICT-strategies, which is conducted on a very general level and focuses on government policy only, the analysis of telecommunications policy will be carried out in more detail and it will focus on several levels of the policy process. By employing Easton’s simplified model of political systems, we may identify four basic levels of the policy process (Easton 1965:32). These are political inputs, which have an effect on the performance of the political system, which make decisions and carry out actions, which again lead to certain outputs. This model has been criticised for representing an oversimplification and for ignoring the fact that the patterns of influence may have several directions (Ham and Hill 1984). Agreeing with this criticism, I still think the model constitutes a useful framework for structuring policy analyses and the present analysis of telecommunications policy can be described according to the levels of the model.

1975).
The study will provide a review of relevant government proposals and parliamentary debates on telecommunications in order to investigate and compare some of the concerns and ambitions that are brought into the policy process. The parliamentary debates will also provide some insights into the parliamentary decision-making process. However, other aspects of the decision-making process such as inputs from interest groups, and debates within administrative and governmental bodies will not be investigated. This is partly for capacity reasons and partly because the main purpose of this project is not to investigate the policy process itself, but to analyse and investigate policy as it is expressed and performed on the different levels. In this context, the government proposals and the parliamentary debates are perceived as an important indication of the inputs into the national policy processes. Following this, the political decisions made and regulatory frameworks established will be analysed in order to compare basic aspects of the states’ telecommunications regimes. Finally, the study will provide an inquiry into the policy outputs both in terms of an investigation of the policy implementation as well as a brief overview of some of the consequences of the policies.

Parallel to the time-frame for the analysis of ICT-policy, the main emphasis in the telecommunications policy analysis will be on the 1990s through 2000. There will be a particular focus on the period from the second half of the 1990s as this was the time when new and liberalised telecommunications regimes were established. This analysis will, however, also provide a historical overview of the telecommunications regimes from the late 1800s until the current liberalised regimes. This historical approach is an important part of the investigation of whether differences in national characteristics and historical experiences lead to continued differences in policy on the different levels. The historical overview will mainly focus on the implemented telecommunications regimes. However, I will also include an analysis of parliamentary debates when the decisions to monopolise telecommunications were taken in the late 1800s, which will be compared with the parallel debates about liberalisation one century later.

The above review shows that the three cases are complex, but that they can nevertheless be demarcated in relation to the objects of investigation, the levels of
analysis and the time frames. Such a demarcation is necessary in order to make the study feasible for a researcher with limited time and limited resources.

Sources and Methods
Having established the basic approaches for this thesis as being a normative comparative case-study, in the remaining parts of this chapter, I will provide an overview of how the empirical research was conducted. Yin argues that typically, the case-study copes with a situation in which there are many more variables of interest than data points, implying that the researcher needs to triangulate multiple sources of evidence as well as benefit from prior theoretical developments (Yin 1994:13). This is also the case for this study which triangulates document analysis, qualitative interviews and secondary research.

Document Analysis
Political documents are the most important source of evidence in this study. Documents are analysed in order to investigate the governments’ approaches both regarding ICT-strategies and telecommunications policies, for the analysis of parliamentary debates as well as in the inquiries about policy implementation. Document analysis as a research strategy involves methodological issues regarding both the selection of documents, as well as the analysis of these sources. The selection of sources from political processes is an extensive process and, therefore, I shall describe in detail the choices that were made.

In the analysis of the states’ ICT-strategies presented in the introductory chapter, the sources were the documents that outlined the overall ICT-policies of the states, interpreted as documents in which the governments’ broad ICT-strategies were sketched out. These include, for example, documents such as the already discussed Bangemann report, the Danish Info Society 2000 report, the Irish Strategy for Action document and the eNorway initiative. All the selected documents in this analysis belong to one of the following categories: Overall white-papers on ICT, ICT-action plans, ICT-policy statements from the responsible minister to the parliaments, and
reports from special committees appointed by the governments to develop ICT-policy.\textsuperscript{33} Sector plans, such as plans for ICT in education or health care are excluded from this analysis, as are other more general policy documents such as the Norwegian long-term programmes or the Irish development plans. There are, however, differences in the policy-processes between the EU and the states, and these should be considered in order to evaluate the degree to which these documents can be compared.

From the EU I have investigated the views of the Commission, views which to a large extent have been directly applauded by the Council. The selected documents are Commission documents on general ICT-policies, ICT-action plans or documents related to such. In addition, the Bangemann report has been analysed. Initiatives on regulation or specific policy areas have been left out of the analysis.

The Norwegian and the Danish ICT-policy processes share many similarities. Both states’ governments have in the period investigated presented ICT-action plans as well as policy statements to the parliaments. Such policy statements\textsuperscript{34} are normal procedure within the Danish and the Norwegian parliamentary system. Basically, it means that the responsible Minister gives a statement to the Parliament about the current situation and the Government’s priorities within a given policy area. The Parliament then discuss the subject and may give signals to the Government, but are not invited to make any decisions, although this does happen. In addition the governments have appointed commissions with the explicit task to propose national ICT-strategies. These reports have been closely followed up by the governments and are therefore included in the analysis.

In Ireland there has been a dual process where policy-shaping has been conducted both outside and inside the Government. The Government appointed an Information Society Committee and later a Commission with the assignment to recommend overall ICT-strategies. These bodies have delivered reports to the Government on an annual basis. The Government has, however, only published one action plan, which is

\textsuperscript{33} A complete overview of ICT-policy documents analysed is listed in Appendix I.

\textsuperscript{34} These statements are called “politiske redegørelser” in Danish and “politiske redegjørelser” in Norwegian. In the English translations of the documents they are called “statements”, “policy reports” and “white papers”. As their status is the same – and they are called the same in the original languages – I call all of them policy statements, which is the most direct translation.
closely linked to the commissions’ recommendations. Both the Government and the commission documents are therefore included in the analysis.

The differences between the ICT-policy processes imply that the formal status of the documents varies, and comparison, especially of government and commission documents, calls for consideration. In this context it is important to note that the commissions, whose reports are included in this analysis, were all appointed by governments. They were given the explicit task to formulate national ICT-strategies and were closely followed up by government initiatives. I will therefore argue that the general trends presented in the documents can be compared. The documents were also checked against each other in order to trace the national positions adopted.

Similarly, the states’ telecommunications policies and the parliamentary debates on telecommunications will be analysed.35 These policy-processes are more easily distinguishable as this is a well-defined policy-area and follows the regular procedures for policy-development. In order to study the governments’ policies, all relevant acts and bills, government publications and other proposals and statements to the parliaments are analysed. The documents considered relevant are those on telecommunications policy and regulations which have implications for general telecommunications policies, or specifically for universal service regulations.

The parliamentary debates and committee reports on these initiatives are also analysed, together with initiatives presented in the parliaments by opposition parties or representatives. The selection of parliamentary papers is straightforward as it is directly linked to the selection of government documents. The comparisons between states are, however, more complicated as the structures of the parliamentary debates and reports differ considerably.

In Norway, the standing committees of the Parliament submit extensive reports in which the different parties state their views and arguments on the proposals to be decided on. These reports are then submitted as the committee’s recommendation to the Parliament and serve together with the Government’s proposal as the basis for

35 See Appendix II for a complete list of documents included in this analysis.
plenary debates. During the plenary debates the time available is divided between the parties in relation to their size. The parties choose how they will use this time, and after each statement there is room for comments and replies from other representatives. This implies that the Norwegian system provides the parties with plenty of room to give extensive presentations of their recommendations as well as their arguments.

The Danish system resembles the Norwegian, as the parliamentary documents include both committee reports with recommendations and plenary debates. There are, however, important differences. One such difference is that the Danish committee reports and statements in Parliament are very short compared to the Norwegian ones. Typically, the committee reports include the parties’ conclusions, but not their arguments. In fact, some committee reports only state that the committee supports the proposal from the Government. The parliamentary debates are also less extensive than the Norwegian with brief statements of the parties’ positions. Another difference is that in Denmark important parts of the policy-making have taken place outside the formal institutions of the Parliament. Throughout the 1990s, political agreements between the Government parties and the opposition parties have played a decisive role for policy-making in the telecommunications area. In this way, much debate and compromising has been done without direct reporting and only the outcomes are referred in the parliamentary documents.

In Ireland the procedures differ both from the Norwegian and the Danish ones. The reports from the Irish parliamentary committees are not only recommendations, but they are also transcriptions of the debates in the committee. The plenary debates are long and may go on for several days. The debates are, however, not divided between the party groups as in Norway and Denmark. Hence, the committee reports and the debates must be investigated closely as the position of the different political parties may be less explicitly stated.

Considering these differences between the states’ parliamentary documents, the analysis of these documents must be carried out carefully in order to trace the parties’
recommendations and arguments, without drawing conclusions which only reflect the differences between the parliamentary procedures.

Finally, the implementation of the states’ universal service policies after liberalisation are investigated. For this purpose, the relevant laws, regulations and executive orders are analysed in order to trace the implementing procedures. In some cases, additional documentation was needed like in the Norwegian case where letters from the Ministry are used to impose price caps. As we shall see, the policy-implementation is a complex part of the policy-process and uncovering the implementation mechanisms in the states in a way that facilitates comparison is difficult by the use of documents only. The states’ implementation procedures differ from each other, and similar regulations may be implemented by the regulatory authority in one state and by the Ministry in another. Hence, in order to provide a full overview of these processes, a triangulation of sources becomes important. The document analysis is therefore supplemented by qualitative interviews.

Qualitative Interviews
Qualitative interviewing was an important tool in obtaining background information on the ICT- and telecommunications policy process that could confirm and supplement my own findings through the document analysis. Furthermore, as mentioned, the interviews serve a particularly important role in the investigation of the policy implementation, as this implementation process is less transparent than the policy ambitions and regulations.

Qualitative interviews typically intend to comprise the complexity in the phenomenon studied, and aim to give an in depth, detailed, vivid and nuanced understanding of the phenomenon (Rubin and Rubin 1995). In a detailed description of the interview process, Steinar Kvale argues that the qualitative interview aims at understanding and interpreting the meaning of central themes of what the interviewee says, it gives descriptions of qualitative aspects of the phenomenon studied, it is open for new and unexpected dimensions, and it is focussed on certain themes, yet open for analysis of ambiguity (Kvale 1996:29-34). In many ways, the qualitative interview resembles
ordinary conversation, but there are important differences. The qualitative interview is characterised by a methodological concern with ways of asking, a dynamic concern about the interaction between the interviewer and the interviewee, and a critical concern over what is said, as well as the researcher’s own reflections on this (Kvale 1990:225). In light of these concerns, I comment on how the interviews were carried out.

As mentioned, one of the purposes for using qualitative interviews in this study was to develop better background information in the policy-processes on ICT- and telecommunications policy. This was particularly important in Ireland, about which I had little background knowledge, but also concerning Denmark where I had some knowledge from a previous project (Storsul 1997), although not on a daily basis as I had in Norway. Thus, the need for interviews varied between the states, and I therefore conducted the most interviews in Ireland, in some cases two interviews of the same informants, and the least in Norway. The second purpose for employing interviews was to get additional information on the states’ implementation of telecommunications regulations. In order to get the necessary information for this purpose, representatives for the responsible ministries and the central regulatory authorities are interviewed in all three states. The informants were selected by the institutions they represent. I have contacted the management of the relevant organisations or institutions, and the interviews have been with the management or someone they delegated this responsibility to.

Methodologically, the qualitative interview may be called semi-structured as it relies on the employment of an interview guide instead of detailed questions (Kvale 1990:219). The interview guides for this study were structured on the issues of the study, and comprised general questions on the interviewees’ views and experiences on these issues. These interview guides were not identical between the states and organisations as they were adjusted, for example in relation to my previous knowledge of the national situations, making the interview-guides for some Irish interviews more basic than the Scandinavian ones. The guides were also adjusted in relation to the specific situation at the time of the interview, in order to consider issues

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36 A complete list of informants is included in Appendix V.
that were then on the political agenda. This implied that there were some variations in
the interview guides over time as well as between the states. Despite these variances,
the themes and the main questions were similar in all interview guides.\(^{37}\)

The interview situations also varied somewhat. Most interviews were conducted face-
to-face in the informants’ offices, and only two interviews were carried out by
telephone. In general, the informants showed an interest in the research project and
seemed committed to giving conscientious answers. There was, however, a large
divergence between some informants who immediately answered extensively on all
questions, and other informants who answered more briefly, and to whom I had to
follow up with more questions to illuminate the issue. This implied that my role as an
interviewer, and the possibilities of influencing the informant, varied between the
interviews. Such differences will be considered in the analysis of the interviews.

The interviews were not taped and the transcriptions were based on notes from the
interviews. This decision was taken for capacity reasons and because I considered that
little significant information would be lost. As the purpose of the interviews was to
provide background and supplementary information, the level of precision in the
wording from the interview was not of crucial importance. Nevertheless, to ensure the
highest level of accuracy possible, the notes from the interviews were transcribed
immediately or only a few hours after the interviews were conducted. Furthermore,
the quotes from the interviews presented in the thesis have been cross-checked with
the informants. This reduces the possibilities for misprinting and misjudgements, and
ensures that the informants agree with their own statements. With these considerations
in mind, the interviews will be analysed as one kind of sources together with the
documents and secondary research.

Secondary Research
The present study aims to investigate a broad range of issues in ICT- and
telecommunications policy over a long period of time. It therefore becomes necessary
to rely not only on primary sources, but also secondary sources and therefore

\(^{37}\) Two interview guides are included as examples in Appendix VI.
secondary research. Secondary research differs from primary research in the sense that in primary research, the researcher is responsible for the design of the research, the data collection, as well as the analysis of information, whereas in secondary research, the design and collection of information is done by someone else. In many cases analyses have also been conducted and the researcher will have to reinterpret these analyses. David Steward argues that secondary research may be used both as a substitute for primary research as well as for defining the agenda for subsequent primary research (Steward 1984:12).

In compliance with this, in this thesis, secondary research will, in some contexts serve as a substitute for primary research. This has been particularly important in order to provide the broad historical descriptions on how the telecommunications regimes developed from the late 1800s till the late 1900s, as well as for statistical presentations of technological developments and diffusion of telecommunications services. Furthermore, secondary sources were important for planning the research design of this study as they indicated which issues and questions would be interesting to explore in such a study. In addition, secondary research was also valuable for a third purpose, as it provided some points of reference for evaluating and supplementing the results from my primary research.

A basic challenge in secondary research is that the researcher does not control how the sources have been collected, and for some studies, not even how the data is analysed. Therefore, when secondary sources are to be used as reports about what happened, for example, how the telecommunications regimes developed, the ideal is that several reliable and independent sources confirm each other. Where possible, this ideal was applied in this study and several sources of evidence have been employed in order to describe historical and also current developments. The sources were statistical information, historical reports on the policy-developments, as well as theoretical and contemporary analyses, which provide insights about historical or current developments. In addition, political documents, parliamentary reports as well as interviews with informants served not only as primary sources, but also as secondary sources.
Analysis of Sources

Several of the sources may be used for different purposes and I will employ the methodology of source criticism, as this is described by Ottar Dahl in order to discuss the use of the sources. Dahl (1973;1986) argues that sources may be employed in two basic manners: as reports and as remains. To employ sources as reports, implies that the sources are seen as statements or narratives about how things happened (Dahl 1973:36). In order to use a source as a report, the reliability of the source is important, and the ideal situation is to have several independent, detailed and immediately recorded reports, from competent and neutral witnesses, or witnesses with opposing interests, whose reports are in compliance with each other (Langholm 1994:37). When sources are employed as remains, however, the researcher is not primarily concerned with the message told, but in the relation between the message and the situation in which it is produced. The question is not if the source’s message is true or reliable, but why the source or message was made (Dahl 1986:32). All sources can be employed as remains, but only those which tell about a case or an event can be employed as reports.

The documents, interviews, as well as the secondary sources in my analyses, will be employed both as reports and as remains. For example, the parliamentary reports will be read both as reports about what happened in the different parliaments as this gives information about what was proposed, who said what, and which decisions were made. These reports also have a high level of quality control, which means that they have a high reliability on these issues. But, these documents also include other kinds of reports. A Member of Parliament can report on an event, and an informant can in an interview report on a case they find important. In order to evaluate the reliability of such reports and other secondary sources, they should be confirmed by other independent sources. At the same time the sources may be employed as remains. They are developed in a certain situation, and from the sources certain intentions may be analysed. For example, the parliamentary reports are not only reports, but also remains in which we can analyse how the different parties have argued and which intentions they may have had.

38 In Norwegian, ‘beretninger’ and ‘levninger’.
In the analysis of sources, regardless of whether they are employed as reports or remains, interpretation is a key challenge. Normally, there will be several possible interpretations of the sources, which are interdependent as the interpretations of details should be in coherence with the more overall interpretations. The interpretative process is therefore characterised as a pendulum swinging between different combinations of possibilities and the aim should be for an interpretation that is consistent, or at least more consistent than other possibilities. The interpretation of sources can therefore be characterised as a hermeneutic spiral, in which the pendulum between overall and specific interpretation is progressive as the process implies a continued elimination of possibilities (Dahl 1986:70).

In this study, the interpretative process is conducted differently depending on how the sources are used. When the sources are employed as reports, for example, on how the telecommunications regimes have developed, the sources are usually checked against each other to ensure that independent sources are in compliance with each other. The only exception to this is when interpreting what happened in the Parliament through the parliamentary reports, as these are regarded as primary sources with a high level of reliability. When the sources are employed as remains, and the purpose is to investigate the views and arguments of the governments and political parties, a strategy of analysing by the use of forms was chosen.

**Forms for Analysis**

In order to interpret and analyse the views and arguments of governments in the ICT-policy documents, and of governments and parties in the telecommunications policy documents and debates, I have developed forms with standardised categories for qualitative analyses, one form for the analysis of overall ICT-policy, and one for the analysis of telecommunications policy and debates. The basic principle has been to create categories that build on the thesis’ research questions and theoretical assumptions and reflects central questions about ICT-strategies, as well as telecommunications and distributive justice.

39 Appendix III and IV.
These forms have been useful tools for conducting the analysis of governments’ and parties’ proposals, statements and comments for several reasons. First of all, the forms ensured that the same questions have been asked of all documents, to all parties and all governments. In this way, the forms provided guidance in a complex and extensive material and made the analysis manageable. Secondly, the forms were instrumental in ensuring that the analyses are closely connected with the theoretical framework. Thirdly, the categories were useful in the process of seeking consistency between specific and overall interpretations. Fourthly, the standardised categories facilitated comparisons between different parties or governments, as well as comparison over time. And lastly, the forms constituted a means for strengthening the reliability of the study.

Validity and Reliability
According to Ottar Hellevik, the validity of a study expresses the relevance of the data in relation to the research questions, whereas reliability describes the accuracy of the measurements undertaken (Hellevik 1980:155). Hellevik discusses validity and reliability primarily in relation to quantitative studies, and standardised methods for investigation is described as an important strategy for enhancing reliability (Hellevik 1980:166). Qualitative investigations like interviews are, however, not standardised, and Jan Trost therefore argues that reliability cannot be measured in qualitative studies (Trost 1993:68). Agreeing with Trost that validity and reliability cannot be measured quantitatively in qualitative analyses, I will nevertheless argue that both concepts are valuable in qualitative research.

Hence, the validity of a study expresses the relevance the data analysed have for the research question. Earlier, I discussed how the selection of documents and informants for the analysis was guided by the research questions. Validity was strengthened by the triangulation of multiple sources of evidence (Silverman 1993:156; Grønmo 1985; Yin 1994:90). This triangulation was also a strategy for enhancing the reliability of the investigation.
The reliability of a study indicates the accuracy or precision in the process of investigation. Reliability is high if different independent investigations of the same phenomenon give almost identical results. Reliability can be strengthened through tests of intra-subjectivity implying that the same researcher makes new investigations of the same phenomenon, or through tests of inter-subjectivity implying that different researchers conduct the same study. In the current study, reliability was enhanced through thorough readings and re-readings of the sources, a process that strengthens the intra-subjectivity of the study. The ideal on inter-subjectivity was, however, not possible to fulfil due to practical reasons and lack of resources. This is not a unique situation for this project, and Yin recommends that “The general way of approaching the reliability problem is to make as many steps as operational as possible and to conduct research as if someone were always looking over your shoulder” (Yin 1994:37). According to Yin, research should be conducted in a way that would enable another researcher to repeat the procedures and get the same result. David Silverman argues that one way of obtaining this is to develop standardised categories for interpretation of texts and interviews (Silverman 1993:148). This is the kind of strategy chosen for this study, as I have developed forms with standardised categories for a qualitative analysis of the interviews and documents. Hence, these forms were not only useful for conducting the analysis, they also contributed to illuminating the procedure and thereby enhanced the reliability of the analyses.

Summary and Prospects for Generalisation
As reviewed in this chapter, this thesis aims to analyse, compare and assess ICT- and telecommunications policies in Norway, Denmark and Ireland. These analyses emphasise how the two political tensions: one between market forces, distributive justice and democracy, and the other between international constraints and national concerns, are expressed through and affect telecommunications policies in these states. As outlined in this chapter, these policies are analysed through a triangulation of methods and sources of evidence in order to provide as valid and reliable conclusions as possible.
The remaining question to be asked is to what degree the results from these analyses may have implications beyond the cases studied. In other words, what are the prospects for generalisation of the results? It is obvious that a study of three cases does not allow generalisations in any statistical sense such as described by Hellevik (1980) and others. Neither, can the study provide any justification for predications of policy developments in states other than those studied. I do, however, argue that the comparative case study approach enables certain generalisations to be made.

In this study, generalisations may be relevant on at least three levels. Firstly, in the investigation of the tension between liberalised markets and distributive justice, the states’ starting points differ considerably on variables such as the states’ political cultures regarding egalitarian values and their institutional legacies concerning market regulations. Hence, if this tension seems relevant and important in the political debates and governmental proposals in all the states studied, we might assume that such tensions would also be present in other European states with traditions for redistribution through market regulations. The second level of generalisation concerns the investigation of the tension between international constraints and national concerns. If the findings are that national differences seem to prevail, a general conclusion would be that the theories about the policy convergence do not provide precise descriptions of the development, especially since these are small states, which are assumed to be the most affected by international constraints. If, however, the findings support the assumption of policy convergence, these theories will be strengthened, although not confirmed. The third level relates to the normative approach. If the analyses show that the normative ideals are hard to comply with in the states studied, which in spite of differences have a relatively good starting point for compliance, we could assume that this would be the case also in other states.

With these considerations, the methodological structures for the analyses have been outlined. In the next chapter I return to the normative framework of the analysis and discuss how theories of democracy and distributive justice may be used in order to develop normative criteria for policy assessment.
3 ICT, Democracy and Distributive Justice

Introduction
The introductory chapter argued that modern society is developing into a society that is also an information society. Information and Communication Technology (ICT) plays an important role in these processes of change, not as a force that determines social development, but because it provides institutions and individuals with certain capabilities. This chapter will consider the democratic role of ICT, and will argue that even if ICT does not necessarily imply democratisation, it has a democratising potential that may or may not be realised. The chapter will elaborate further on this democratising potential and it will discuss some preconditions for this potential to be realised. As indicated earlier, special emphasis will be placed on how the fulfilment of democratic equality also requires distributive justice. Based on these discussions, I will develop normative criteria for a policy that seeks to use ICT as a democratising tool. These criteria will, in the following chapters, serve as a normative basis for analysing and evaluating Norwegian, Danish and Irish policies.

However, first of all, an underlying assumption of the relationship between technology and democratisation needs to be considered more closely. Basic questions are to what degree ICT should be considered as a democratising force, or if it is a neutral tool which may be used for different purposes?

Technology and Directions of Social Change
Technology optimists have celebrated ICT for being a democratising force of society. Nguyen and Alexander argue that ICT is an “enormously liberating force working against hierarchies of all kinds. This is the democracy citizens in advanced nations always dreamed of” (Nguyen and Alexander 1996:11). Along the same lines Nicholas
Negroponte holds that “Digital technology can be a natural force drawing people into greater world harmony” (Negroponte 1995:230), and he continues:

[…] more than anything my optimism comes from the empowering nature of being digital. The access, the mobility, and the ability to effect change are what will make the future so different from the present (Negroponte 1995:231).

Negroponte’s view is both deterministic and fascinatingly optimistic. Technology is a force so strong that it will save us from ourselves, creating harmony and community across the globe. But not everyone believes technology can have such salvation effects. In the 1960s and 70s there was a critical debate about the role of technology and this had a strong impact on later debates. I will therefore refer to this debate before I return to more recent contributions.

One of the classic critiques of technology optimism was presented by Herbert Marcuse who argued that:

In this universe, technology also provides the great rationalization of the unfreedom of man and demonstrates the “technical” impossibility of being autonomous, of determining one’s own life. For this unfreedom appears neither as irrational nor as political, but rather as submission to the technical apparatus which enlarges the comforts of life and increases the productivity of labor (Marcuse 1964:158).

In Marcuse’s view, technology carries the values of the dominant classes and works to preserve their hegemonic power in society. I will criticise Marcuse’s theory from two angles that mirror the critiques both of technological determinism and social constructivism as discussed in Chapter 1. Firstly, his argument that science has a rationality of its own pays too little attention to the human agency involved in the design of technology. Secondly, his insistence that technology reflects the power structures of society leaves little room for unintended consequences of technological choices. In sum, Marcuse’s view on technology makes an unbreakable circle:
technology has its own logic, serving the dominant classes, and the ideological hegemony of these classes directs technological rationality. The way out, to break the hegemonic circle and use technology to serve other interests and values, seems like a lost project in Marcuse’s theory.

Others, including critical theorists like Bertolt Brecht, had a more optimistic approach, and argued that technology can be conquered and used for social change. Technological innovations such as broadcasting can be used for manipulative purposes, he argued, but innovations also have a potential to mobilise and liberate. Following this argument, Brecht in 1930 proposed to change the radio from a distributive apparatus to a communicative one (Brecht 1973).  

A more recent contribution within this tradition, has been provided by Andrew Feenberg (1991; 1995) who argues in a Marcuse-like manner that “Once introduced, technology offers a material validation of the cultural horizon to which it has been preformed. I call this the “bias” of technology: apparently neutral, functional rationality is enlisted in support of a hegemony” (Feenberg 1995:12). However, Feenberg also argues that technology adapts to social change and that it is possible to achieve a general reform of technology. He uses the French Teletel project as an example to show that it is possible for technological advances to be made in opposition to the dominant hegemony. The Teletel project was implemented in the 1980s and involved provision of Minitel terminals to all French telephone subscribers. Through these terminals subscribers could access videotex services from a system called Teletel. This was an attempt to introduce a highly rationalistic information system to the general public. However, as Feenberg has observed, “Users “hacked” the network in which they were inserted and altered its functioning, introducing human communication on a vast scale where only the centralized distribution of information had been planned” (Feenberg 1995:19). In a Brechtian sense, the Teletel system was changed from a distributive apparatus into a communicative one by the users themselves.

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40 This article of Brecht was first published in 1930 (Skogerø 1996: 134).
Hence, it is an important observation that even if technology is not a neutral tool that can just as easily be used for one purpose as another, the use of technology is not predetermined. On the contrary, many technologies may actually be used for quite opposite purposes: for control or liberation, for governance from the top-down or democracy from the bottom-up, for distribution or communication, etc. To draw on Robin Mansell's (1996) principles of design and capabilities as discussed in Chapter 1, technology as designed gives us certain capabilities to act, but these capabilities may be used for very different purposes. In other words: a technology may have potential for certain developments or uses, but these potentials may or may not be realised, nor may they even be recognised. It is based on such insights that the expected democratising potential of ICT should be discussed.

The Democratising Potential of ICT
My starting point for exploring the democratising potential of ICT is that ICT is not in itself a driving force that strengthens or undermines democracy, but that it can be designed as a tool with a democratising potential. The following discussions will explore this democratising potential and what the preconditions are for this potential to be realised. This theoretical discussion will later constitute the normative framework for an empirical analysis, comparison and evaluation of Norwegian, Danish and Irish policies.

Concepts of Democracy
In order to explore the democratising potential of ICT, a concept of democracy needs to be established. There are numerous theories of what constitutes a democratic society and what procedures should be used for decision-making. In contemporary debate, Held (1987) has identified two opposing groups of models. The first are models of legal democracy, which are concerned with constitutional legislation and with the citizens’ formal political freedoms. Legal democracy is the model of libertarians who emphasise free market and minimal state intervention in civil society and private life as the ideal. The two most clear-cut proponents of legal democracy
are Nozick and Hayek. The second group are models of participatory democracy. Advocates of these models such as Pateman, Macpherson and Poulantzas, emphasise the direct participation of citizens in public decision-making. The institutional system should be open to experimentation, and material resources ought to be redistributed to enable all groups to participate. Formal rights are important, but they are of little value if they cannot be exercised because of a lack of resources. Democracy is not only a set of procedures and formal freedoms, according to these models, democracy is a form of life (Held 1987).

Both groups of models have their strengths and weaknesses. I will argue that the strength of legal democracy is the emphasis of political freedoms and constitutional rights, while an important weakness is that it limits the use of state power by putting economic liberalism before democracy. The strength of participatory democracy, I would argue, is the focus on the citizens’ actual opportunities to participate in public decision-making. Its main weakness is, however, the idea that democracy is a form of life, which constitutes a problematic position for those who do not want to participate.

Some theorists, however, have developed this discussion one step further and combined the emphasis on political freedoms, rights and formal procedures with a focus on actual opportunities. These theories may be named liberal democracy and include the theories of, for example Robert Dahl and David Held. When I employ these theories in the following discussions about the democratic potential of ICT, this is first of all because they combine the above mentioned strong elements from the two opposing models of legal and participatory democracy. In addition, there are some pragmatic reasons for using these theories. One is that theories of liberal democracy are not very far from the democratic ambitions in modern democracies like Norway, Denmark and Ireland, who all aim to combine formal political equality with the citizens’ actual possibilities to actively use their rights. Hence, these theories will be of use in assessing policy against ideals that are not fundamentally different from the ideals of the political systems. This is advantageous because it does not entail unrealistic assessment. At the same time, it still implies questioning the norms and values themselves, as I will review these ideals and their underlying assumptions.

In Norwegian debate these models are often described as models of competition democracy or
theoretically. Another pragmatic reason for focussing on liberal democracy and not more participatory models of democracy, is that the emphasis on distributive justice as a precondition for democratisation which follows from liberal democracy is even more important in other, more participatory models. If, for example, theories of participatory democracy with a strong focus on direct democracy and electronic voting were to be employed, universal access for everyone to these services would be a fundamental requirement. The focus on liberal democracy therefore enables the development of normative criteria, the importance of which would increase with the use of more participatory approaches to democracy.

Held and Dahl are some of the more influential theorists within liberal democracy, and they approach the concept of democracy in a similar manner by asking what justifies democracy. Held argues that the core of the liberal democratic project is the principle of autonomy, which states that:

[...] persons should enjoy equal rights, and, accordingly, equal obligations in the specification of the political framework which generates and limits the opportunities available to them; that is, they should be free and equal in the determination of the conditions of their own lives, so long as they do not deploy this framework to negate the rights of others (Held 1995:147).

Dahl’s starting point is parallel to this. He argues that the concept of democracy is based on two basic assumptions. Firstly, that all persons are equal in some important sense. This is what Dahl has called the idea of intrinsic equality (Dahl 1989:85). Secondly, everyone should be assumed to be the best judge of her or his own good or interest. This is Dahl’s presumption of personal autonomy (Dahl 1989:199). Following this, a democratic process should be consistent with these ideas of autonomy and equality to be truly democratic. Dahl has established five ideal criteria for democratic procedures. These are:

1. Effective Participation
2. Voting Equality at the Decisive Stage

representational democracy (NOU 1980:7).
These criteria combine elements from the theories of legal democracy and theories of participatory democracy. Two of the criteria refer to citizens’ formal political freedoms, and are consistent with models of legal democracy. These are the criteria that citizens should have an equal vote at the decisive stage, and that of inclusiveness which says that the demos include “all adult members of the association except transients and persons proved to be mentally defective” (Dahl 1989:129). The criterion of control of the agenda is, as Dahl describes it, concerned with the sovereignty of the people. This might be challenged internally if some questions are excluded from the political agenda. Here Dahl distances himself from legal democracy because he does not accept that the state necessarily should be minimal, as the demarcation of politics should also be decided democratically. The criterion of control of the agenda can also be challenged externally if the state loses sovereignty to other states or institutions.

All these three criteria may be affected by ICT. Voting equality may for example be strengthened through the use of counting machines, but it may also be weakened if such machines are inaccurate, which probably was one of the reasons why thousands of votes were rejected in the US presidential election in 2000. The criteria of inclusiveness may be challenged if the people become networked in communities regardless of geographical space, because the question then arises as to whom will constitute the relevant demos for political decisions. Further, globalisation of the economy enabled by ICT-networks leaves the question of actual sovereignty open, as many decisions will be taken by the global economic actors and not national political institutions.

Although such perspectives are important, I will omit them from the following discussion. I recognise that there are still challenges to be met to ensure formal voting equality even in developed democracies like Norway, Denmark and Ireland, and that, for example, electronic counting may strengthen accuracy. However, election systems
and the constituencies’ size and weight are probably more important to ensure voting equality. These issues must be solved politically and not technologically. The issues of inclusiveness and sovereignty contain important questions as the development of new networks enable new forms of communities. However, even if many of us engage in networks where time and space matter less than in the physical world, we still live our lives locally, and need services like health care, schools, electricity and telephone lines where we live. Political decisions over such issues are matters that cannot be separated from time and space. Furthermore, even if global economic actors, and international institutions challenge the sovereignty of the nation-state, the power of the state is still significant. States engage in welfare services, as market regulators, as industrial owners and investors, and as providers of laws and their enforcement. Hence, localities and states still matter, and for the foreseeable future it is relevant to discuss the conditions of democracy within states. I will therefore argue that to focus on prospects for enhancing democracy within established states is not only still valid, it is in this context the most appropriate thing to do, as this theoretical discussion will be used in the following analysis of national policies.

Therefore, it is the remaining two of Dahl’s criteria which are most relevant for the discussion of the democratising potential of ICT. These criteria are of a different nature from the three discussed above, as they concern not only the formal rights of the citizens, but also the value of these rights. The criteria read:

**Effective participation:**
Throughout the process of making binding decisions, citizens ought to have an adequate opportunity, and an equal opportunity, for expressing their preferences as to the final outcome. They must have adequate and equal opportunities for placing questions on the agenda and for expressing reasons for endorsing one outcome rather than another (Dahl 1989:109).

**Enlightened understanding:**
Each citizen ought to have adequate and equal opportunities for discovering and validating (within the time permitted by the need for a decision) the choice on the matter to be decided that would best serve the citizen’s interests (Dahl 1989:112).
These criteria differ from both legal democracy and participatory democracy. In contrast with legal democracy, these criteria imply that formal rights are not enough, and that citizens should also be able to make use of their rights. In contrast with participatory democracy, the criteria do not demand equal participation and information, but adequate and equal opportunities. The questions then concern what is needed for citizens to have adequate opportunities for effective participation and for developing an enlightened understanding? Further, what does equal opportunities mean? Below I will start with a discussion about adequacy before I return to the equality-question.

Communicative Resources

It is obvious that some kind of resources are necessary for people to have adequate opportunities to exercise citizenship. Such resources are of two basic characters both of which are important. These are resources in the form of civil and political rights on the one side, and social and economic resources on the other. As the society is also becoming an information society, one group of resources which has a growing significance for citizens’ opportunities for participation and information is what I will call communicative resources. These includes formal rights, such as freedom of expression and right to information, and the resources that enables citizens to exercise these rights and therefore affect the value of the formal rights, such as literacy and access to newspapers, broadcasting and other public spheres. Nicholas Garnham argues that:

It is commonplace to assert that public communication lies at the heart of the democratic process; that citizens require, if their equal access to vote is to have any substantive meaning, equal access also to sources of information and equal opportunities to participate in the debates from which political decisions rightly flow (Garnham 1986:37).

This focus on enabling conditions for debate is at the core of the tradition of deliberative democracy. This is a tradition in which the collective shaping of politics through persuasive argument is emphasised. In Amy Gutmann’s words, “Deliberative
democrats defend persuasion as the most justifiable form of political power because it is the most consistent with respecting the autonomy of persons, their capacity for self-government” (Gutmann 1993:417).

One of the most important theorists within this tradition is Jürgen Habermas. He has been concerned with establishing conditions that make rationality and deliberation possible and he does this through the construction of an ‘ideal speech situation’. In the ideal speech situation the participants are equal, and adhere to a commonly recognised set of norms or validity claims applying to communication. “By accepting the validity claims the participants share a common understanding of the communication situation, and can be trusted to share an interest in reaching a common solution” (Skogerbø 1996:105). For Habermas, the establishment of such procedures is a necessary condition in order for the citizens to find legitimate solutions to normative conflicts (Eriksen and Weigård 1999:167). Where should this deliberation take place? Habermas emphasises the public sphere as the ideal space for public deliberation and discourse (Habermas 1971). The public sphere is conceived of as a network for communication of content and opinions, reproduced through communicative action (Skogerbø 1996:107). Hence the democratic function of the media are linked to their role as arenas in the public sphere.42

Habermas’ theory has been debated and criticised for several decades. For example, his procedure has been criticised for implying that deliberation must go on until consensus is reached (Skogerbø 1996:106), and the concept of the public sphere has been criticised for not acknowledging the differences in citizens’ abilities and ambitions to participate in a continuous political debate (Garnham 1986). These criticisms of his lack of recognition of conflicting interests in society are important. Skogerbø argues that Habermas has changed his focus in his later works and has become increasingly preoccupied with constitutional and procedural democracy. Deliberation is still a key concept in his theory, but not as an end in itself (Skogerbø 1996:106). In fact, Skogerbø shows that Habermas’ concept of deliberation may be regarded as a constitutive element of ‘procedural democracy’ as defined by Dahl. She argues that “Habermas and Dahl have always had in common the ambition to set out
norms and criteria that would secure a working democracy, and their theories are partly complementary” (Skogerbø 1996:107). Dahl’s criteria and Habermas’ theory have the same aim, that is, the possibility to reach legitimate political decisions without force or manipulation. Dahl’s criteria provide the individual conditions necessary for deliberation, whereas Habermas’ theory describes the ideal structural conditions for legitimate decision-making (Skogerbø 1988:83).

**ICTs as Communicative Resources**

I would argue that it is within such a context of enabling democratic discourse and deliberation that the democratising potential of ICT should be understood. If properly designed, ICT is a communicative resource that can contribute to citizens’ enlightened understanding by making more information accessible in order for citizens to make informed choices. Further it may provide citizens with new means to participate in public debate and decision-making. Hence, for citizens ICT can be used to make more information available and it can provide new channels for communication.

As argued in Chapter 1, the Internet is one example of the new media with growing significance, and through e-mail and the web, citizens can access vast amounts of information as well as communicate with each other. Furthermore, I argued that e-mail and the web differ from other media in several ways. Firstly, neither e-mail nor the web recognise national borders, and thereby freedom of speech is strengthened in relation to censorship. Secondly, the threshold for publishing on the web is lower than in other media, and this increases the possibilities for expression for more people. Thirdly, large amounts of information become much easier to access through the web, and this strengthens the possibilities for citizens to develop an enlightened understanding. In addition, both e-mail and the web are characterised by two or even multi-way communication and not only one-way distribution. Remembering the Brechtian vision about how the radio should be turned into a communicative apparatus, with regard to the Internet, this is no longer quite so utopian. Although the web and e-mail may also be used for one-way distribution, it is possible to

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42 See for example Habermas (1971), Keane (1991), Skogerbø (1996) and Garnham (1986) for further discussions of the relations between the media and the public sphere.
communicate directly with someone by e-mail, to enter discussion groups on topics one wants to discuss, and to comment on other people’s views directly on the web.

These characteristics of the Internet may serve as examples of how ICT can be used to strengthen democracy. ICT does, however, comprise several technologies of which the Internet is only one. New services develop for, for example, television and mobile networks. These services may, as the Internet, develop into important communicative resources. Hence, both the Internet and other ICTs may provide citizens with new, and in Dahl’s terminology, more adequate opportunities to seek alternative sources of information to develop an enlightened understanding, and it gives the citizens new channels to communicate and participate in society. Some theorists are more concerned with how ICT has a potential to transform democracy and proposes new forms of participation, electronic referenda and new electronic discussion societies. My point is not to reject all such ideas. On the contrary, I believe that to strengthen democracy one should experiment with new procedures and new forms of public participation. However, I will argue that even in order to realise the democratising potential of ICT in the least radical way, as supplementary channels for information and communication, it is important to ensure that ICT does not become a tool only for the elites. Following Dahl’s criteria that citizens should not only have adequate, but also have equal opportunities to information and communication in the established policy process, the distribution of communicative resources becomes of crucial importance.

**Democracy and Distributive Justice**

The preceding discussion focused on the question on how ICT may give citizens more adequate opportunities to develop an enlightened understanding, and for participation. But what does it mean that all citizens should have equal opportunities? Dahl gives no explicit answer to this, and Held has criticised Dahl for belonging to a tradition of political liberalism which “cannot specify adequately, the conditions for the possibility of political participation by all citizens” (Held 1987:282, my emphasis). In

a response to this critique, Dahl stated that the assumptions of equality and autonomy that justify the democratic process

[…] need to be complemented by an elementary principle of fairness that it will do no harm to make explicit. This principle, which few would contest, is simply that, in general, scarce and valued things should be fairly allocated (Dahl 1989:108).

Hence, Dahl accepts that his theory should be supplemented by a principle of fairness, but he does not himself specify how this should be formulated. There are, however, several scholars who do this. To complement Dahl’s theory with such a principle, we should look for a theory that complies with the ideals of liberal democracy in the sense that it recognises principles of citizens’ autonomy and equality. Further, a complementary theory should emphasise that rights should not only be formal because equal citizenship requires that citizens also have adequate and equal opportunities to make use of their rights. These requirements exclude libertarian theories, because these are focussed on formal rights only. Further, they exclude utilitarian theories which basic principle is the maximising of the total utility in society, because this principle may lead to the sacrifice of some individuals rights or interests, if this is serviceable towards the aggregated sum of utility in society.

Another theoretical direction, which may be in compliance with liberal democracy, is the one Will Kymlicka calls theories of liberal equality (Kymlicka 1990). These are theories committed to uniting the concern for equal rights with social justice and parallel the liberal democracy tradition. The most influential contribution within this tradition is John Rawls’ theory justice as fairness. This theory has dominated the field since it was published in 1971, not because all agree with the theory, but because later theorists define themselves in opposition to Rawls (Kymlicka 1990:52). One of the reasons why Rawls’ theory has been so influential is, as we shall see, that it provides principles of justice that overcome weaknesses in other theoretical traditions, such as the utilitarian risk of sacrificing the individual for the benefit of total utility in society.
For the purpose of this project, I will argue that Rawls’ and Dahl’s theories make fruitful contributions to each other’s projects. Rawls has a similar starting point as Dahl as he insists on the equality of people and holds that recognising this means that equal formal rights are not enough. Moreover, Rawls’ theory of justice provides a set of principles for fair distribution of resources, which Dahl’s theory lacks, and Dahl’s theory provides criteria for democratic procedures, which can be seen as complementing Rawls’ principle of equal political liberties. Further, and this will be important for this thesis’ discussions about telecommunications policy, the theory also provides a fruitful strategy for developing normative principles by seeking a reflective equilibrium between intuitions and moral principles.

Justice as Fairness

Rawls’ theory is an ideal theory. It is not a theory about how decisions are made under certain historical conditions, but ideal principles for a perfectly just society that can guide the course of social reform. The principles specify how the basic structure of society should distribute primary goods. The basic structure of society is described as the major social institutions, i.e. the political constitution and the principal economic and social arrangements such as regulations, markets and families (Rawls 1971:3) and the primary goods these institutions distribute are “things that every rational man is presumed to want. These goods normally have a use whatever a person’s rational plan of life” (Rawls 1971:62). He specifies that the chief primary goods are rights and liberties, powers and opportunities, income and wealth.

Rawls’ theory is situated within the tradition of social contract theory, but he has developed a special form of contractual situation.

By contrast with social theory, the aim is to characterise this situation so that the principles that would be chosen, whatever they turn out to be, are acceptable from a moral point of view. The original position is defined in such

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44 Some of the theoretical reflections in this section build upon discussions in one of my earlier works (Storsul 1997). The arguments have, however, been developed further and concretised in the context of this study.
a way that it is a status quo in which any agreements reached are fair (Rawls 1971:120).

Rawls’ *original position* is a purely hypothetical situation set up to ensure a fair procedure so that the principles agreed to by the contractual parties will be just (Rawls 1971:136).

In the original position, all parties are equal and rational, they are also all moral persons with a conception of their own good and they are capable of a sense of justice (Rawls 1971:19). To ensure that the outcome will not be “conditioned by arbitrary contingencies or relative balance of social forces” (Rawls 1971:120) Rawls introduces a *veil of ignorance* limiting the information available to the parties. In the original situation no one knows her or his place in society in terms of class position or social status, abilities, intelligence, strengths, or even conceptions of the good. Through this veil of ignorance, all parties are similarly situated and no one is able to design principles to favour her or his particular condition. Therefore, Rawls argues, “the principles of justice are the result of a fair agreement or bargain” (Rawls 1971:12).

The original position mirrors the intuition of equality between human beings. The principles the parties agree to in the original position must be in accordance with this ethical intuition. If there is no such accordance, the intuition, the original position or the principles must be adjusted until a *reflective equilibrium* is reached. Rawls argues that such a processual method of seeking a reflective equilibrium is necessary for developing a theory of justice. “A conception of justice cannot be deduced from self-evident premises or conditions on principles; instead, its justification is a matter of the mutual support of many considerations, of everything fitting together into one coherent view” (Rawls 1971:21). This does not mean that Rawls excludes intuitions from his moral theory, as his own basic intuition is that of the equality of human beings. Rawls’ argument is, however, that pure intuitionist concepts of justice have problems of priority as people’s moral intuitions differ. Therefore, he argues, “[w]e should do what we can to formulate explicit principles for the priority problem, even though the dependence of intuition cannot be eliminated entirely” (Rawls 1971:41).
Rawls’ assumes that in the original position, behind a veil of ignorance, rational parties will be guided by the *maximin principle*. The basic idea of this principle is that people will choose principles that will ensure them as many primary goods as possible, even if they end up in the worst possible situation (Rawls 1971:152-153). The principles they would choose are:

*First Principle*

Each person is to have an equal right to the most extensive total system of equal basic liberties compatible with a similar system of liberty for all.

*Second Principle*

Social and economic inequalities are to be arranged so that they are both:

(a) to the greatest benefit of the least advantaged, consistent with the just savings principle,\(^{45}\) and

(b) attached to offices and positions open to all under conditions of fair equality of opportunity (Rawls 1971:302).

These principles are to be ranked so that the first principle, the principle of freedom, comes before the second, implying that liberty can only be restricted for the sake of liberty. Further, the principle of fair opportunities (2b) comes before the difference principle (2a). Rawls is, however, concerned that even if people have equal formal freedoms, the worth of liberty is not the same for everyone. Poverty, ignorance and a general lack of means, affects people’s ability to take advantage of their rights and opportunities and achieve their aims. Rawls does not think of this as constrains on liberty. Rather, he argues that this affects “the worth of liberty, the value to individuals of the rights that the first principle defines” (Rawls 1971:204). At this stage, his insight has no consequences for his principles of justice. He maintains that through the difference principle (2a), the basic structure of society will maximise the primary goods available for those who are worst off. This position is criticised by Daniels who argues that the

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\(^{45}\) The just savings principle is to ensure justice between generations (Rawls 1971:284-293).
Second Principle inequalities of wealth and power which maximize the index of primary social goods may well not maximize worth of liberty for those with the lowest index. Indeed, what is most likely is that worth of liberty is especially sensitive to relative differences in the index of primary social goods and is not a simple monotonic function of it. [...] Rather, the very inequality of wealth and powers which, we are assuming, acts to increase the index of the worst-off individuals can at the same time act to decrease his worth of liberty (Daniels 1975:271).

Following this argument, a growth in the index of primary goods for those worst off will improve their position, even if the relative differences in society increases. However, increased relative differences may be problematic for the worth of people’s political liberties. This is because political liberties, which in Rawls’ terms include political rights and freedoms, are goods in a zero-sum game and the worth of one person’s political liberties is relative to the worth of other persons’ political freedoms. For example, democratisation implies that large groups of citizens increase the worth of their political liberties at the expense of the elites, whereas the opposite happens if the elites increase the worth of their political liberties. Further, as the worth of a person’s liberties depends on other primary goods or resources, the difference principle as stated by Rawls may lead to large differences in the worth of basic rights and liberties. Daniels therefore argues that Rawls’ principle of equal basic liberties should be extended to equal worth of basic liberties. In a later work, Rawls accepts this critique (Rawls 1993:325), and in order to reach a new equilibrium between the principles and the intuition of equality of persons, he revises the first principle and restates it as follows:

Each person has an equal claim to a fully adequate scheme of equal basic rights and liberties, which scheme is compatible with the same scheme for all; and in this scheme the equal political liberties, and only those liberties, are to be guaranteed their fair value (Rawls 1993:5).

In this way, Rawls includes a guarantee that political liberties are to have a fair value. The exclusion of other liberties from this guarantee seems reasonable, because other
liberties are not in the same way goods in a zero-sum game. For example, liberty of
consciousness may increase for all citizens at the same time and is not necessarily
equally sensitive to relative differences in other social goods. Further, a guarantee of
the value of, for example religious liberties, may lead to a strong degree of religious
relativism (Daniels 1975:167). Rawls emphasises that his revised principle implies
that the worth of political freedoms must be “approximately equal, or at least
sufficiently equal, in the sense that everyone has a fair opportunity to hold public
office and to influence the outcome of political decisions” (Rawls 1993:327). According
to this revised principle of freedom, resources that are important for
citizens’ political liberties cannot be too unequally distributed, because this can create
differences in the value of the citizens’ political liberties and thereby weaken
democracy. In other words, all citizens shall have equal liberties, and relevant
resources must be distributed in a way that ensures that the political liberties of all
citizens are guaranteed to have fair value.

Rawls does not specify what kind of constitutions or what kind of laws should be
chosen in order to realise his principles. It is not clear whether or not Rawls believes
that a free market will ensure a just distribution, or to what degree he thinks public
regulation will be necessary. He does not argue the case of neither private nor public
property. Even when he argues for the application of his principles to social
institutions, he is rather abstract. Rawls’ aim is to characterise a just constitution and a
just policy, not to prescribe it. However, Rawls’ principles and his method of seeking
a reflective equilibrium can be fruitful for developing more specific norms and
policies. In the following discussion, I will use his theory in order to develop criteria
for a policy that seeks to use information and communication technologies to
strengthen democracy. In this context it is important to note that I do not claim that
Rawls would necessarily agree with the following reasoning, and the ambition is not
to develop Rawls’ argument, but rather a Rawlsian argument.

Fair Distribution of Communicative Resources

To sum up the line of reasoning so far, I have argued that ICT has a democratising
potential as it may provide citizens with new means for information and
communication, means that can be used to strengthen the citizens’ possibilities for enlightened understanding and effective participation. Further, according to Dahl, in an ideal democracy all citizens should have adequate and equal opportunities to make use of such possibilities. Consequently, as the citizens’ opportunities depend upon their resources, a theory of democracy should be supplemented by a theory of justice. Justice as fairness is such a theory. It complements the focus for equal political liberties with a concern for the distribution of resources, or primary goods, in society. According to Rawls’ revised freedom principle, all citizens should have equal political rights and liberties, and relevant resources must be distributed in a way that ensures that these are guaranteed a fair value. Consequently, resources that are important to the citizens’ political liberties must not be too unequally distributed, because this can create differences in the value of the citizens’ political liberties and this may have negative consequences for democracy.

I have also argued that communicate resources are especially important for the citizens’ possibilities for enlightened understanding and effective participation. It is therefore reasonable to believe that access to information networks and the competence required to use the information available will be of growing significance for the value of the citizens’ political rights. Employing Rawls’ method of reflexive equilibrium, I will argue that, if in the original position, it is unveiled for the parties that their society is also an information society, they would regard communicative resources as a primary social good, and a precondition for making use of other primary goods as they also affect the worth of citizens’ political liberties. It is therefore reasonable to assume that the parties in the original position then would call for a fair distribution of communicative resources.

One group of communicative resources with a growing significance is ICT, and an unequal distribution of ICT may imply that some citizens have access to important means of communication, participation and information whereas others are excluded from these possibilities. This would mean that the worth of the citizens’ political liberties would be unequal and this would be contradictory to the ambition of realising the democratising potential of ICT. Hence, in order for all citizens’ political liberties to have a fair value, ICT should be distributed so that it would enable all citizens to
make use of important information and participation possibilities. This does not necessarily imply that all citizens should be informed and active participants at all times, but that they should all have equal and adequate opportunities whenever they want to. Therefore, ICT should be distributed in a way that contributes to all citizens’ political liberties having fair value.

However, it is important to note that even an unequal distribution of ICT does not necessarily imply that democracy is weakened. Even an unequal distribution of communicative resources like ICT may, in fact, contribute to democratisation in some situations. This is because, in many societies, fast and effective possibilities to communication and information have been accessible only to a small group of politicians, large organisations and industrial interests. With ICT, such possibilities may become accessible also for other interests and larger proportions of the citizenry. In this way, even an uneven distribution of ICT may be a positive development. This is so as long as it is distributed more broadly than to the traditional power elites as this could improve the present situation.

Considering such existing inequalities in citizens’ possibilities, Dahl is very optimistic about ICT. He believes that technology may bridge the gap between the citizens and the elites and create opportunities for everyone to access information and participate in political discussion (Dahl 1989:339). In my view this is not a probable development. There are many reasons for political inequalities. Even if access to communicative resources and ICT can be fairly allocated, there will still be economic and social differences, which will imply that some will have better possibilities to using these and other opportunities than others. Consequently, ICT cannot solve the problems of other inequalities in society, but it can open some new possibilities for citizens. In order for this democratising potential to be realised as far as possible, distribution of ICT resources becomes an important task. This conclusion does, however, raise many new challenges for policy-making. These will be considered in the following.
Implications for Policy

Hence, a policy that seeks to use ICT to strengthen democracy should emphasise the distributive aspects. Some would emphasise that everyone should be provided with adequate possibilities in order to develop the communicative capabilities necessary to use ICT for information and participation purposes (Silverstone and Mansell 1996). This would include both measures to spread computer literacy as well as measures enabling citizens to handle large amounts of information in order not to be overwhelmed by the volume of information, and it would have implications for educational policies as well as strategies for life-long learning. Others may be more concerned with providing citizens with time to make use of the new possibilities for active participation, and would propose reforms in, for example, working hours.

Recognising that these concerns are important, I will turn my attention to another set of requirements, namely access to ICT-services, or more specifically access to telecommunications services and networks as the infrastructure which provide important services. Such access is a precondition for citizens to make use of the new possibilities ICT enables for information and participation. Hence, access to telecommunications services and networks may affect the worth of citizens’ political liberties. Therefore, distributing access to telecommunications fairly becomes a key challenge for a policy that seeks to realise the democratising potential of ICT. What implications should this insight have for policy-making? In order to discuss this within a normative framework, two aspects of this question should be specified. The first is which telecommunications services should be distributed fairly, and the second is what is implied by a fair distribution. How these questions have been handled in political debate will be discussed in Chapter 5. In the following, they will be considered as matters of principle guided by the theoretical arguments of this chapter.

In relation to which services should be distributed according to what principles, I will argue that services that are important to ensure that the citizens’ political liberties have a fair value should be universally accessible. In other words, everyone should have access to the services that are important in order to develop an enlightened understanding and to participate effectively in decision-making processes. Universal access to such services should be regarded a precondition for all citizens’ political
liberties to have a fair value. Other services that are not important for the value of citizens’ political liberties should be distributed according to the principle of equal opportunities and to the difference principle. As my concern in this thesis is for the democratising potential of ICT, I will focus on the services that should be universally available, but we also need to define what services these are.

I will argue that the importance of the service for the worth of citizens’ political liberties depends upon the social use of the services and that these themselves will develop over time. In evaluating the social importance of services, we should emphasise both the possibilities a service gives for information and communication purposes, and the diffusion of a service. The diffusion of telephony presents a good example of how the social significance of a service increases with the number of people using it. As Graham et al. have noted:

[…] as more and more aspects of social life come to be based around the social norm of ‘having a telephone’, the condition of those who are without such a service becomes more and more marginal (Graham et al. 1996:8).

Parallel arguments could be developed regarding the development and diffusion of, for example, television. The basic assumption is that a service which is only used by a small minority is less significant than a service that is used by the majority, because the risk of becoming marginalised then increases for those who are excluded. Today, few would contest that voice-telephony is such a basic service as it has developed from being a luxury good for the few, into being a basic service and a precondition for information and participation. This also shows the logic of network externalities, which implies that the value of being connected to a network increases the greater the number of people who are connected. Hence, a similar development to that of telephony may be expected from other services. Once a service reaches a certain level of penetration, its importance for citizens’ possibilities of accessing information and actively participating increases, as also does the risk of marginalisation for those excluded. Hence, the service becomes significant for the worth of citizens’ political liberties.
During the past two decades, several new services have been launched and the diffusion of some of these services has been extensive. The Internet is one of the clearest illustrations of this diffusion. Although the Internet was not a new technological invention, being developed in the 1960s, after it was made commercially available and the web was introduced in the mid-1990s, the diffusion rate was rapid. In June 2001, 46% of the population in the EU, 70% in Norway, 68% in Denmark and 57% in Ireland reported that they were personal Internet users. In this way, the Internet has become an important tool for citizens to access information and communicate and participate. Consequently, it seems reasonable to argue the concern for distributive justice applies to services beyond telephony, and the Internet is one such example.

Most Internet services, such as e-mail and most web-sites can be accessed with a modem connected to the ordinary telephone network. But, when more services are provided through the Internet, the capacity of the ordinary telephone network becomes too narrow for effective use of these services. Other more advanced services include services such as ISDN, which may double the capacity of the telephone line, and ADSL, which is an asymmetrical network which may enable reception of moving images. Further, broadband networks are being developed with a much higher capacity and which may enable transmission of high quality television or similar services. Unfortunately, we do not know which services will become important for the worth of citizens’ political liberties, or what level of bandwidth will be required in order to use these services. The difficult question therefore remains as to where to draw the line defining which services, or what bandwidth, we should consider as so important that they should be universally accessible.

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47 The ordinary telephone line has a capacity of 56 kb/sec.
48 Integrated Services Digital Network. This has a capacity of up to 128 kb/sec.
49 Asymmetrical Digital Subscription Line. This may have various capacities depending on the kind of subscription. Telenor, for example, offers three kinds of subscriptions where the capacity to receive data varies between 384 to 1024 kb/sec, and the capacity to send data varies between 128 and 256 kb/sec [http://privat.telenor.no/dinesider/default.aspx?a=goProduktAdslHastighet] June 2002.
50 The definition of broadband is contested. Most agree that broadband means at least a capacity of 2Mb/sec. In addition, some hold that ‘real broadband’ has a capacity of between 5 and 10Mb/sec.
In defining which services these are, two concerns should be taken into account. One is that if the services that should be universally provided are defined too narrowly, this may lead to a situation where some citizens are left without services which are important. The other concern is that the process of providing more and more services universally may be mainly in the interest of the producers of gadgets and networks who want to extend their markets, and less important for citizenship. Hence, a political commitment to ensuring universal access to services important for democratic purposes should be assessed against the possibility that this may be costly for most people, and that it may mainly serve large industrial interests. Therefore, finding the right balance is crucial. I will argue that the normative approach to these issues should be divided in two.

First of all, due to the fact that what services will be important will probably vary over time, simply because the social significance of new services will change, the process of considering this question should be dynamic. New services should be made universally accessible when their social significance makes them important for the value of citizens’ political liberties.

Secondly, for the present, which is the late 1990s and early 2000s, I will argue that a reasonable starting point would be to start a process for the provision of universal access of services beyond voice telephony in states like Norway, Denmark and Ireland. As we shall see in this thesis, telephony is today practically universally available in these states, and more services are being developed, and spread relatively rapidly. It seems probable that in the near future, services that require higher bandwidth, equivalent to at least ISDN, or probably also ADSL-capacity, will become important for the worth of citizens’ political liberties. Therefore, making these services universally available at an early stage could ensure that the period where these services are important, yet unavailable to some, would be as short as possible. Furthermore, the possibilities of ICT for information and communication purposes should be exploited in order to strengthen democracy. Even if ICT cannot solve the basic problems of inequality, new ICT services should be employed in order to make more information more easily available, and to enhance the possibilities for

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51 Chapter 6 provides more detailed overviews of the spread and diffusion of some services.
communication between citizens and between citizens, politicians and authorities. Accordingly, everyone should have access to such services as early as possible. This does not imply that all necessarily have to use these services, but that they should have an adequate opportunity if they wish.

The second question about the implications for policy concerns what universally accessible means. In other words, how universal should universal be? Following the discussion above, it seems reasonable to approach also the question of universality dynamically. The services most immediately important for the worth of citizens’ political liberties, should be available to all households. Earlier research indicate that both geographical as well as economic factors are important for the accessibility of services (Dyer 1997, Gillespie and Robins 1989, Mueller and Schement 1996). Consequently, these services should geographically cover all areas with households in order to prevent some citizens being excluded from participation. If access to information and communications services depends on where people live, then the value of citizens’ political freedoms will vary between geographical areas, and this is not in compliance with the ambitions of realising the democratising potential of ICT.

Furthermore, universality is not only a question about physical accessibility to services. Universality also implies a price level all citizens can afford. The cost of accessing the network and using important services should not exclude any social groups from participating. High prices generally, or in high-cost geographical areas, may imply that new inequalities in the value of citizens’ political freedoms may emerge, or that existing inequalities may increase. Hence prices should be at a level that enables all citizens to make use of the basic services without sacrificing other important social goods. Where this price level should be set will vary with the level of wealth and the distribution of resources in society.

With respect to the dynamics of new ICTs, other services, which may have a future potential for information and communication purposes, but have not yet diffused widely, should be accessible in public places such as schools and libraries. This would make a parallel to earlier telecommunications policies, where public pay phones played an important social role until telephony became widespread, and the ambition
was extended to providing telephony to every household. Services, which do not seem important for the citizens’ access to information and communication, should, according to this argument, be distributed in a manner similar to other social goods, in compliance with Rawls’ principles of equal opportunities and the difference principle. This would still imply restrictions on inequality, as the difference principle states that any inequality should improve the conditions of those worse off. Hence, ICTs should be developed and distributed in manners that comply with criteria for realising the democratising potential of ICT, which hinders marginalisation, and which improves the conditions for all citizens.

**Conclusion**

This theoretical review has argued that ICT is a communicative resource that provides citizens with new opportunities to develop an enlightened understanding, and for effective participation in decision-making. A just distribution of such communicative resources is therefore essential in order for all citizens’ political liberties to have a fair value. One aspect of this relates to the distribution of telecommunications services, as access to such services is a necessary requirement in order to use ICT. Following this review, I have developed some *normative criteria* for a telecommunications policy that seeks to realise the democratising potential of ICT. The criteria may be summarised as follows:

*Services which are important for the value of citizens’ political liberties should be universally accessible.* This implies that services that are important for citizens’ opportunities, to enlightened understanding and effective participation, should be accessible to all. What services these are depends on the services’ potential for information and communication as well as their social use. This will change with the development and diffusion of new services. Therefore, *which services should be universally accessible should be reviewed regularly.* Further, in order to realise the democratising potential of ICT as soon and extensively as possible, in addition to ordinary telephony, *the present aim should be to make more services universally accessible.*
Universal accessibility should imply that both these networks and services are accessible to households in all parts of the states in order to avoid geographical inequalities developing. Further, access should be priced at a level which is affordable to all citizens so as to avoid the exclusion of some social groups.

If the policies of the states – here Norway, Denmark and Ireland - comply with these criteria, they will have fulfilled some of the distributive preconditions necessary to realise the democratising potential of ICT. How they achieve this, for example, the level to which political interference will be necessary in order to effectuate the ambitions, is a question that should be discussed in specific contexts.

In the following chapters, these criteria will be used in order to analyse and assess telecommunications policy in Norway, Denmark and Ireland. As discussed in Chapter 2, the criteria will guide the analysis and assessment on several levels. First, they provide the theoretical framework for the issues that are investigated specifically within telecommunications policies, namely that of universal services. Secondly, they are used in order to assess what role the concern for distributive justice and democratic equality plays in the political debates over telecommunications. Thirdly, they provide the framework for an analysis and assessment of the new regulatory regimes of the states and how these are implemented. However, these criteria are not policy prescriptions, but basic ideals for distribution of telecommunications in society. Therefore, the criteria will not lead to definite conclusions on whether or not the three states’ policies are in compliance with a policy that seeks to realise the democratising potential of ICT. The criteria will rather provide a framework for discussion on the different stages of the policy process. Thus, the overall considerations of the normative implications of the three states’ telecommunications polices will be provided in the final and concluding chapter.
4 Telecommunications - from Monopolies to Markets

Introduction
In this and the following two chapters, important aspects of the telecommunications policies of Norway, Denmark and Ireland will be analysed, compared and assessed. As argued, in a society which is also developing into an information society, access to telecommunications networks and services is necessary for citizens in order to make use of the new opportunities ICT provides for information, communication and participation. Hence, access to telecommunications has become a communicative resource that affects the value of citizens’ political liberties. Consequently, a fair distribution of such services has become an important challenge for a policy that seeks to realise the democratising potential of ICT. Telecommunication policy is also a policy area within the ICT-field, which has been transformed over the last decades. As we shall see, the recent liberalisation of the telecommunications sector actualises the two political tensions investigated in this thesis. The tension between liberalised markets and distributive justice becomes emphasised because cross-subsidies within the monopolies can no longer be an instrument for allocation of resources and ensuring nation-wide development and provision of services. The liberalisation process also illuminates the role of the tension between international constraints and national concerns as the new telecommunications regimes are established within an international framework where the states must comply with EU-regulations.

How these tensions affect telecommunications policy will be studied on several levels. The present chapter will provide an overview of the first century of telephony with a special focus on the large reforms in the telecommunications regimes. Both the monopolisation in the 1890s as well as the liberalisation in the 1990s will be investigated, with an emphasis both on the reforms themselves, as well as the political
concerns expressed through government proposals and parliamentary debates. The purpose is to explore the level of policy convergence regarding both regimes and policy concerns, and to investigate the role the tension between market forces and distributive justice plays in decision-making in the three states selected for the study. The normative element of this chapter is the focus on the role the concern for distributive justice has played in policy-development. This normative approach will be more explicit in the next two chapters, which will not only analyse, but also assess how the telecommunications markets have been re-regulated in order to ensure universal access to important services, the parliamentary debates about this, and the implementation of these regulations. These analyses should, however, be framed in a historic context.

The Introduction of Telephony

Telecommunications was one of the technical innovations of the nineteenth century. This was the century of the industrial revolution, when technologies such as the steam engine and electricity transformed both the modes of production and transportation, and the social organisation of work underwent major changes. Until this century, the speed and accuracy of communications had been limited by the speed of horses, ships, railways, and the weather conditions for signalling. The introduction of the electrical telegraph in 1837 was therefore an important innovation. Initially, the telegraph was used to avoid collisions on the railways as it made it possible to anticipate the trains’ arrival times (Flichy 1995:42). However, the diffusion was rapid, and already by the late 1840s, the telegraph had superseded the postal service as the favoured means of business communication (Davies 1994:8). Local, national and international lines were developed all over Europe and the United States, and in 1858 the first transatlantic telegraph line was laid.

Some decades later, telephony was invented. Several inventors had for years been trying to develop systems for electronic transmission of sound (Flichy 1995:82, Bray

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52 Full references to all documents considered are provided in Appendix II.
53 In 1837 William Cooke and Charles Wheatstone obtained a patent in England for an electric alarm and telegraph system (Hall 1993:27). There had, however, been a number of research projects since the 1820s aiming at constructing an electronic telegraph. The invention of the electronic telegraph was therefore, as Flichy notes the result of a cumulative technical progress (Flichy 1995: 37).
1995:54). By coincidence, two of these inventors, Alexander Graham Bell and Elisha Gray, applied for patent in Washington on the same day, 14 February 1876. However, only Bell received the patent. Litigation ensued, but Bell’s patent was upheld. Bell’s importance in the history of telephony was however, not only as an inventor, but also as the one who developed and marketed point-to-point telephonic links through the Bell International Telephone Company. This company was established in 1877, and as we shall see below, it played an important role in the early diffusion of telephony, not only in the USA, but also in Europe.

The First Telephone Companies
The first European experiments with telephony followed shortly after the invention of telephony. Already in 1880 telephone exchanges were opened in the capitals Kristiania, Copenhagen and in Dublin (Rafto 1955:170, Bludnikow 1994:19, Hall 1993:36).

In the Norwegian capital, at the time called Kristiania, the International Bell Telephone Company was licensed to construct telephone lines in 1880 and opened the first Norwegian telephone exchange. Thorolf Rafto (1955) reports that the Bell Company soon became increasingly unpopular because of a lack of quality of services and raising prices. In 1881 the locally owned “Christiania Telefonforening” was established and received a licence similar to that of the Bell Company. In subsequent years, private local telephone companies were established in several of the Norwegian cities and later in broader areas. The state, however, was rather reluctant to engage in telephony during these first years and until the 1890s, only occasionally was it the case that the State Telegraph set up telephone lines (Rafto 1955).

In Copenhagen, a Danish limited company, Kjøbenhavns By- og Hustelegraf, established the first telephone lines in 1879. The next year the International Bell Telephone Company established a telephone exchange in agreement with the local company, and in 1882, a new Danish limited company called Kjøbenhavns Telefon Selskab (KTAS) was established and took over the Bell Company’s lines and

54 The Norwegian capital was called Kristiania until 1925 when its name was changed to Oslo.
exchanges in Copenhagen. In the early 1880s, local private telephone exchanges were established in several areas of Denmark. The state was, as in Norway, reluctant at first, but in the late 1880s the state engaged in constructing telephone lines even if this was mainly to feed the State Telegraph (Thstrup 1992).

Until 1921, Ireland was part of the United Kingdom of Great Britain and Ireland (UK). In the UK two competing private telephone companies were established before the 1880s. These were the Bell Company in 1878 and the Edison Telephone Company in 1879 (Hall 1993:36). In 1880, after a few months of competition, these two companies amalgamated into the United Telephone Company (UTC). The UTC was based in London, but adopted a policy of forming separate companies to service the provinces (Flynn 1998:101). In Ireland the first exchange was opened in Dublin by the Bell Company in 1880 and soon taken over by the UTC, which later converted the Dublin operation into a subsidiary called the Telephone Company of Ireland. The next Irish exchange was opened in Belfast in 1880 by another company, the Scottish Telephonic Exchange which, in 1881, was also taken over by the UTC (Flynn 1993:107-108). The Post Office established its own telephone network, but this was limited and never made any attempt to compete seriously with the private companies (Flynn 1993:102).

Hence, in the first years of telephony, in all three countries the state was hesitant to invest in telephony and private companies dominated the markets. This private telephone market did, however, develop very differently in the UK (including Ireland) from that in Norway and Denmark. In the UK, the private telephone market was concentrated, as most local telephone companies were subsidiaries of the UTC, whereas the private companies were locally-owned in Norway and Denmark.

**The Role of the State**

Initially private companies dominated the telephone markets in all three countries, whereas the governments were somewhat hesitant to engage in the new technology. One of the main reasons for this was that at the time telephony was introduced, the states had recently made heavy investments in telegraphy and were reluctant to invest
more money in another technology. There was also uncertainty as to whether there would be a demand for telephony. Several saw telegraphy as the superior technology and telephony more as a curiosity than a competitor. However, as telephony grew increasingly popular, the states had to decide on whether they should get involved in telephony, and how the telephone market should be regulated. How much should the state telegraph invest in telephony, and should the telegraph operate in competition with the private companies, or should the market be organised as a monopoly? By the end of the nineteenth century all three states considered these questions, and as did most European states, they all concluded with some sort of monopoly arrangement.

An important part of the background for this move to a monopoly arrangement was that telegraphy was already a legal, or at least a de facto, monopoly prior to the introduction of telephony. In Norway, the State Telegraph was established in 1855. A legal monopoly for telegraphy was, however, not adopted until 1881, mainly because the State Telegraph did not meet any competition from private actors. Therefore, it was not until telephony was introduced that a monopoly of telegraphy was enacted (Rafto 1955:151). In Denmark, both private actors and the State Telegraph provided telegraphy, but from the 1870s the state started acquiring private lines creating a de facto monopoly before a legal monopoly of telegraphy was adopted in 1897 (Thestrup 1992:189). In the UK, the Telegraph Act of 1869 provided the Postmaster General with the exclusive privilege of transmitting telegrams within the United Kingdom of Great Britain and Ireland (Hall 1993:97). In the 1890s these monopoly arrangements for telegraphy were extended to telephony.

There are several explanations as to why telecommunications operations were monopolised. First of all, it is important to note that the monopoly acts for telegraphy and telephony were enacted within a specific political-economic context. Whereas most of the nineteenth century was an era of economic liberalism, in the last decades of the century, the states became increasingly involved in the economy, and communications such as the railways and the postal and telegraph services were regulated as state monopolies (Palmer and Colton 1992).
This general explanation needs to be supplemented in the particular contexts and the ambition here is not to explain the general state involvement of the late 1800s, but to concentrate on the telephone monopolies: why were the telephone monopolies established? The literature suggests two general explanations. One dominant explanation has been that the telephone sector was regarded as a natural monopoly (Hills 1986:5). This implied that economies of scale and scope meant that one company could provide the best and cheapest service. According to this view, the best way to organise telephony would be to have one actor build one network where all customers could communicate. This would solve compatibility problems, which were considerable at the time, and resources would not be wasted on building parallel networks.

Andrew Davies contests this explanation. He points to the fact that the European states chose different arrangements, some with both national and local operators. He argues that this shows that telecommunications was not a natural monopoly and that economic efficiency was not the main reason behind the national monopolies. He holds that the real explanatory factor was the political interest of the state telegraphs (Davies 1994). Although the formal status of the state telegraphs varied, they were all monopolies or near-monopolies that the states had invested heavily in. When telephony was introduced, the states feared that they might lose their investments and decided to engage in telephony through the state telegraph. Davies argues that the primary explanation for why national monopolies became the dominant model in Europe was that “it protected and promoted the interests of established or dominant communication monopolies” (Davies 1994:32-33).

**Political Debate on Monopolisation in the 1890s**

In this section, the role these concerns played when establishing the telephone regimes in Norway, Denmark and Ireland will be investigated. What role did the economic concern of telephony as a natural monopoly play as an argument, and what role did the political concern of the state telegraphs play? Further, I want to investigate whether the social concern of distributive justice was also an important factor in these debates. This concern for distributive justice is highlighted in this
thesis as a key challenge for a policy that seeks to realise the democratising potential of ICT. This concern is also expected to be in a tense relation to market liberalisation in the 1990s. But did this concern play a role in the political debates already in the 1890s when the monopoly acts were passed?

The Norwegian Debate – 1899 Act
In Norway, the first monopoly Act was adopted in 1881. This Act formalised the de facto monopoly the State telegraph already had on telegraphy, and it introduced a new monopoly on telephony, although with some important exceptions. The state could still issue licences to private operators, and, within a city or municipality, private companies could operate without licence. In 1899 a new Act was adopted that gave the State Telegraph monopoly privileges over all telephony. Licences to private companies could still be issued, but only on the networks they were already operating, and only for a limited number of years. The Act also gave the state the right to expropriate private companies, a right that was extended and implemented some years later.

When passing the Act in 1899 political, economical and social concerns all played important roles in the Norwegian parliamentary debate. The increased competition the State Telegraph met from private companies formed an important background for the act. The Government stated that when the first telegraph Act was passed in 1881, it had been considered a sufficient shelter against competition for the State Telegraph. However, there had been a rapid diffusion of telephony, and the clause in the Telegraph Act that opened for private companies within a city or municipality were used to the extent that in 1899 there was a large number of private companies. The State Telegraph therefore met considerable competition and the Minister argued, that

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55 1881 Act. Norway was not a sovereign country in 1899, but under the Swedish crown. However, internal affairs were dealt with in the Norwegian parliament, and telecommunications was regarded as internal affairs.
56 1899 Act.
57 In 1903, a new act extended the state's right to expropriate private companies (Rafto 1955:205). However, due to a lack of Government funding it was not until the 1930s that the state made extensive use of this right, and the last private company was taken over by the state as late as in 1974 (Dahl et al 1993).
“when the state develops something as costly as a telephone line, it has a right and a duty to protect its interests”.  

This concern for the State Telegraph was linked to arguments of both an economic and a social nature. It was argued that the best system would be that one company provided all services. That would guarantee a uniform telephone system where both main lines and local lines were compatible. Several Members of Parliament (MPs) emphasised the need to avoid a situation with isolated telephone provinces and the Minister underlined that a state monopoly was a means to “ensure that Norway would be one telephone kingdom”. Further, several private companies were criticised for constructing cheap, but low quality networks, and it was argued that state monopoly could ensure high quality networks and services everywhere.

The final main argument for a state monopoly was the concern for distributive justice, which played an important role in the Norwegian debate. Several MPs were concerned that private companies would only provide services for profitable areas and in a mixed system of the state telegraph and private companies, the state would then be left with the costly lines. Within a state monopoly, however, revenue from profitable areas could be used to construct networks and provide services in high-cost areas. Therefore the state should not share the market with local private companies, but have monopoly rights, just as it had for post- and telegraph services. In the words of one MP promoting the state monopoly:

We are not citizens of a local community only, we are primarily citizens of the country and we must distribute this means of communication all over so that everyone can benefit from it.

58 Løvland, Parliamentary Debates. Odelstinget, 14 March 1899, my translation. Original text: “…naar staten anlægger noget saa kostbart som en telefonlinje, saa har den ret og pligt til at værne sine interesser”.
In this way, the social arguments for distributive justice were important in the Norwegian debate, and as the quote above illustrates, the argument of developing networks in the whole state was often linked to nation-building arguments. This connection to the nation-building process was also evident when the Minister argued in favour of building one ‘telephone kingdom’. However, although there was a majority in the Parliament in favour of giving the state monopoly rights over telephony, there was also a strong minority that argued for maintaining a system with both public and private lines. They argued mainly that the existing system was working better than any telephone system in Europe, and they explained this with reference to the role local initiatives had played in the diffusion of telephony. They feared stagnation and less dynamic organisations if the state was to take over the whole telephone system. Further, several MPs expressed doubts about how the state should finance both expropriation of old exchanges, and development of new networks. These critics were, however, outnumbered in the Norwegian Parliament.

The Danish Debate – 1897 Act

The Danish debates on telephony followed a slightly different pattern. Private companies had played an important role not only in telephony, but also in telegraphy as supplements to the State Telegraph. After telephony was introduced, there was a new debate on future regulation of telegraphy and telephony, and in 1883 a bill granting the state monopoly privileges was put forward, but the Parliament rejected it (Thestrup 1992:248-252). In 1897, the Telecommunications Act was adopted and the state was granted monopoly privileges for all telegraphy and telephony. The state did, however, still have the right to issue licenses to private companies. Unlike Norway, the Danish policy did not involve an expropriation of the private companies. Instead, the state and the private companies shared the market. The licensed companies were given monopoly privileges on local calls within their regions, whereas the state operated networks, long distance and international calls, and also local telephony in areas without a private operator.

As in Norway, the political concern for the State Telegraph was an important argument in the parliamentary debate for giving the state monopoly rights. It was
argued that the falling revenue of the State Telegraph was caused by competition from the private telephone companies, and there was an anxiety that “with increased use of telephony, there is a risk that the state’s income from post and telegraphy might decrease”.\textsuperscript{61} Furthermore, the economic argument was important even if this had different expressions in the Danish debate. Some saw the combination of a state monopoly with regional licensees as an intermediate arrangement that would soon be replaced by a complete state monopoly, and argued that only a state monopoly would ensure a uniform system. Others favoured the combination of state and private companies as the preferable one, and argued that the uniformity of the system would be ensured by the state, the licence conditions and the fact that the private companies were concentrated into only a few companies that would create regional monopolies. They agreed that monopolies would be the best form of regulation, but meant that one single monopoly on all telephony was not necessary as the state could supervise licensed companies.

The social argument about distributive justice played a different role in Denmark to that than in Norway. There was a strong concern that the private companies did not satisfy the customers’ as the prices were high and the equipment poor, especially in the rural areas. This was, however, not used as an argument for complete state take-over. Instead, there was a focus on the need to regulate the market and to supervise the licensed companies “to prevent the company from taking advantage of the situation, and over time, increasing prices beyond a reasonable rate. One must remember that by giving the company a license, the company is ensured against competition”.\textsuperscript{62}

There were disagreements also in the Danish debate, and some opposed greater state involvement. The arguments were, as in Norway, partly related to the costs for the state and partly related to the anxiety that the state would not be dynamic enough, and that development would slow down. One Danish argument against state involvement


\textsuperscript{62} Minister Hjørring, Parliamentary Debates. Folketinget, 30 October 1896, \textit{my translation}. Original text:”man maa forhindre, at Selskabet benytter sin Stilling i Tidens Løb til at skrue sine Takster op i uforholdsmæssig høy Grad. Man maa huske paa, at man ved at give Selskabet koncession tillige sikrer Selskapet mod konkurrence”.

96
is curious compared to those in the Norwegian debate. In Norway the concern for distributive justice was a strong argument in favour of state take-over, but in Denmark, the concern that there might develop a demand for nation-wide provision of services was applied in reverse:

We can be quite sure that when telephones are taken over by the state there will soon be a demand that telephone exchanges are established in every corner of the country, if not to every house. This is a good reason to hesitate. 63

Hence, the concern for distributive justice in Denmark was not regarded as primarily an ideal and an ambition, but as something that would be costly and, therefore, should be avoided. In this way, even if all three concerns were important in both the Norwegian and the Danish debates, they played quite different roles.

The UK Debate – 1892 Act
In the United Kingdom of Great Britain and Ireland, telegraphy was in the hands of private companies until 1869 when the Postmaster-General was granted the exclusive privilege of transmitting telegrams (Hall 1993:97). Telephony was not included in this monopoly and from the start it was carried out by private companies. With the Telegraph Act of 1892, funding was made available and procedures established for how the state should take control of the main telephone lines, while the licensed private companies, basically the National Telephone Company, could still operate within “exchange areas”. The licences, however, expired in 1912 and an agreement for the state take-over was signed in 1905 and implemented in 1911. It was, however, the 1892 Act that constituted the foundation for this monopoly.

In the UK Parliament, the debate on the organisation of telephony had many similarities with the Norwegian and Danish. The MPs were concerned that the state telegraph had a falling revenue as a result of increased competition in which the state was carrying out the expensive part of the business and less and less the profitable

part. Moreover, it was argued that competition would not provide the best and cheapest services. In the committee hearing, Mr Forbes, chairman of the National Telephone Company stated:

If no competition in telegraphs is justifiable, no competition, or at least limited and a regulated competition is certainly justified in telephoning. What is the position of a town where competition is introduced? What is it to be? Suppose a thousand people want to be on the telephone, and 500 are upon one system and 500 on the other; there is an enormous additional cost in capital; there is an additional cost in working expenses; there is competition in wages, and a reduction in rates. People who look at things on the surface think that is a good thing for the public; it is a very bad thing. The community have got to pay for waste and general convenience in the long run.64

Such arguments about the economic rationality of monopoly arrangements were, together with the concern about the State Telegraph, important arguments in the UK debate. Regarding distributive justice, the UK MPs seemed less concerned than their Scandinavian colleagues, and the extension of the telephone network to all parts of the country was not raised as a concern in the debate. The UK debate was also different from the Danish and the Norwegian ones in the sense that there was no strong opposition to the Act as such. This was probably because the Act was not an act about expropriation, or an act contested by the private companies. On the contrary, the Act set up procedures for state take-over of trunk lines. These were procedures the private companies later would have to agree to if they wanted to sell to the state. Further, the private companies favoured the arrangements as they wanted monopoly rights within their licensed areas.

Similar Concerns – but Important Variations
As we have seen, in all three parliaments, there were strong concerns about the falling revenue of the State Telegraph as a result of competition from telephone companies.

Staten, saa vil der hurtig reise sig krav om at faa Telefonanlæg til hver Krog i Landet, om ikke til hvert Hus. Alt dette er Grund nok til at være betænkelig”.

64 Forbers, Proceedings of the Select Committee on the Telegraphs Bill. 15 June 1892.
Furthermore, there was a concern in all the debates that some sort of monopoly arrangement was necessary in order to ensure a uniform system and to avoid wasting resources on parallel networks. This was not yet called a “natural monopoly” but in principle this was what they argued. The opponents of state monopolies also used similar arguments as they claimed that private enterprise was more dynamic and efficient than the state and that a state take-over could cause stagnation in the development of telephony. These similarities, both in concerns expressed in the parliamentary debate in Norway, Denmark and the UK, as well as the fact that all states chose some kind of monopoly arrangements, indicates that policy convergence between states is not a new phenomenon. In the 1890s there were no international institutions that imposed regulatory strategies on the states, and the telecommunications markets were hardly international. Still, the similarities were strong between the states. This may be explained partly with reference to the technological development of telephony which might have delimited the degrees of freedom the states had, as they all had to face challenges related to interconnection between private and state, local and national lines. In addition, the states influenced each other more indirectly as ideas and arguments were used across states. This becomes clear in the parliamentary debates in which there were references to developments in other states. Especially in the Norwegian and the Danish debates, references were made to the UK monopoly act.

However, there were also important differences between the arguments presented as well as the solutions chosen. These variations were especially explicit in how the concerns for distributive justice were emphasised in the debates. In Norway, the concern that telephony was a service that should be distributed nation-wide, including to non-profitable areas, was an important argument for choosing the state monopoly-model. In Denmark, there was a concern that obligations about price control and network development should be imposed on the licensees in return for their monopoly privileges. However, there was a stronger anxiety that state take-over could result in demands for services in all parts of Denmark, than there was a concern that this was a desired objective to realise. In the UK this concern did not play an important role in the debate.
How can these differences be explained? Why did the concern for distributive justice play different roles in Norway and Denmark? One explanatory factor may be the Norwegian topography in which large distances and a scattered population would make distributive justice a greater challenge than in Denmark. However, this does not seem a sufficient explanation, as Norway had actually reached a higher penetration than Denmark at this time. Another explanation may be political, and related to the nation-building process in Norway and the role of the periphery as a political force promoting inclusive arrangements and opposing centralisation. This may explain the strong focus on service provision in all areas of the country at this early stage in telephone development. But how can we explain the absence of the social concern in the UK context? One explanation might be that the UK Act was passed earlier in the telephone age than the Danish and Norwegian acts, and that the social role of the telephone was not yet foreseen. A thorough analysis by Roddy Flynn (1998) suggests that this can not have been the main reason as the concerns for distributive justice did not become an important part of the UK and Irish telecommunications for several decades. Another explanation might be that the concern for equality was a general difference in political approaches to telecommunications between the states. If this is the case, these differences would mainly be related to political culture and, consequently, we might expect that these differences would prevail also in the 1900s.

The Monopoly Era

The regulatory framework for telephony that was developed with the acts from the 1890s remained stable for most of the twentieth century. In Norway, the state implemented its legal monopoly by buying up private exchanges. As this meant large costs for a poor state, it was not until the 1930s that the state made extensive use of this right. The last private exchange was bought by the state as late as 1974 (Dahl et al 1993). Nevertheless, the monopoly regulations were the basis for the Norwegian telecommunications regime. In the UK, the state decided not to renew the private companies’ licenses when they expired in 1911, and the state bought the exchanges and established a state monopoly from 1912. With the creation of the Irish Free State and later the Republic of Ireland, the responsibility for telecommunications was moved, from the British Post Office to the Irish Post Office. However, there were no
major changes in the regulatory principles. This regulatory stability is also characteristic of Denmark, which remained a mix between a state monopoly and regional licensees. The main change was that several mergers reduced the number of licensed regional companies to three.

Although the basic regulatory regimes were stable throughout most of the nineteenth century, this was a period with significant developments. Two main trends should be emphasised specifically. The first was the major technological developments in telecommunications. Significant improvements in telephonic switching enhanced the quality of telephony. One of these was automation, which was initiated early in the century, accelerated in the 1920s and the last manual exchanges were terminated in the 1980s (Rafto 1955:468, Blüdnikow 1993:139, Hall 1993:43). Another significant development was digitisation. Experiments with digital transmission were conducted during the Second World War (Flichy 1995:127) and the first digital exchanges were established in the early 1980s. Other important technological developments were the evolution of data and fax services, mobile telephony and satellite transmission.

The second trend was the network development and the increased penetration of infrastructure and services. In the 1980s telephony changed from being a luxury good for the minority into a social necessity for most people.

Table 4.1 Telephone main lines in Norway, Denmark and Ireland. Absolute figures and lines per 100 inhabitants.

<table>
<thead>
<tr>
<th>Year</th>
<th>Norway Lines</th>
<th>per 100 inh</th>
<th>Denmark Lines</th>
<th>per 100 inh</th>
<th>Ireland Lines</th>
<th>per 100 inh</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900</td>
<td>36 000*</td>
<td>1.6</td>
<td>27 000*</td>
<td>1.0</td>
<td>1 600</td>
<td>0</td>
</tr>
<tr>
<td>1930</td>
<td>192 000*</td>
<td>6.8</td>
<td>354 000*</td>
<td>10.0</td>
<td>29 000</td>
<td>1.0</td>
</tr>
<tr>
<td>1960</td>
<td>454 900</td>
<td>12.7</td>
<td>833 987</td>
<td>18.2</td>
<td>110 625</td>
<td>3.9</td>
</tr>
<tr>
<td>1980</td>
<td>1 197 287</td>
<td>29.3</td>
<td>2 225 774</td>
<td>43.4</td>
<td>483 000</td>
<td>14.2</td>
</tr>
<tr>
<td>1990</td>
<td>2 132 290</td>
<td>50.3</td>
<td>2 911 198</td>
<td>56.7</td>
<td>983 000</td>
<td>28.0</td>
</tr>
<tr>
<td>1999</td>
<td>3 165 000</td>
<td>71.2</td>
<td>3 638 119</td>
<td>68.5</td>
<td>1 770 000</td>
<td>47.8</td>
</tr>
</tbody>
</table>

* Number of telephones


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55 This statistical material has been collected and systematised by research assistant Andreas M B Keus.
Table 4.1 shows that the number of telephone lines increased rapidly in both absolute and relative numbers in all three countries. There were variations, and for several decades Denmark had a considerably higher telephone penetration than the other states. Norway was, however, still among the best networked states in Europe (Rafto 1955, Øvregard 1988; 1996) and managed, by the 1990s to catch up with Denmark. The most deviant case was Ireland, which throughout the century had many fewer telephone lines per 100 inhabitants. This is probably partly an indication of the fact that Irish households were generally larger than the Norwegian and Scandinavian ones. Therefore, the level of penetration per household in Ireland may have been higher than indicated by this table. Nevertheless, the differences are substantial and larger than what could be expected considering size of households. Another explanation is that Ireland was a British colony and inherited a poorly developed network from the British in 1922. In 1922, most of the country was unconnected. According to Flynn only 2.5% of the geographical area of the country could receive normal exchange service (Flynn 1998:136). Hall reports from a debate in the Dáil, the Irish parliament:

The Postmaster-General advised the Dáil in 1924 that the British had left the country “in a rather undeveloped state telephonically”. The Minister admitted that, with the exception of the cities and certain important towns, it could reasonably be said that the country “had no telephone system at all, that at most it was only a skeleton system” (Hall 1993:41).

This helps explain the inequalities in the period before and after independence in 1922, but is not sufficient to explain the inequalities throughout the century. Another explanation for the differences was the general economic situation in these countries. Entering the 1900s, Norway, was an agrarian society and in the early twentieth century it industrialised and experienced steady economic growth with the important exceptions of recessions in the interwar period and parts of the 1980s (Furre 1991:491). This development was broken in the early 1970s with the dramatic increase in oil prices and the following international recession, which caused a structural crisis in European industries. The consequences were, however, not dramatic for Norway as oil activities started in the North Sea in the early 1970s.
The export industries met recessions, whereas the oil economy expanded, and by the turn of the century, Norway had one of the highest GDP per capita in the world (UNDP 2001:141). The Danish economy was not fundamentally different from the Norwegian at the beginning of the century. The state was an industrial late-comer with a major focus on agriculture and low level of industrial exports. Through the century, Denmark experienced growth close to the average of the European OECD countries, although the time profile was different. Growth was below the OECD average until the late 1950s, and then above average until 1973 when the oil prices increased. During the 1970s and 1980s the economy then stagnated and unemployment rose. The situation, however, improved in the 1990s (Pedersen 1996). Ireland on the other hand, recorded the slowest growth of per-capita income between 1910 and 1970 in Europe, except for the UK. As a consequence, Ireland slid from being a reasonably representative western European economy in terms of income per head, to a position far below the western European average in 1970 (Lee 1989:514-15). In this period, the Irish economy was closely linked to the British and Ireland kept pace with the UK. However, “given that the UK was the sick man of Europe, this implied that Ireland did not keep pace with Europe; Ireland should have grown more rapidly than the UK, given that it was poorer” (Gráda and O’Rourke 1996:389). From the mid-1980s the situation changed, and Irish economic growth has since been among the fastest in Europe. One of the important explanations for this is according to Gráda and O’Rourke (1996), the Irish commitment to trade liberalisation and the EU membership.

Hence, the general economic condition in the states may contribute to explaining why the two Scandinavian states were in a better position for network development, simply because their economic situation was more favourable. A complementary explanation may be that the states generally played different economic roles through the century. In Norway, the state involvement grew after the Second World War, and by 1990 the public expenditure accounted for 54%, and public consumption for 21% of the GDP. During the Danish golden years from the late 1950s, a heavy expansion in the public sector commenced, and by 1990, the public expenditure accounted for 58.7% of the GDP and the public consumption was 25%. Ireland also experienced a substantial growth in public expenditure from the 1970s reaching 53% of GDP in 1990, but the
public consumption was only 15% and considerably lower than in the Scandinavian states (Heidar and Berntsen 1998:51;76;132). This indicates that the states perceived their role in the economy differently. The lower level of public consumption in Ireland may also be an indication of a stronger reluctance towards public investments in Ireland than in Norway and Denmark. This should, however, be investigated specifically for telecommunications, and in the following section, we shall see how the states also chose different strategies for investments in network developments.

Strategies for Telecommunications Development
Throughout the 1900s, the strategies for network developments differed in the three states. As we have seen, when the monopoly Act was passed in Norway, one of the important arguments was that a public monopoly could be used as a means to ensure national coverage of telephony. Telephony was regarded as a great asset for trade and industry, and especially fisheries, which was the most important export industry. In 1900, Norway was among the leading states in the world in terms of telephone penetration, and throughout the 1900s governments were committed to develop infrastructure to all parts of the country. This was identified as a public responsibility, and financed partly by state funding and partly by cross-subsidisation within the company through which the profit from the cities, and especially Oslo, were used to build networks and provide services in non-profitable areas (Rafto 1955:286).

The Second World War became a period of expansion for telecommunications. In Norway, the German occupants were concerned to have a well functioning communication system and tripled the work force that engaged in telephony (Rafto 1955:564). However, it was the military-political needs that were prioritised, whereas the civil society was disregarded. Telephone lines were developed, but production of cables and terminals were lagging behind. Moreover, telecommunications in the far north of Norway,\(^66\) were destroyed as part of the German destruction and evacuation of the area. After the war, there was therefore a strong need for reconstruction in the north, at the same time as the demand for telephony was exploding in the rest of the country (Rafto 1955:570). In 1955, the waiting lists for acquiring telephony numbered 66 The county Finnmark and the northern part of the county Troms.
100,000 (Øvregard 1988:30). The investments were insufficient to meet the demand and even if telephone penetration in the 1960s was among the highest in Europe, the long waiting lists remained a problem (Øvregard 1988, 1996). Entering the 1980s, there were still 83,000 households waiting for a telephone in Norway. In comparison, the other Nordic states had abolished their waiting lists during the 1960s and 1970. In the 1980s, however, the Norwegian investments in telecommunications increased significantly, the exchanges were automated and parallel to increased productivity, the waiting lists were finally abolished by the mid-1980s (Skogerbø 2001:372, Bøen 1990:58).

The Danish system was different from the Norwegian, as responsibility was shared between licensed regional companies and the state. However, there were similarities in the states’ approaches to infrastructure development and geographical coverage. In Denmark, the main responsibility of the state was long distance telephony and international traffic, but the state was also responsible for supplying services in sparsely populated areas. It also happened that the state took over non-profitable private exchanges (Blüdnikow 1993:71). In this way, the Danish state recognised that providing services to the whole country was a public responsibility.

The Second World War was less important in Danish telecommunications development than in the Norwegian setting. The Danish Government surrendered to the German forces, and society was therefore less militarised than in Norway. Bludnikow (1993) reports that for national telephony, the occupation did not make much difference. Traffic on the networks increased, as did the number of subscribers, but it was not until after the war that the demand for telephony really exploded, and investments were made to improve and extend the networks. Throughout the 1960s, 70s and 80s, the exchanges were automated, networks expanded and telephone penetration grew. Much of the political attention in this period was concerned with whether Denmark needed a unified telecommunications organisation, or if the regional companies were serving its purpose. Several attempts were made to unite them all into one national telecommunications company, but until 1990, none of these were successful (Blüdnikow 1993, Johansen 1993).
Ireland approached the question of infrastructure construction differently from the Scandinavian states. The Department of Posts and Telegraphs was unable to obtain sufficient capital for investments in telecommunications. There was not, as was the case in Norway and Denmark, any strong concern about the distributive consequences of uneven development of telecommunications services. The touchstone of the telephone policy was that the service should be financially self-sustaining. No expenditure should be taken that was not immediately remunerative. Hence, cross-subsidisation was not a means to build networks in non-profitable areas. On the contrary, Flynn reports that as late as the 1930s, profits from telephony were not reinvested in telephony, but used to subsidise telegraphy and post services which were seen as more socially essential. The result was that rural areas remained under-networked (Flynn 1998:169).

It was during the Second World War that the social significance of telephony became widely accepted in Ireland. There was little fresh investments in new telephone networks during the war, but the use of the existing network increased to an enormous extent. Ireland was not involved in the war, but the state of emergency implied general transport difficulties and problems of trade. Telephony became a favoured means of communication, and more and more people acquired the habit of using the telephone (Flynn 1998:176-7).

In the post-war period, the Irish Government presented a stronger commitment to telephone development and the Parliament adopted investment plans to extend the telephone networks, install telephone kiosks in all provincial towns and develop telecommunication as a vital service for industry and commerce. Compared to other countries, however, telephone development was still lagging behind, and Flynn notes that having a telephone in the household was still mainly an urban phenomenon, as it was assumed that people in small rural communities did not need it other than for emergency purposes (Flynn 1998:195). In the 1960s and 70s there were long waiting list to obtain a telephone, the networks were underdeveloped and there was a constant lack of capital. The Government investment plans in the period were not sufficient to meet the growing demand for telephony (Flynn 1998). New accelerated development programmes were enacted to raise the quality and penetration of telecommunications,
but Irish telephone density remained low compared to other western European states throughout the 1980s.

**Different Positions in the 1980s**

In the 1980s, the situation still differed between the states. In Norway and Denmark, telephone penetration was high and the waiting lists were abolished, whereas in Ireland, the penetration rate was considerably lower. I have pointed to two main factors that may contribute to explaining the fact that Ireland was still lagging behind in the 1980s and 90s. First of all, the economic situation was very different between the states. During the century, the Scandinavian states developed into the richer quartile of the European countries, whereas Ireland was at the other end of the scale, being one of the poorest countries in Western Europe. Consequently, Ireland had less money to invest in telecommunications, and the Irish customers had less money to demand services. The other main explanation is political. The states approached telecommunications development very differently. The Norwegian and Danish states both saw it as a public responsibility to supply services to all areas of the country, whereas the Irish state had an opposite response. In Ireland each service, and each new line had to prove remunerative, and there were no cross-subsidies between profitable and non-profitable areas. The Second World War, however, meant a large increase in telephone use and demand in Ireland, and heavy investment plans were adopted in the post-war decades. This was, however, not a specific Irish situation, but a general post-war development, and Ireland still lagged behind the Scandinavian states considerably, as well as most of the OECD states in terms of telephone penetration.

**Liberalisation**

In the 1980s, several of the goals of the telecommunications monopolies were obtained. The services were better and more reliable than ever before. The infrastructure covered the whole countries, new services were being developed, and the penetration of services increased. In Denmark, there had not been waiting lists for years, by the mid-eighties the Norwegian lists were abolished, and in 1992 so were
the Irish lists (Flynn 1998:260). Although there were differences in the penetration of services between the states, telephony was no longer a luxury service in any of them.

In this situation, one probable development could be a consolidation of the telecommunications monopolies. It could be argued that the monopolies had met their goals and thereby proved efficient. But this did not happen. On the contrary, this was the period when the largest reforms in almost 100 years were initiated. During the 1980s and 90s, telecommunications became fully liberalised in Norway, Denmark and Ireland, similarly to the developments in the rest of Western Europe. This dramatic change in thinking about telecommunications can be understood only in the context of the political and technological development.

Politically, the 1980s was a period when neo-libertarian ideas started to dominate in the western world, a process that was reinforced by the fall of the Berlin Wall. These ideological processes had important political consequences. The European Communities started a process towards establishing the Single Market. Consumers’ choice in a free market was emphasised as the ideal regulatory mechanism, and public regulations through monopolies were strongly criticised. One of the outcomes of this was the abolishment of broadcasting monopolies in Western Europe (Skogerbø 1996, Syvertsen 1997). Another was the politicisation of telecommunications (Skogerbø and Storsul 1999).

This neo-liberalist drive was reinforced by the technological development. New developments within information and communication technologies improved the possibilities for bypassing the public providers (Skogerbø and Storsul 2000). Satellite transfer of television made the national television monopolies vulnerable. Further, when competition was allowed on data communication, it became possible to bypass the telephone monopoly through Internet telephony. Consequently, existing regulations were insufficient for maintaining the monopolies. The regulations had to be altered, and the alternatives were either to reinforce some of the monopolies, or to open up for more competition. The European governments chose the latter.
The EU Framework

From the mid-1980s to the end of the 1990s, the telecommunication sector was liberalised in most of Europe. The European monopoly model was replaced by a new European model, which was highly influenced by a common regulatory framework developed on a supra-national level. The EU took its first steps to include telecommunications in its common framework in 1984 through a recommendation on harmonisation of telecommunications. 67 In 1987, a Green Paper 68 followed this up, recommending the inclusion of telecommunications in the single market and liberalisation of services other than voice telephony. The first areas to be liberalised were terminal equipment 69 and value-added services. 70 Throughout the 1990s, telecommunications were increasingly politicised and there was a strong pressure for further liberalisation. After a review of the situation, 71 the Council in 1993 agreed on a timetable for the liberalisation of all telecommunication services by 1.1.1998. 72 The debate about infrastructure continued and the Bangemann report stated that:

The group is convinced that technological progress and the evolution of the market mean that Europe must make a break from policies based on principles which belong to a time before the advent of the information revolution (Bangemann 1994).

Consequently, they recommended the full liberalisation of infrastructure (Bangemann 1994). This recommendation was elaborated in two green-papers, 73 and when the Council in 1995 adopted a resolution on infrastructure, 74 the timetable was set for full liberalisation of the telecommunications sector by 1.1.1998. As we will see in the following, this European process was influential on the liberalisation of telecommunications in Norway, Denmark and Ireland. 75

67 84/549/EEC.
68 COM(87)290.
69 88/301/EEC.
70 90/388/EEC.
71 Sec(1992)1048.
72 93/C213/01.
73 COM(94)440 and COM(94)682.
74 94/C379/03.
75 The below presentation of the liberalisation process in Norway and Denmark relies much on my earlier work (Storsul 1997:Chapter 4).
Norway – Early Mover

In Norway, the debate about liberalisation started with two committee reports in the early 1980s. In 1985 the Conservative Government published a white paper about the organisation of the telecommunications sector which called for the introduction of competition. It is interesting to note that the Labour party protested when the conservative Government initiated liberalisation. However, by the time Labour was reinstated in Government in 1986, it had changed its opinion and it was a Labour Government that concretised and implemented the first telecommunications liberalisations from 1986 to 1989. In this period, competition was introduced for in-house telephony, terminal equipment, and for cable networks for television. To ensure transparency, the competitive activities of Norwegian Telecom were reorganised in one separate company (TBK), whereas the monopoly activities were still kept in the base organisation. Moreover, a regulatory authority was established to ensure non-biased sector management. In the European context, Norway was one of the early movers as the EU had not yet concluded a common framework for telecommunication policy.

In the following years, the rate of liberalisation was somewhat slower, but the liberalisation process continued. In 1989 competition for value added services, such as data communication was introduced and in 1990, it was decided to issue two licences for the GSM network for mobile telephony, one for Norwegian Telecom and one for a competing company. Leased lines were liberalised for other purposes than telephony in 1992 and satellite infrastructure and services in 1994.

In 1995 a new Telecommunications Act substituted the old Telegraph Act of 1899. The new Act did not liberalise new services, but established a new administrative

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77 St. meld nr 48 (1984-85).
78 Ot. prp nr 56 (1985-86), St. meld nr 32 (1986-87).
79 St. prp nr 92 (1986-87).
80 St. prp nr 98 (1985-86).
81 Other early movers were for example the United Kingdom, which had liberalised before Norway, and Sweden, which had a de facto, but never a legal monopoly. There were also some discussions in states such as Denmark and the Netherlands at this stage.
82 St. meld nr 38 (1988-89).
83 St. meld nr 49 (1989-90).
84 St. meld nr 8 (1991-92).
85 Ot. prp nr 36 (1994-95).
structure that enabled further liberalisation. The main parts of the remaining monopoly at this point were infrastructure and voice telephony. These were the most profitable parts of the market, and therefore the most important areas for Norwegian Telecom.\(^{86}\) Moreover, these were regarded as the politically important areas. Nevertheless, these last areas of the monopoly were opened up for competition in accordance with the EU timetable. Alternative infrastructure for other purposes than voice telephony was liberalised in 1996, and from 1.1.1998, all remaining areas were opened for competition.\(^{87}\) As a consequence, the market had replaced the monopoly as the main instrument in telecommunications policy in a little more than a decade.

**Denmark – Speeding Up**

In Denmark the debates about liberalisation of telecommunications started a few years later than in Norway. However, the sector underwent major changes in the 1980s as the process towards one unitary telephone company started. Ever since the system of regional licensed companies was established in 1897, there had been numerous attempts at uniting them into one company, but they had all failed (Blüdnikow 1994). Some mergers and restructurings had, however, caused the number of licensed companies to decrease to three in 1986. The first telecommunications reform was adopted in 1986 and meant a strengthening of the regional companies as the state transferred much of its infrastructure to the companies.\(^{88}\) But this structure was short lived. In 1991 Tele Danmark was established as a holding company which assembled all the regional companies and the state’s activities.\(^{89}\) Over the next few years there was a strong integration process within the holding company, and in 1996 the process was completed when the holding company and the regional companies made a complete merger ending one hundred years of regional companies in Denmark (Blüdnikow 2000).

Parallel to this major reorganisation of the sector, liberalisation commenced. Local cable television networks were liberalised in 1987 (Melody et al. 1996:8) and terminal

\(^{86}\) In Norwegian: Televerket.

\(^{87}\) St. prp nr 70 (1995-96).

\(^{88}\) L163 (1985-86).

\(^{89}\) L11 (1990-91).
equipment and in-house networks in 1989-90 (Henten and Wulff 1996:4). In 1990 it was decided to issue two licenses for the GSM network. When the new organisation Tele Danmark was established the pace of liberalisation speeded up and from 1992-94 Denmark liberalised data communications, leased lines for data communications, audiotex and public pay phones. In 1994, the complete monopoly on voice telephony was ended as leased lines could also be used for voice telephony. Further paging and satellite services were liberalised.

The abolition of the remaining monopoly privileges was carried out in two steps. The first step was implemented in 1995 and involved the removal of all limitations on the use of leased lines, and the ‘normalisation’ of the so-called hybrid-network which was a broadband network between the community antenna systems and was used for provision of television and radio-programs (Qvortrup 1998). The normalisation implied that this network could now be used also for other purposes. The second step was divided in two. Step 2a involved full liberalisation of the telecommunication sector, and was implemented on 1 July 1996, 18 months before the EU timetable. Step 2b was implemented in 1997 and adjusted the new regulatory framework for full competition. According to the OECD, this new framework made the Danish telecommunications market one of the most open in the OECD area (OECD 2000).

Ireland – Implementing EU Regulations

The Irish telecommunications sector was also reformed in the 1980s. Until that time both postal and telecommunication services had been organised under the Minister for Posts and Telegraphs. In 1983 the Postal and Telecommunications Services Act was adopted, and as an immediate consequence, Telecom Éireann was established. Telecom Éireann was given the exclusive right to provide telecommunications services within Ireland. However, the Minister for Communications could, with the

90 Liberalisation of terminal equipment was decided earlier (L162 (1985-86), but was not implemented until 1989, according to L176 (1992-93), L201 (1993-94) and Henten and Wulff (1996).
91 L12 (1990-91).
92 L201 (1993-94).
94 L233 and 234 (1994-95).
consent of the Minister for Finance, grant licenses to others to provide telecommunications services.\textsuperscript{97} Licenses were also given to persons, including Telecom Éireann, to provide services such as supplying telecommunication terminal equipment (Hall 1993:254).

Other liberalisation initiatives were not taken in Ireland before 1992 when it was announced that a licence was no longer required in order to provide terminal equipment (Hall 1993:254). In the same year, fax, data and value added services were liberalised.\textsuperscript{98} These and the further liberalisation initiatives were effected as implementations of the EU regulations: In 1994 leased lines were liberalised,\textsuperscript{99} in 1996 mobile telephony was opened to competition when a second GSM licence was issued,\textsuperscript{100} and in 1997 alternative infrastructure was liberalised.

Some parties pressed for further liberalisation ahead of the EU timetable. In 1993, the opposition party, Fine Gael, presented a Bill that involved general liberalisation of the telecommunications sector and the establishment of a national regulatory authority. The bill was, however, rejected by the majority in the Dáil. The last, and important parts of the Telecom Éireann’s monopoly were, as in Norway and Denmark, infrastructure and voice telephony. An act that both prepared liberalisation of these services and the privatisation of Telecom Éireann was adopted in 1996, but full liberalisation was not implemented then. EU regulations allowed for some member states with poorly developed infrastructure to apply for derogation from the EU timetable, and Ireland applied for a two year derogation, to allow time for the restructuring of Telecom Éireann and rebalancing of tariffs so that the company would be able to compete effectively in a fully liberalised market. However, Ireland chose not to apply the derogation fully, and on 1 December 1998 both infrastructure and voice telephony were opened to competition.\textsuperscript{101}

\textsuperscript{97} Act No 24 of 1983.
\textsuperscript{98} SI 45 of 1992.
\textsuperscript{99} SI 328 of 1994.
\textsuperscript{100} SI 123 of 1996.
\textsuperscript{101} SI 180 of 1998.
Same Policies – Different Speeds

This review shows that the processes of telecommunications liberalisation have developed very similarly across states. They all have liberalised their telecommunications markets gradually, starting with the liberalisation of the provision of like terminals, value-added services and mobile telephony, and concluded with the full liberalisation of infrastructure and voice telephony. Hence, in one decade, all three states abolished the monopolies. This was a substantial reform, especially considering that the monopoly regimes had lasted for about a century. The most obvious explanation for the parallel liberalisation processes is, of course, that during the liberalisation process these states all became members of the European single market. The states had to comply with the EU regulations, and EU directives, guidelines and timetables have had a decisive influence on the states’ liberalisation processes causing a strong degree of policy convergence. This process, which in Chapter 1 was called rule-based adjustment to EU policy, was, however, reinforced by industrial interests, which were well networked, and pressed for the rapid liberalisation of the telecommunication markets in all three states.

During the 1980s, the European Commission formed alliances with such interests in order to overcome the resistance among the member states to telecommunications liberalisation. These policy networks developed on the supra-national level in Europe and had the effect of strengthening the Commission’s position vis-à-vis the national governments (Skogerbø and Storsul 2000). An indication of the importance of these interests is the observation that all the states at some point liberalised faster than the EU timetable. When Norway started liberalising, the state was not subject to EU regulation, and the EU had not yet made any common regulations on telecommunications. Denmark speeded up its rate of liberalisation in the mid-1990s and concluded the process in 1996, 18 months ahead of the EU timetable. Even Ireland, whose liberalisation process was dominated by implementation of EU-regulation, decided not to apply the derogation it had been given from the EU timetable beyond December 1998. This indicates that all three states were also subject to parallel pressures to liberalise.
Privatisation

Liberalisation was not the only large reform in the telecommunications market in the late 1990s and 2000. In all three states, the former state companies were also fully, or partially privatised. This was a substantial reform, as ownership had been an important political instrument in the monopoly era. Through state ownership, the politicians could control the telecommunications companies and give them obligations and signals about which aims they should fulfil, how the prices should be set etc.

In Norway, the state company was restructured in 1994 into a limited company owned by the state and from 1995 called Telenor. This process was controversial and implied that other telecommunications policy issues received less attention at the time, and the pace of liberalisation was slowed down so that the Norwegian process was no longer ahead of the EU, but in compliance with the EU timetable (Skogerbø and Storsul 1999). Yet, this restructuring did not necessarily imply privatisation, and there were strong disagreements about privatisation within the Government, the Parliament and also within several of the political parties (Skogerbø 2001). In the fall of 1999, a partial privatisation of Telenor was decided as a result of political bargains between the minority Coalition Government and the Conservative Party over the State Budget. In 2000 Telenor was introduced on the stock exchange and a minority of shares in the company was sold to private owners.\textsuperscript{102}

In Denmark, the broad traditions for state ownership differed from the Norwegian case, as the state did not have traditions for industrial ownership. Ownership in the Danish telecommunications sector had also differed from the Norwegian one. The regional licensed companies had mixed ownership structures of private and municipal owners. When these companies were unified with the state company into Tele Danmark, it was decided that the state should reduce its shares in the company down to 51\%\textsuperscript{103} and in 1998 the company was fully privatised. The Irish Telecom Eireann was established as a state owned company in 1983. Through the 1990s, plans to privatisate the company caused controversy and in the early 1990s a proposal put

\textsuperscript{102} St. prp nr 66 (1999-2000).
\textsuperscript{103} L11 (1990-91).
forward to privatise the company was defeated in the Dáil. In 1996, however, the privatisation process started when Telecom Eireann made a strategic alliance with the Swedish Telia and the Dutch KPN, which involved the sale of 35% of the shares. In 1999 the remaining shares were sold with special provisions for employees and the public to become shareholders.

Privatisation was thus common to the three states, and as there were no EU requirements concerning privatisation, this development may best be explained with reference to the influence from interests that exercised parallel pressures in the states, as well as the influence of ideas and ideologies between governments and politicians. There were also interesting differences between the states. One was the difference in timing in which the early Danish partial privatisation reflects the institutional traditions of private ownership in telecommunications, and the late Norwegian partial privatisation. This difference is an indication, not only of the lack of need in Norway to increase the state’s finances, but also of strong traditions of state industrial ownership and the high level of conflict concerning privatisation in Norway. In the late 1990s both Tele Danmark and eircom were fully privatised, whereas the Norwegian Government, in 2001, still held a majority of the shares in Telenor. These differences suggest that when there are degrees of freedom within the EU framework, there will still be variations between the states that reflect different national concerns. Such differences in the political concerns were also reflected in the parliamentary debates.

Political Debate on Liberalisation in the 1990s

The decision to liberalise telecommunications implied a significant shift in policy after almost a century with monopoly regulations. What was the political rationale for this shift? As we may recall from the political debates about monopolisation, three kinds of arguments were especially important in promoting monopolisation in the 1890s. These were the political concern of protecting the state telegraph, the economic concern of telecommunications being a natural monopoly, and the social

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104 Parliamentary Debates. Dail, 2, 3, 9, and 10 November 1993.
105 Act No 34 of 1996.
106 Act No 5 of 1999.
concern of distributive justice. On the opposing side, flexibility and economic efficiency were the main arguments used against monopolisation. Below I will present a comparable analysis of the debates about liberalisation one hundred years later, that is in the 1990s.

Debate on Liberalisation in Norway

In the Norwegian debates about liberalisation there was a gradual shift throughout the 1990s in which more and more political parties changed opinion from defending the monopoly to promoting liberalisation. The Conservative and the Progressive Party were generally in favour of liberalisation, whereas the Socialist Left Party remained sceptical towards all liberalisations until 1996 when they supported the decision on full liberalisation. The parties that changed their opinions most gradually were Labour and the centre parties, which bit by bit opened up for the liberalisation of more and more services (Storsul 1997). Although the political support for monopoly regulations varied, the arguments were relatively stable over time. Compared with the debate in the 1890s, the political concern about the interests of the national telegraph and the economic concern about telecommunications being a natural monopoly were no longer important arguments in the Norwegian debate. In the 1990s, the most important argument was the concern for distributive justice. The basic argument against liberalisation was that a monopoly, especially on networks and voice telephony, was necessary in order to realise a national network with equal prices for all. As stated by the Government in 1991, the “[m]onopoly on the network and telephone service is regarded as necessary in order to ensure provision of services in all parts of the country at equal prices”. ¹⁰⁷

The majority in the Parliament agreed with this statement ¹⁰⁸ and referred to it several times over the next years, until 1996 when all but the Centre Party and the left wing Red Electoral Alliance voted for full liberalisation of telecommunications. These parties’ resistance to liberalisation lay in their continued concern with the distributive

¹⁰⁷ St. meld nr 8 (1991-92), my translation. Original text: “Fortsatt monopol på nettet og telefontjenesten anses nødvendig for å kunne oppnå landsdekkende tjenestetilbud til lik pris over hele landet”.
aspects of liberalisation and especially the provision of services to rural areas. The Centre Party argued that they opposed the abolishment of the remaining exclusive rights in telecommunications. Telenor’s monopoly rights on voice telephony and infrastructure have provided the whole country with good telecommunications services at equal prices and equal quality.\textsuperscript{109}

The great majority, however, recommended liberalisation in 1996. Those who had earlier been concerned about the consequences for distributive justice, such as the Christian People’s Party, the Liberal Party, Labour and Socialist Left, argued that this could be maintained. They further stated that “the regulatory framework will, in a market with regulated competition, provide a tool for achieving political objectives in telecommunications.”\textsuperscript{110} Distributive justice was highlighted as one such objective.

But why did these players shift to favouring liberalisation? The core arguments from proponents of liberalisation were that competition would be instrumental in order to achieve cheaper and better services, greater efficiency and more flexibility in the sector. For several years these were the arguments from the Progressive party and the Conservative party, and they were now taken up also by Labour, the Socialist Left party and two of the centre parties. It was a Labour Government that took the initiative for this change in policy, and its first proposal to liberalise telecommunications appeared in the \textit{Bit by Bit}-report. This report argued that society was going through an information revolution and that “Monopolies of telecommunications services are no longer an appropriate instrument for the achievement of defined objectives”.\textsuperscript{111} In the parliamentary debate on liberalisation, this argument was partnered with descriptions of a technological development that implied that the rate of innovation made it important to be able to respond flexibly, and this could best be done through the market. In addition, the EU and the coming

\textsuperscript{109} Innst S nr 284 (1995-86), \textit{my translation}. Original text: “Disse medlemmer går imot avvikling av resterende eneretter innenfor telesektoren. Telenors enerett på taletelefoni og nettstruktur har gitt alle deler av landet gode teletjenester til lik pris og lik kvalitet.”

\textsuperscript{110} Innst S nr 284 (1995-86), \textit{my translation}. Original text: “regelverket i et marked med styrt konkurranse forutsettes å utgjøre et redskap for å oppnå telepolitiske mål.”

\textsuperscript{111} \textit{The Norwegian IT Way. Bit by bit}. 1996.
WTO regulations were emphasised and it was stated that “telecommunications is in character an international sector. This, together with the technological development makes it difficult to have a policy that deviates significantly from the international development.”\textsuperscript{112} Hence, the perception was that, Norway had little choice but to liberalise.

Debate on Liberalisation in Denmark

In Denmark, much of the policy-development in telecommunications was made through political agreement between most of the political parties. The parliamentary debate was therefore characterised by a consensus between most political parties. The arguments nevertheless resembled those from the political debate in Norway. In contrast to the debates in the 1890s, the concern for protecting the national company and the natural monopoly-argument was not important in the debate, although it was mentioned that it would have been a waste of resources and “grotesque to construct several networks in Denmark. Economically it would be nonsense.”\textsuperscript{113} The main Danish argument, however, rested on the concern for distributive justice. In the first half of the 1990s, most parties argued that the monopoly on infrastructure was crucial in order for Tele Danmark to conduct their duties to provide services universally. As late as in 1994 the Labour Government argued that “by keeping infrastructure within Tele Danmark’s monopoly, a secure basis is provided for continued universal service provision.”\textsuperscript{114} In 1995, most parties no longer saw this monopoly as necessary and they argued that liberalisation was a better instrument to achieve their policy objectives. Only the left wing Unitary List argued against liberalisation, stating that liberalisation was strictly opposed the objective of equal access.

The main argument for liberalisation was stated in the political agreement of 1995 and read that “through efficient competition, Danish customers are to be ensured the

\textsuperscript{112} Innst S nr 284 (1995-86), \textit{my translation}. Original text: “televirksomheten er meget internasjonal i sin karakter. Dette sammen med teknologiutviklingen gjør det vanskelig å føre en politikk som avviker vesentlig fra den internasjonale utviklingen.”

world’s best and cheapest services.” This argument of “best and cheapest” has since been the slogan of Danish telecommunications policy. Further, liberalisation was seen as a catalyst for consumer protection and it was regarded as important for Denmark to liberalise early, ahead of the EU timetable. These arguments were put forward by all parties in favour of liberalisation, although some were more reluctant than others. The Socialist People’s Party argued that as the liberalisation was coming anyway because of EU regulations, they would ensure that there would still be some control of the market.

**Debate on Liberalisation in Ireland**

In Ireland, the political debate on liberalisation proceeded somewhat differently from the debates in Norway and Denmark, where there had been a continuous debate about liberalisation. Many of the early steps of Irish liberalisation were implementation of EU-regulations and were done through statutory instruments and issued by the Minister, and not parliamentary decisions. There were two main debates about liberalisation in the Irish Parliament, the Dáil. One in 1993, when the opposition party, Fine Gael, proposed a liberalisation bill, which was rejected by Parliament, and one in 1996 when the same party in Government proposed a bill which enabled liberalisation, privatisation and re-regulation. In both these debates, the question about liberalisation was closely integrated with the debate about privatising of Telecom Eireann, later eircom.

The arguments against liberalisation were most pronounced in 1993 when the proposal to liberalise was defeated. The economic argument that telecommunications was a natural monopoly, was, as in Norway and Denmark, barely mentioned in the debates. However, in contrast to the debates in other states, the political concern about the interest of the Telecom Eireann was still important in the Irish debate:

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115 Political Agreement of 6 December 1995.
It would be contrary to the national interest, to the interest of Telecom Éireann and its staff and profligate in the extreme to abolish peremptorily the Telecom Éireann exclusive privilege.\textsuperscript{116}

Several of those who wanted to maintain the monopoly argued in a similar manner that competition would be contrary to the interest of Telecom Eireann and its staff. Furthermore, the concern for distributive justice had now become an important argument in the Irish debate on the grounds that “[i]f we allow competition without first protecting the existing provider there will be cherry picking and rural areas will be left without a service”.\textsuperscript{117}

Hence, the Irish debate started to resemble the Norwegian and Danish ones in this respect, although the distributive justice argument in Ireland was closely linked to the interest of the company. However, in 1996 liberalisation was again proposed, this time no members of the Parliament (Dáil) argued against this. The arguments in favour of liberalisation were similar to those in the two Scandinavian states. The Minister argued that

\[\ldots\] the globalisation of businesses require advanced international services and growing demand for telecommunications services requires speedy responses to customer needs. Governments throughout the world are responding to and facilitating these developments by liberalising the industry \[\ldots\]\textsuperscript{118}

It was further argued that competition would ensure lower prices and better service to more people. Besides, liberalisation was implementation of EU regulations and the question was, therefore, not whether to liberalise or not, but how. The main issue of conflict at this time was privatisation, about which there was little opposition to the idea of privatisation, but more to the strategic alliance and the procedure chosen.

\textsuperscript{116} Cowen, Parliamentary Debates. Dáil 2 November 1993.
\textsuperscript{117} Treacy, Parliamentary Debates. Dáil 9 November 1993.
\textsuperscript{118} Lowry, Parliamentary Debates. Dáil 25 September 1996.
Similar Concerns – but Variations Persist

This analysis has shown that there were both substantial similarities between the states, but also some variations. The strongest similarities were between the proponents of liberalisation who argued very similarly with each other in all states, and actually also used very similar arguments to those of the opponents of the monopolies in the 1890s. They argued that competition would ensure flexibility and innovation, and result in better services and lower prices for the consumers. The opponents of liberalisation also used similar arguments, but these varied on important issues. The argument that telecommunications was a natural monopoly was hardly used in the later half of the 1990s indicating that the use of society’s resources to build parallel networks no longer caused anxiety in the parliaments. The political argument about the interests of the state company was also less significant in Norway and Denmark, whereas it still played a role in Ireland. Hence, two of the main arguments in the 1890s had lost most of their significance. The argument that had gained importance was the concern for distributive justice. Especially in Norway and Denmark this was now the main argument against liberalisation, but it had also become a significant argument in Ireland, even if it was not as strong as in the Scandinavian states. Hence, the concern for distributive justice was most important in Norway and least in Ireland both in the 1890s and the 1990s. Thus, the differences in the concern for distributive justice might be an indication of an enduring difference in political concerns in the telecommunications policies of the three different states. However, this concern was not regarded as strong enough, or valid enough, to maintain monopoly regulations in the late 1990s.

Conclusion

This chapter has shown that telecommunications policy has developed very similarly across Norway, Denmark and Ireland, both in the 1890s when European governments enacted the monopoly acts, and when the monopolies were abolished in the 1990s ending nearly a hundred years of monopoly regulations. This indicates that telecommunications policy is an area in which ideas and influences travel across states, also prior to the development of international regulations. Nevertheless, the telecommunications regimes established in the 1990s were more similar than the
monopoly regimes and this suggests that the level of policy convergence is increasing. This may be explained with reference both to the EU regulatory framework, as well as industrial interests who are well networked within and across states and have pressed for fast liberalisation. However, the differences in the speed of the processes do suggest that the national concerns still were significant in order to understand policy change.

The assumption that there were still significant national differences was strengthened by the analysis of the political debates as these show interesting variations between the states. Although the kinds of arguments used in the states resembled each other, and especially the arguments in favour of liberalisation was strongly consistent over time, there are also interesting differences. The most significant difference is in the role the concern for distributive justice played in the national debates. In the 1890s, this concern was one of the main arguments for monopolisation in Norway, though not very central in the Danish debate, and not present at all in the UK debate. In the 1990s the importance of the concern had grown in all states, but some of this pattern was still noticeable. The argument about distributive justice was still most important in Norway and, although it was now brought into the political debate, it played a less decisive role in the Irish debate. These differences in the concern for distributive justice might be an indication that there were some enduring differences in political concerns in the states’ telecommunications policies.

In conclusion, this analysis gives some support to the assumption that the two tensions between the market and distributive justice, and between international constraints and national concerns, have been actualised in the liberalisation process. This analysis has been on a quite general level and it has focussed only on the changes in the overall telecommunications regimes, from monopolisation to liberalisation. The following chapters will provide a more focused analysis of how these liberalised regimes have been re-regulated and what role the concern for distributive justice has played in the shaping of these regimes. These analyses will enable both a discussion of whether or not the two tensions are reinforced when general principles are put into a more concrete form, as well as an assessment of how well the states’ policies comply with the ambition to realise the democratising potential of ICT.
5  Universal Service – Policy Ambitions

Introduction
In this thesis I argue that distributive justice of communicative resources like access to telecommunications is an important precondition for a policy that seeks to realise the democratising potential of ICT. The previous chapter showed that the concern for distributive justice was one of the reasons why the telecommunications monopolies were established, and also one of the main arguments against liberalisation. However, when abolishing the monopolies, the proponents of liberalisation argued that monopolies were no longer necessary in order to ensure distributive justice, as competition and market regulations could be equally efficient. This chapter will investigate to what degree, and in what ways, this concern for distributive justice has been reflected in the new regulations of the telecommunications markets.

The chapter provides an analysis both of how the Norwegian, Danish and Irish states have re-regulated the telecommunications markets in order to promote distributive justice, their related parliamentary debates, as well as of their strategies for broadband development. These analyses will enable a closer review of the role of the political tensions between international constraints and national concerns, and between liberalised markets and distributive justice. Moreover, the analysis provides further documentation concerning whether these tensions are more pronounced when politics are put into concrete form. For example, we might expect that in moving from a general level of policy, which in broad terms maintain the wish to unite the concern for a competitive market with that of distributive justice, to more specific market regulations which are supposed to realise these ambitions, the possible tension between these ambitions will become more manifest.

119 Full references to the documents referred to in this chapter are provided in Appendix II.
In addition, as the purpose of this study is not only exploratory and explanatory, but also evaluative, an important aspect of this chapter is to discuss the normative implications of the states’ strategies for distributive justice of communicative resources such as access to telecommunications. Therefore, some general reflections on the need for market re-regulation, and the concept of universal services, which has become the label for the regulations with distributive purposes, provides a useful background for the analysis.

Re-regulating the Markets
Parallel to the de-monopolisation of the telecommunications sector, a new regulatory regime has been established. Vincent Mosco (1988) has argued that a market actually requires far more regulation and government intervention than a monopoly does. Looking at the large number of new regulatory documents on both European and national levels, this seems to be a fair description. The liberalisation process has therefore not been one of deregulation but re-regulation. There are three main reasons why a more extensive regulatory regime was implemented when the market replaced the monopoly.

Firstly, there was a need to ensure common standards and compatible networks. As we remember from the debates about monopolisation, compatibility between networks constituted a problem in the early years of telephony and was one of the arguments for introducing monopoly regulations. In the monopoly era issues of standardisation were solved nationally within the state companies, and internationally through agreements between the monopoly actors to enable international communications. Therefore, liberalisation meant new challenges for ensuring common standards that had to be solved for compatibility reasons. Furthermore, one of the basic ideas of the EU has been to create a single market, and in order for telecommunications services and equipment to be part of this, it was important for the EU to ensure that different standards were not used to distort competition. Hence, standardisation became a new regulatory issue both nationally and internationally.

120 Several of these regulatory measures will be reviewed more closely in the next chapter.
121 This overview is inspired by Jill Hills’ discussion of reasons for regulation (Hills 1986:29). She discusses the economic and the social reasons. I have added the standardisation question.
Secondly, re-regulation has been seen as necessary in order to promote *competition*. Competition in the telecommunications market is regarded as a means to stimulate innovation and investments, and ensure better and cheaper services. However, without regulations, the market may not be competitive. This is because dominant actors might use their market power to hinder smaller actors from entering the market, or in performing in the market. Such regulation involves rules of conduct which define how market players can interact when they buy services and network capacity from each other (e.g. interconnection); it also involves rules of transparency, cost-based pricing, non-discrimination etc. In the European states, the former monopoly companies still have a very dominant position, and a reduction in these companies’ market shares has been regarded as necessary in order to enable effective and fair competition. The markets have therefore been regulated asymmetrically, placing larger burdens on the dominant companies than on the companies without significant market power. This way of regulating is debated, and is supposed to be substituted with general competition regulations once competition is effective.\(^\text{122}\)

The third reason why the telecommunications market is re-regulated is to ensure *universal provision of services*. As we have seen in the previous chapter, in the monopoly era, the companies were given obligations to provide services nation-wide in exchange for their monopoly privileges. The extra costs of providing networks and services in non-profitable areas could be financed through cross-subsidisation from profitable areas within the company. In a liberalised market, this is no longer legitimate. The reason for this is that dominant operators are not to be allowed to overprice services in markets where they meet little competition in order to price services artificially low in other markets where they face greater competition. Therefore, cross-subsidies are no longer accepted. Consequently, the question of how to ensure nation-wide access to telecommunications services has become politicised and the main regulatory instrument to promote this has been labelled *universal service*. Universal services is, however, not an easily defined concept.

\(^{122}\) COM(99)539.
The Concept ‘Universal Service’

The first reference we have to a concept of 'universal service' is the three Bell slogans from 1909: “A system, a policy, a universal service”.123 At that time, the concept referred to the development of a unified telephone network through which anyone could communicate with anyone, as opposed to several non-compatible networks. The meaning of the words has changed with the development of telecommunications. When telephony expanded from being a luxury good to a social good necessary for participation in modern society, attention was increasingly focused on how to ensure that everyone had access to these services. The obligations the national telecommunications companies had to provide services nation-wide were often vague and did not define what nation-wide meant or what penetration level was acceptable. Typically, development plans were made in co-operation between the company and the responsible ministry.124

When liberalisation commenced, there was a growing awareness that the market could distribute resources too unevenly, because market actors concerned with revenue would focus mainly on the profitable areas and customer groups. Consequently, many were concerned that different levels of competition would result in differences in service provision as well as prices for telecommunications services between social groups and geographical areas. Hence, how to ensure distributive justice in a liberalised market became an important question. One basic observation is that in order to regulate the market without distorting competition, the policy objectives and the regulations had to be transparent for all the market actors. Therefore, regulatory principles could no longer be vague or dependent on co-operation between the operator and the ministry, but had to be clearly spelled out. It was in this context that ‘universal service’ was redefined as a principle which said that basic services should be available to all. The implications of this principle were, however, contested. Studying the development in the USA, UK and Australia, that were all early liberalisers, Jill Hills found that in all these states:

123 Flichy 1995:94.
124 See for example Flynn (1998) for a description of the Irish system where telecommunications was directly under the Minister, and St. meld nr 48 (1984-85) for an example on how planning was made in co-operation between company and minister.
The concept of universal service is becoming a contested issue. On the one hand in the interests of strategies of commercialisation, liberalization and privatisation and their concomitant impact on tariff structures, governments have attempted to redefine ‘universal service’ in terms of the narrow concept of connectivity. On the other as advances in technology hold out the potential of new services, and as telecommunications becomes an essential tool for citizens in an industrial society, those upholding the interests of residential consumers seek a redefinition of universal service to include new services and rights of access for all (Hills 1993:135).

These issues of conflict over the concept of universal service may be systematised into three questions. The first two are the normative issues discussed in chapter 3, namely which services should be universal and what universal means. The third is how universal services can be realised in a liberalised market. Below, these questions will be reviewed as a background to the analysis of how these questions have been met politically in Norway, Denmark and Ireland.

**Normative Aspects**

The first two questions are normative, and, in Hills’ terminology, concern whether universal services should be defined in terms of a narrow concept of connectivity, or whether new services and qualitative issues should be included as well. Several scholars have approached these questions differently, and two main starting points can be identified. One is economic and is concerned with networks externalities that basically mean that the value of the network, and the value of being connected to the network, increases the greater the number of people who are connected. Hence, universal service provision enhances the economic value of the network in society. The other starting point is social, and concerns the role of telecommunications for participation in society and democracy (Bar and Riis 2000). These two starting points often lead to different answers to the normative questions posed. The economic justification resembles utilitarian arguments about how resources should be allocated in order to maximise utility for the whole community, and may imply that some groups or areas will not be provided with certain telecommunications as the cost of
this provision will be higher than the value gained through network externalities. Social justification, on the other hand, may imply that democratic equality requires access to important services for all citizens regardless of social status or geographical location.

This thesis has chosen the second starting point for discussing universal services, and in Chapter 3, I argued that through telecommunications citizens may access ICT services which provide them with new opportunities to information, communication and participation in society. Hence, telecommunications are communicative resources that have an impact on the value of citizens’ political liberties and should consequently be fairly distributed. Following this, I elaborated some criteria for a policy that seeks to realise the democratising potential of ICT. These criteria are that:

1) The services that are important for the value of citizens’ political liberties should be universally accessible.
2) As the services importance for citizenship is expected to develop over time, there should be regular reviews of which services should be included in a concept of universal services.
3) In order to realise the democratising potential of ICT as soon and extensively as possible, the present concept of universal services should be broader than ordinary telephony.
4) Making these services universal should imply that they are available to all households regardless of geographical location, and at a price that enables connection and use by all social groups.

Regulation Required?
The third question then becomes the challenge: how can universal services be ensured within a competitive market? Earlier monopoly arrangements enabled universal services through cross-subsidisation within the companies. How can the ambitions for distributive justice be ensured when telecommunications are liberalised? Should the market be regulated, and if so how? Robin Mansell (1993; 1997) has identified two dominant views on the need for regulation in this area.
The first is what she calls the *Idealist model* of telecommunications development. This model assumes that technical innovation and competition will create an ideal market in which services and resources will be allocated as other commercial goods through a free and fair competition. Universal service regulations will therefore not be necessary, as “Intelligent networks will provide the basis for ubiquitous or universal service diffusion” (Mansell 1993:7). Instead of promoting equality, universal service obligations imposed on telecommunications carriers can set barriers to market entrance, and thereby distort competition (Noam 1994; KPMG Consulting 1996).

The second model is called the *Strategic model* and argues that full competition is not a likely outcome of market liberalisation. Instead, we may expect tendencies towards the monopolisation and oligopolisation of markets. “As a result of market imperfections, it is unlikely that there will be a ubiquitous diffusion of advanced communication services and there will be disparities and an uneven development of the terms and conditions of network access” (Mansell 1993:9). Consequently, according to this model, provision of universal services will have to be secured by regulatory measures (Collings 1994; Garnham 1991; Hills 1993; Mosco 1988; 1990).

These models provide very different interpretations of the functioning of the market. Indications are also that these models are related to how broad a concept of universal services is chosen. In an analysis of organised interests’ views on universal services we found that the views of the organisations on the scope of universal services to a large extent corresponded with their views on whether or not regulations were required (Skogerbø and Storsul 2000). Industrial interests tended to prefer a narrow definition of universal services and argued that regulations were undesirable. Trade unions and organisations for people with disabilities, on the other hand, wanted a broader definition of universal services that would also include advanced services, and argued that regulations were not only desirable, but also necessary in order to achieve this. Consequently, it seems that the broader the scope of the concept of universal services, i.e. the more services are to be distributed on an egalitarian basis, the less confidence there is that the market will ensure this.
There also seems to be a tension between the industrial actors’ concern with revenue, which implies a focus on competing in the most profitable parts of the markets, and the political objective of fair distribution of advanced services. The reason for this is simply that constructing and running advanced networks will probably be more costly and less profitable in remote and sparsely populated areas than in the cities. Therefore, for purely commercial reasons, the market may not provide services evenly. I have therefore argued that some political intervention in the market will probably be necessary in order to provide important services universally. The question which is considered in the below is how this has been done in practice.

**Universal Service Regulations**

In Norway, Denmark and Ireland, the political majorities agreed that interference in the telecommunications market was necessary in order to ensure distributive justice, and they all decided on some kind of universal service regulations. Consequently, they all rejected the pure idealist model of the telecommunications market, and adopted a version of the strategic model. Their approaches varied, both regarding the scope of universal services and the concerns expressed. However, as these three states were all members of the European Single Market, their policies also had to comply with the EU regulatory framework. I will therefore review this framework before returning to the national approaches.

**The EU Framework for Universal Services**

The European Union did not only provide a framework for liberalisation and market regulations in order to promote competition, they also formulated a detailed policy for universal services. The emphasis that the EU placed on universal services has at least three explanations. The first was the concern for a competitive internal market. It was obvious within the EU that some member states wanted to regulate the market for distributive purposes, and in order to avoid competition being distorted between the states, the EU wanted such regulations to follow common rules and guidelines.\(^{125}\) The second was the economic concern, that in order for the EU to compete with the USA

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\(^{125}\) See 97/33/EC.
and Asia, both technologically and economically, it was considered important for the EU to have a large home market. Hence, it was essential that the technology should reach all businesses and households within the Union.\textsuperscript{126} The third explanation was the social concern that all European citizens should be able to participate in the information society.\textsuperscript{127}

This strategy of simultaneously promoting both competition and distributive justice resembled the economic and social concerns expressed in the overall ICT-policy discussed in Chapter 1. The long-term ambition is to unite the objectives and to remove the tension between the economic concern for the free market, and the social concern for distributive justice so that the Idealist model of the market may be realised. However, the EU was concerned that the market did not function according to this model in a newly liberalised market. Furthermore, it was recognised that a tension existed between a liberalised market and universal provision of telecommunications service, and how to combine both aims has been considered in several EU-documents since the debate about liberalisation commenced.\textsuperscript{128}

Nevertheless, the basic principle in telecommunications policy of the EU was competition, and all regulations of the telecommunications market, including the regulations for universal services, had to be in compliance with this.

When the telecommunications markets were fully liberalised, a new regulatory framework that also covered universal services was implemented. In this framework the Directive on Voice Telephony\textsuperscript{129} defined universal services as:

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\text{[...]} \text{a defined minimum set of services of specified quality which is available to all users independent of their geographical location and, in the light of specific national conditions, at an affordable price.}\textsuperscript{130}
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\textsuperscript{126} See COM(93)700.
\textsuperscript{127} See 98/10/EC.
\textsuperscript{128} See for example 93/C213/01, 94/C48/01, 95/C258/01, 95/62/EF, 96/19/EC, 97/33/EC, 98/10/EC, COM(93)543, COM(94)682, COM(95)158, COM(96)73, COM(95)379, COM(96)419, COM(96)608 and JEC/PC/PFS for discussions about this tension when liberalisation was planned.
\textsuperscript{129} 98/10/EC. This directive is a reformulation of the directive 95/62/EC.
\textsuperscript{130} 98/10/EC. Article 2f.
The services which should be universally available were defined as, the provision of network connections and access to telephone service including national and international calls, speech, facsimile and/or data communications, directory services, public pay phones, and specific measures for disabled users and users with special social needs. The member states could designate one or more operators to be responsible for the provision of these services so that the whole of their territory was covered.\textsuperscript{131} To ensure that these services were actually available to citizens, the EU stated that they had to be affordable to the citizens. To achieve this, the member states could “implement price caps of geographical averaging or other similar schemes for some or all of the specified services until such time as competition provides effective price control.”\textsuperscript{132}

If universal service obligations represented an unfair burden on an organisation, the Interconnection Directive\textsuperscript{133} stated that the member states could establish a mechanism for sharing the net cost of the universal service obligation with other organisations operating public telecommunications networks and/or publicly available voice telephony services. This mechanism could be in the form of an independent fund, called a USO-fund, or as a supplementary charge added to the interconnection charge.\textsuperscript{134}

Although the EU regulatory regime on universal services was detailed, it gave the member states certain degrees of freedom as to where to set the level of affordability, whether or not to introduce price caps, and over the implementation of a financing mechanism. Further, the states could decide to extend the scope of universal services beyond the EU-defined minimum. However, the funding mechanism could only be used to finance universal provision of the services the EU had defined. This meant that if a state decided to impose obligations on a company to provide ISDN or broadband services nation-wide with or without a maximum price, the extra cost of this could not be shared between all the market players, but would have to be met by the company itself.

\textsuperscript{131} 98/10/EC. Articles 5-8.  
\textsuperscript{132} 98/10/EC. Article 3.  
\textsuperscript{133} 97/33/EC.
These universal service regulations were implemented as part of a whole new regulatory regime that was established when the telecommunications sector was liberalised from 1.1.98. In normative terms the narrow focus of the EU framework did not comply with the established criteria, as I have argued that the scope of universal services should be extended beyond telephony. However, the states had certain degrees of freedom within this framework, and could themselves choose to regulate more services universally. The following analysis will show how Norway, Denmark and Ireland re-regulated their market to ensure universal services.

Norwegian Universal Service Regulations
Before liberalisation, Norwegian Telecom enjoyed monopoly privileges and in return it was obliged to provide the whole country with telecommunications services. Although there were considerable waiting lists until the mid-1980s, networks were developed in all parts of the country. Further, it was an important principle that telecommunication services should be equally charged regardless of where people lived, i.e. between rural and urban areas. Hence, equality in prices and service provision was important, and entering the 1990s, it was stated that the main objective in Norwegian telecommunications policy was to ensure “nation-wide provision of services at equal prices in all parts of the country”.  

During the 1990s, this objective changed with the preparations to fully liberalise telecommunications. The turning point was the Telecommunications Act of 1995 which stated that the main objective of telecommunications policy was “To provide all households and businesses in the country with basic telecommunications services at equal conditions, prices as low as possible, and of high quality”. With this act, ‘prices as low as possible’ had substituted ‘equal prices’ as one of the main political objectives in telecommunications. The main reason for this was that a requirement for equal prices would not be inconsistent with competition. In a competitive market,

134 97/33/EC. Article 5.
137 I have discussed this shift more extensively in Storsul 1997.
prices would be one of the criteria for competition, and as competition would probably be stronger in some areas than others, the pressure on prices would also vary between geographical areas. In this situation it would be difficult, if not impossible, to impose requirements about equal prices on market actors because that could disqualify these actors from providing competitive prices in the more profitable parts of the market. Further, even if such obligations were imposed, in some areas there would be competitors with lower prices and in some areas no competitors. Consequently, in a competitive market, in some areas customers would have access to services at a price lower than in other areas.

Consequently, liberalisation meant that an acceptance of differences in price and provision of services between geographical areas and groups of customers was introduced. As we remember from the political debate about liberalisation, in Norway the equality principle been the primary argument against liberalisation. It was the main reason why the majority of the political parties wanted to sustain the monopoly on voice telephony in 1995, and it was the main argument for the two smaller parties maintaining their opposition towards liberalisation one year later. At this time, the political majority had made an about-turn on this issue and it promoted liberalisation, although with some regulations, so as to ensure nation-wide provision of services, and to avoid geographical inequalities in the prices being too great.

In the Norwegian universal service regulations imposed at the time of liberalisation, the scope of universal services was similar to that of the EU.\textsuperscript{138} It was decided that voice telephony, including special services for the disabled, should be available to all households, businesses and enterprises, whereas leased lines and data communications should be available for all businesses and enterprises. Further, all customers should be offered connections to digital networks, pay phones should be widely available, and directory services should be available for all.

The obligation to provide these services universally was imposed on the state company Telenor. This choice was unchallenged because, as the former monopolist, the company was the dominant in the market, and already provided services nation-

\textsuperscript{138} The following description of universal services originates from St. prp nr 70 (1995-96).
wide. Although the principle of equal prices was abandoned, the Labour Government was concerned that the market might lead to unwanted differences in price levels. They therefore stressed that “To counteract possible unfair regional differences, the Government will introduce maximum prices.” These maximum prices, or price caps which they were usually called in the EU, were imposed on voice telephony services and on leased lines and were supposed to ensure decreasing prices for voice telephony, and to avoid rising prices for leased lines.

In two respects, these Norwegian regulations differed from the EU regime. One was that all customers should be offered connection to a digital network, and the second was the maximum price for leased lines. Nevertheless these provisions had little impact on the telecommunications market. The digitisation of the telecommunications network was almost finalised at the time the legislation was decided, and therefore all customers had this offer regardless of regulation. The prices of leased lines also decreased throughout the period. It seems reasonable to believe that this might have happened regardless of the price regulations. Hence, in effect, and definitely for the service provision to households, Norwegian regulations for universal services were in accordance with the EU-minimum, leaving both ISDN prices, and the supply and prices of more advanced services to be set by the market. This was striking considering the strong focus on equal prices and supply during the monopoly era as well as the strong concern for distributive justice in the debates about liberalisation discussed in the previous chapter. The Labour Government, however, stated that the scope of universal services should be reviewed regularly:

The scope of the services that shall be provided nation-wide must reflect the development and which services are considered universal in the sense that the majority of the customers use them and their significance for participation in society. The utility of including new services must be balanced against the increased expenses this would impose on the actors and thereby the consumers. The scope should be reviewed regularly.

139 St prp nr 70 (1995-96) my translation, Original text: “For å motvirke mulige urimelige regionale forskjeller, vil Regjeringen innføre maksimalpriser”.
140 St prp nr 70 (1995-96) my translation. Original text: “Omfanget av pålagte landsdekkende tjenester må avspelle utviklingen og hvilke tjenester som må sies å være allmenne utfra om størstedelen av kundende bruker tjenesten og om tjenesten er vesentlig for deltakelse i samfunnet. Nytten av å
Hence, the Government was open to extending the scope of universal service regulations, and the argument used indicated that the scope might be extended when new services became significant for participation in society. Yet, the Government argued, this was to be balanced against the cost of such an extension.

In normative terms, this statement is interesting. The first part of the statement paralleled the normative argument developed in this thesis, namely that services important for participation in society, e.g. for citizenship, should be accessible for all. The second part of the statement signalled a more utilitarian approach as it presented the utility of an extension of universal services as needing to be balanced against the cost. Consequently, two kinds of normative approaches are traceable in this Government argument. The first corresponds to the approaches of this thesis, namely those of liberal democracy and liberal equality, and the second corresponds to that of utilitarianism. What outcomes this may lead to in later reviews of the scope of universal services is uncertain. The balancing of the different concerns might lead to an extension of the scope if the costs are low enough. However, the result may also be that the costs of providing all citizens with possibilities to access new services will be regarded as too high to implement, and that some groups therefore will be left without access to important services and thus risk being marginalised. If so, we would expect fierce political debate about this issue.

As described above, the EU opened up the possibility for establishing a financing mechanism to compensate for the extra costs the universal services obligations implied for the selected company. This mechanism was, however, restricted to compensating for the extra costs of providing and price-capping the services the EU had defined as basic. As most European states, Norway did not implement such a mechanism. The reason was simply that Telenor was the dominant actor in the telecommunications market. Consequently, Telenor would not only be the receiver of funding from a shared financing mechanism, the company would also be the main contributor to it. Consequently, such an arrangement would basically mean Telenor paying for its own expenses. As the extra cost Telenor might have in fulfilling its universal service obligations was not regarded as high enough to justify the
administrative expenses of establishing a separate financing mechanism, this was not implemented.

**Danish Universal Service Regulations**

The Danish starting point was different from the Norwegian one as the telecommunications sector was organised with regional companies in addition to the state company. This structure implied that in Denmark, prices could not be decided by the Parliament and thus there were considerable differences between the pricing structures of the regional companies. However, the 1897 Telegraph Act had provided the state with several possibilities for the regulation of private companies, including their pricing policies, and from 1899 some of the market was supervised by the State Authority (Thestrup 1992:320).

When the regional companies were united into one corporation, Tele Danmark, it was specified that the Minister could impose obligations and supervise the company’s compliance with them. These obligations could include conditions for service provision and price levels and they were imposed on the company in return for its monopoly rights. Tele Danmark did not receive any other compensation for these obligations. However, as these obligations on the company were rather vague, and as the liberalisation process evolved, the need to formulate more specific conditions for universal service regulation became evident. When the Danish Parliament adopted the acts which fully liberalised the telecommunications sector, they also adopted a separate Act on Universal Services. The Act defined the scope of universal services to be that all users should have the opportunity to access voice telephony and ISDN services. Leased lines should be provided to industry, and special services to users with disabilities. Pay phones and directory services were also part of the obligation. In order to ensure affordability of these services, price cap regulations were introduced. The price cap arrangements implied that a maximum price was set on these services and was supposed to ensure decreasing prices in all areas. There could be differences

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141 Statstilsynet.
142 Act no 743, 14 November 1990.
143 Act no 446, 12 June 1996.
in price levels, but Tele Danmark could not offer services at prices above the price cap.

As we can see, the approaches in Norway and Denmark were rather similar. What differed was the Danish inclusion of ISDN as a universal service which should also be price regulated. In Norway, this service was to be priced in the market and the Government had no instruments to prevent geographical differences in price levels. By introducing price cap regulations on ISDN, Denmark not only went further than Norway, but also beyond the EU which had not defined ISDN as a basic service for which obligations could be financed through a shared financing mechanism. This relation to the EU framework was discussed explicitly by the Danish Government, which emphasised that it preferred that the EU extended the scope of the services which could be financed through a shared mechanism. The Government stated that it had worked within the EU to gain acceptance for such a view, but it did not succeed. Nevertheless, Denmark used the degrees of freedom within the EU framework and chose a broader scope of universal services than the EU proposed. However, this implied that the extra costs which Tele Danmark might incur because of the price cap on ISDN services could not be compensated by such a mechanism, but that they were imposed on the company without compensation. Furthermore, a joint financing mechanism for the universal provision of the other services was not implemented in Denmark for the same reasons as in Norway, because it would entail Tele Danmark contributing to its own service provision.

In Denmark the need to regularly review of the scope of universal service was not explicitly mentioned. However, the Government emphasised that concerning universal service, the ambition of the Act on was to “ensure universal service provision for a set of basic telecommunications services, which private users regularly demand, or might be expected to demand within the immediate future.” Hence, as the services which are regularly used might be expected to change, it is implicit in the Danish argument that such reviews will take place.

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Irish Universal Service Regulations

In the monopoly era in Ireland, the obligation on Telecom Eireann to provide telecommunication services was weaker than in Norway and Denmark. The Telecommunications Services Act of 1983, which established the company Telecom Eireann, stated that the company should:

meet the industrial, commercial, social and household needs of the State for comprehensive and efficient telecommunications services and, so far as the company considers reasonably practicable, to satisfy all reasonable demands for such services throughout the State.\textsuperscript{146}

The focus here on what the company considered practicable signified a different emphasis on the goal to ensure equal provision of services in all parts of the state than in the Scandinavian countries. The penetration rate was also much lower in Ireland, and in 1984 less than half of the households had a telephone (Flynn 1998:259). Prices were, however, equal in all parts of the country.

In 1996, the liberalisation of telecommunications was prepared through the adoption of a new Telecommunications Act.\textsuperscript{147} This act complemented the 1984 Act, and the obligation imposed on Telecom Eireann was not changed. The Act did, however, make provisions for price regulations as it enabled the Minister to introduce maximum prices through a price cap on a basket of services. With regard to the fact that the market was not fully liberalised until December 1998, price cap regulation was introduced relatively early in Ireland. This may be explained with reference to three factors. The first is that Telecom Eireann was partly privatised in 1996 and the Government needed to find new means of controlling prices. Secondly, there was considerable public discontent over the prices, especially after a steep increase in 1993. Thirdly, the price cap regulations in Ireland were not related to universal service provision as such, but to the lack of competition. The Act stated that:

\textsuperscript{145} L 241 (1005-96), \textit{my translation}. Original text: “sikre forsyningspligt for et sæt af standard-teleydelser, som private brugere almindeligvis efterspørger eller må forventes inden for den nærmeste fremtid at ville efterspørge.”
\textsuperscript{146} Act No 24 of 1983, Section 14.
\textsuperscript{147} Act No 34 of 1996.
An order under this section shall not be made unless the Minister is of the opinion that - (a) there is no competition in the market for the supply of the telecommunications services concerned, or (b) the provider of the telecommunications services concerned holds a dominant position in the market for the supply of those services.\textsuperscript{148}

The services which complied with these criteria were subject to regular review. In 1996, price cap regulation was specified to cover a relatively broad basket of services including regular telephony services, ISDN connections, directory services and payphone calls.\textsuperscript{149} At this time, these services were monopoly services, and the price-cap regulation was a tool to avoid Telecom Eireann overpricing the services. Hence, this was not directly comparable to the Danish maximum price on ISDN, which was implemented in a liberalised market. However, after liberalisation Ireland retained the price cap also on ISDN services. Consequently, the Irish regime started to resemble the Danish one. However, the arguments were different as the Irish price cap was grounded on the lack of competition in the ISDN market and not on the concern for distributive justice.

**Significant Differences**

In the introductory chapter we saw that there were very strong similarities between the overall ICT policies in Norway, Denmark and Ireland. The previous chapter showed that there were also parallels in the general telecommunications policies in the three states as they all liberalised in roughly the same manner, although the concerns expressed in the political debates varied. Hence, on the level of overall ICT- and telecommunications policies, there was a distinct policy convergence. The analysis presented here, however, has shown that on a more detailed level of universal service regulations, there were also significant differences in how the states developed strategies for solving the tension between liberalised markets and distributive justice. The main differences were that Norway and Denmark had a broader scope of universal service regulations than Ireland, and that Ireland and Denmark imposed price caps on ISDN services, whereas Norway did not.

\textsuperscript{148} Act No 34 of 1996., §7 Section 2.
At first glance, these differences were unexpected. We could have expected that the EU framework, which was also detailed on the universal service regulations, would have eliminated differences to a greater degree. But, as we have also seen, the framework gave the states certain degrees of freedom, for example regarding the scope of universal services, which the three states used to a different degree.

Regarding the difference in the scope of universal services, Norway and Denmark chose a somewhat broader scope than Ireland as the two Scandinavian states also included leased lines and digital networks or ISDN as services which should be provided universally, whereas Ireland chose a more narrow approach. These differences may be explained with reference to continued differences between the states’ welfare state legacies as well as political cultures, and redistribution of resources and egalitarian values were more important in the two Scandinavian states than in Ireland. This might imply a stronger concern with the distributive aspects of liberalising the telecommunications markets and the introduction of new services in Norway and Denmark than in Ireland. Moreover, the level of network development varied between the states, the Irish being less developed than the networks of the two other states. Consequently, the narrower scope of the Irish regulations may be an expression for the priority of ensuring universal provision of telephony, which was still not accomplished by the mid-1990s.

The differences between the states’ price cap regulations, however, followed a different pattern. Denmark and Ireland chose to price cap, not only the services defined as basic by the EU, but also ISDN, whereas Norway did not. It was surprising that the differences followed this pattern, and that Norway, which was the least integrated state in the EU with a strong political culture for egalitarian solutions, did not choose as extensive regulations as those adopted by Denmark. Furthermore, Ireland, with the least egalitarian political culture, could have been expected to have the least extensive regulations. However, when we take a closer look, the fact that Norway chose to regulate in closer accordance with the EU framework than Denmark and Ireland, may not be so paradoxical after all. One reason for this is that Denmark and Ireland had many years of experience with identifying national approaches within

\[149\] ODTR 99/19
the EU framework, in promoting their own solutions to EU initiatives, and in identifying the degrees of freedom they had and manoeuvring within these in accordance with their national interests. In Norway - not an EU-member but part of the Single Market and subject to EU regulations through the EEA-agreement - the situation was different. One important factor was that the EU was highly controversial in Norwegian politics after two referendums in which the majority of the votes were against joining the EU. As a consequence, the EEA-agreement was regarded as a national compromise which few parties wanted to question. In a previous analysis, together with Eli Skogerbo, I argued that:

the European issue is capable of revitalizing most former political front lines in Norwegian politics and splitting the major parties. There has been pressure, then, to keep the level of conflict as low as possible by selecting options that could be presented as fait-accomplis, namely, those that were adopted by the EU (Skogerbo and Storsul 2000:141).

Hence, the Norwegian strict compliance with the EU may be explained with reference to the controversial role of the EU in Norwegian politics. The desire of most politicians to avoid conflict around EU issues became an incentive to accept EU guidelines and implement them directly into Norwegian politics. This does not explain, however, why Ireland and Denmark chose a broader scope of price regulations than the EU minimum.

The Irish case is the most straightforward to explain as it was not egalitarian concerns, but the lack of competition in the ISDN market that caused Ireland to impose a price cap on these services. The price regulations were imposed in a situation of monopoly regulations and the price regulations were supposed to prevent the company from exploiting the situation in relation to its customers. When the markets were liberalised, the company still held a de facto monopoly and regulations were prolonged. For Denmark, the price regulation of ISDN services may be explained with reference to the fact that there was already a tradition in the Danish telecommunication system for market regulation, as the regional companies had been regulated. These companies had monopoly rights and were therefore regulated to
avoid abuse of monopoly power. As mentioned in the previous chapter, the need for such regulations was already discussed in the 1890s. Hence, the institutional legacy made price regulations a more obvious alternative in Denmark. A supplementary explanation may be that it was politically easier in Denmark to impose strict regulations on Tele Danmark as the company was already partly privatised, than it was to impose strict regulations on the Norwegian state-owned Telenor. Furthermore, Danish telecommunications policy was focused on promoting competition and enabling new entrants in the market. Consequently, regulations that would restrain Tele Danmark, like imposing maximum prices without compensation, could be a means towards reducing the market power of Tele Danmark and thereby lead to a more competitive market. Therefore, some market actors also concluded that a more extensive universal service regulation was consistent with promoting the market (Storsul 1997).

The above explanations indicate how differences in the relation to the EU, as well as different institutional legacies, may contribute to explaining the three states’ different approaches to universal service regulations. An additional explanation for the Danish regulations may be more pragmatic, and this is that in Denmark, the geography of the state, and the fact that the networks were already digitised, made universal provision of ISDN-services a less expensive challenge than it would have been in states like mountainous Norway.

Nevertheless, this review of the universal service regulations shows that in spite of a detailed EU framework, national characteristics and institutional legacy was still important for policy development, especially when moving from the general levels of policy to the more specific legislation. This might be an indication that the national differences become more pronounced when policies and regulations are put in concrete terms. One reason for this is that with respect to the general telecommunications reforms, the states had to comply with the EU directives, whereas on the more detailed level, they had significant degrees of freedom. Further, on these more detailed levels of re-regulating the markets in order to ensure universal services, the national concerns varied and the states sought different solutions. Hence, the tensions between liberalisation and distributive justice seemed to enhance the tension
between international constraints and national concerns on the more detailed levels of policy.

**Debates on Universal Services when Liberalising**

As argued, the question about universal service regulations in liberalised markets is an important question because it concerns the possibility to ensure distributive justice of important communicative resources. Hence, we could assume that this would lead to political conflict within the national parliaments, along traditional lines of conflicts between market forces and political interference. In the Norwegian Parliament we could expect debate over the fact that Norway chose to comply with the EU-suggested price cap regulations, whereas debates about divergence from the EU could be expected in Denmark and Ireland. This was, however, not the situation. At the time when the telecommunication markets were liberalised and the regulatory framework adopted, there was a broad consensus within each state on the regulation and scope of universal services.

In Norway liberalisation of the sector by 1998 was decided on by Parliament in 1996, and a new regime was decided which was supposed to stimulate competition and to ensure universal services. Except for the two smaller parties who opposed liberalisation completely, at this time there was a broad consensus about the new regulations, and regarding the new universal service regulations, there were no disagreements. No one argued for a narrower or broader definition of universal services, or for a different kind of regime. The only difference was one of degree, in the sense that the Socialist Left Party emphasised the need for universal service regulations and the maximum prices most strongly, but they did not forward any alternative proposals.

Similarly, in Denmark, which passed new and liberalised telecommunications legislation in 1996, the consensus was broad-based. The left wing Unity List argued against liberalisation, but no one proposed divergent solutions on how to regulate universal services. There was, however, a similar difference of degree in the Danish debate as that in Norway. On the one side was the Socialist People’s Party, who
argued the importance of extensive universal service regulations, and stated that for them it had been “decisive [for us to support the new legislation] that the universal service obligations became as it is described.”

On the other side, were the Liberals who “would have preferred a more coherent and less regulated telecommunications liberalisation.”

Nevertheless, except for one small left wing party, all parties accepted and voted for the new regulatory framework.

In Ireland, the issue of re-regulation was more controversial. The legislation that prepared liberalisation was passed in the Dail, the Irish parliament, in 1996 in an act that had two purposes, to establish a new regulatory regime, and to prepare a partial privatisation of Telecom Eireann. In the parliamentary debates, Fianna Fail, who at the time was in opposition, supported liberalisation and privatisation, but opposed the Act for two main reasons. Firstly, and most importantly, they argued that the strategic alliance with Telia and KPN, where these companies were to take over at first 20% of the shares, with an option to buy an additional 15%, was not a good deal. The spokesman of the party argued that:

> the public is being short-changed by what can only be described as a scandalous deal […]. The sale of 20 per cent of Telecom for £180 million is a betrayal of the taxpayer who, as the Minister rightly pointed out this morning, has invested heavily in the telecommunications industry for 15 years.

Fianna Fail was not opposed to privatisation as such, but argued that this specific deal was not good enough. Secondly, the party was also sceptical towards using price capping as an instrument:

> Price capping is extremely old fashioned. It is reminiscent of the old upper price limit on bread, cigarettes and other goods. We dispensed with that

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152 Brennan, Parliamentary Debates, Dail, 26 September 1996.
because we realised the best value for the consumer comes from market forces working out prices.\footnote{153}

This scepticism was related to price capping in the telecommunications market generally, and not to specific services. Accordingly, the party proposed to delete the whole sections about price capping from the Act, but was outvoted in the Dáil. Further, as we shall see, the Fianna Fail did not propose to abolish price caps when they returned to Government one year later. It therefore seems that this dissent was not very solid. Moreover, the Irish price caps were not part of the universal service regime, but were compensation for the lack of competition in the markets.

The most important conclusion from this overview of the debates on universal services when the markets were liberalised, is that except for the Irish dispute, the differences were stronger between states than between parties in the national parliaments. This is again surprising as it could be assumed that more traditional conflicts between political parties would also be reflected in their views on universal service, but at the time of liberalisation, this was not the case. This observation is in compliance with earlier work in which we found that whereas the views of the market actors on universal services reflected their position in the market place, the political parties seemed to agree on what was in the national interest (Skogerbø and Storsul 2000). Thus, in order to understand this consensus in the national parliaments, the political situation in each state should be considered.

In Norway there were some disagreements over liberalisation, but the consensus on universal service regulations was robust at the time of liberalisation. One explanation for this was that the politicians were concerned with the large shift in policy, and not the more detailed contents of the new legislation. Another explanation was probably that the new regime was enacted within the EU framework. As argued above, the European issue was highly controversial in Norway, and one implication of this was that it was in the interest of the major political parties to keep the level of conflict on EU-related subjects as low as possible. The main strategy chosen was to implement EU-regulations without questioning them.

\footnotetext{153}{Brennan. Report of Select Committee (Telecommunications (Miscelleneous Provisions Bill), 16}
In Denmark, the regime for the liberalised telecommunications market was the result of a long process of negotiations between most political parties. They made several political agreements on telecommunications policies, and the legislation was a direct consequence of this. Consequently, when the legislation was debated in parliament, compromises were reached, and most parties had already agreed to the new principles. Therefore, there was a general consensus in the Parliament on telecommunications polices and also on universal service regulations. However, as we have seen, there were indications in the parliamentary debates that this consensus was the result of a compromise between, on the one side, parties that wanted liberalisation as early as possible, and on the other, interests who wanted extensive universal service regulations. The Danish universal service regulation could therefore be regarded as the result of a compromise that combined the inclusion of ISDN in the universal service regulations with the ambition that Denmark should be in the European lead of early liberalisers (Storsul 1997, Skogerbo and Storsul 2000). Consequently, those who were impatient to liberalise agreed to price cap ISDN, and those who were more sceptical towards liberalisation were content that the market was firmly regulated.

In Ireland, the political conflict in telecommunications policy was mainly about the privatisation strategy chosen by the Government, and, to a lesser extent, about the means of regulation with the exception of the disagreements over price capping, which in Ireland was not regarded as a debate over universal services. This indicates that the joint debate on liberalisation and privatisation raised the level of political conflict on telecommunications issues, but that this conflict rarely touched on the formulation of specific regulations, such as universal services. The political conflicts at the time of liberalisation were mainly about privatisation or liberalisation in general. Similar to Norway and Denmark, the debates focussed on liberalisation and not re-regulation.

A general explanation for the lack of disagreement over the new regulations may be that liberalisation itself was a substantial reform. At the time telecommunications liberalisation was enacted, the political parties in all three states were mainly concerned with the broad reform, and paid less attention to the detailed aspects of the

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October 1996.
new telecommunications regimes. If this explanation holds, we could expect that more detailed issues, such as universal services, would become more focussed in the subsequent years, and that stronger disagreements might appear. This is addressed in the next section, which will consider the debates on universal services after the markets were liberalised.

**Debates on Revising Regulations**

In the first few years following liberalisation, adjustments were made to the regulatory regimes in all the states. Most of these changes were intended to make the markets more competitive. The former monopoly companies, the incumbents, had substantial market power within their home markets, and politicians and regulators were concerned about the competitive conditions for new market entrants. In all three states, new restrictions were therefore imposed on the incumbents. Important examples of this were the interconnection regulations which were made more transparent in order to ensure that if a competitor had to use the incumbent’s network for some of its traffic, this should be provided under open and cost based conditions. Moreover, the local loop, which is the part of the network that links the subscribers to the network, was unbundled. This meant that the incumbents had to allow other market actors to use and provide services on the local loop. An additional reform was that customers were allowed to keep their old number when changing telecommunications operator. When such adjustments were made in all three states, this was not only the result of common challenges, but also related to the fact that the EU imposed new regulations on these issues with which the states had to comply.

Concerning the universal service regimes, both the EU and the national governments had emphasised that universal services should be a dynamic concept which needed to be reviewed regularly. In spite of this, universal service regimes were not significantly changed in the years from liberalisation to 2001. In 1999, when the EU started a new review process of the whole telecommunications sector the EU Commission argued that there was still a need for universal service regulations:

\[\text{\footnotesize COM(99)539.}\]
It is clear that competition is not sufficient to achieve the Community’s policy objectives. In an unregulated market, there would be consumers on low incomes, or who live in remote areas, who would not be served by operators, because they would be uneconomic. It is therefore essential that the new regulatory framework continues to ensure all are provided with those services considered essential for participation in society and already available to the great majority of citizens.\textsuperscript{155}

The EU did, however, not change the scope of universal services. The arguments used for maintaining the scope were mainly that extending the scope of universal services would be too costly both for consumers and market actors.

The main argument relates to the financial impact that it [extending the scope of universal services to broadband] would have on the majority of consumers. Universal service relies on cross-subsidy from one group of users to another. […] For basic telephony, such a cross-subsidy does not constitute an undue burden because the infrastructure already exists and most people already have a telephone. […] By contrast, only a small minority of consumers currently has access to broadband services. Including such services within the scope of universal service is likely to be problematic. The only means of doing so would be by subsidising broadband service provision for certain users via cross-subsidy from consumers of basic telephony to higher bandwidth users.\textsuperscript{156}

Therefore, the Commission argues, such an arrangement would imply that “the activities of the few (often wealthy “early adopters”) would be subsidised by the rest of the population”\textsuperscript{157} and that financing through a universal service fund would create high barriers to market entrants. Based on this, the EU concluded that extending the scope of universal services was not advisable. The new directive on universal services confirmed this status quo in universal service regulations at the European level.\textsuperscript{158}

\textsuperscript{155} COM (99) 539.
\textsuperscript{156} COM (99) 539.
\textsuperscript{157} COM (99) 539.
\textsuperscript{158} 2002/22/EC.
In normative terms, the EU still had a narrow scope of universal services. This implied that services beyond telephony would still be distributed by the market. However, the EU confirmed that the scope of universal service should be reviewed periodically and argued in accordance with the normative discussions in this thesis that these reviews should consider which services were important for social participation. Still, the Commission did not want such services to be included before a “great majority” of the citizens used the service. As a consequence, this may lead to a very late extension of the scope of universal services and a risk that there may be many years in which the services are important for citizenship, but a minority cannot access these services.

The argument of the EU Commission not to extend the scope because this would imply that ordinary telephone users would subsidise the early adopters, seems to be an important argument. The Commission, however, only discussed full extension of the scope to include broadband services, and no intermediate arrangement between basic telephony and broadband was put forward. Hence, the arguments against an immediate extension to broadband, will probably not be equally strong against extending the scope to ISDN or ADSL services. Such intermediate arrangements were not considered by the EU. Yet, the states still had significant degrees of freedom, and the question remains as to whether the three states would consider such arrangements. As we shall see below, the national regimes for universal service regulations were, like those of the EU, stable in the years following liberalisation, although the national consensus in the parliamentary debates from the time when liberalisation was enacted, was not equally strong in all the states.

The Norwegian Debate on Revising Regulations

In Norway, the debate on the regulatory regime became more pronounced after liberalisation and some revisions were made in the regulatory framework in order to promote competition. Regulations on number portability, local loop unbundling and interconnection are examples of such revisions. The other major development was

159 A description of these services is given on page 81.
that Telenor, the state company, was partly privatised. The regime for universal service regulation remained stable.

In this post-liberalisation period there was considerably more conflict over telecommunications policy between the political parties than at the time of liberalisation. One example was the privatisation of Telenor, which was decided in 1999 as part of a budget compromise between the Coalition Government and the Conservative Party and the Progressive Party. This decision met a lot of opposition from Labour and Socialist Left, but once back in Government, Labour introduced Telenor on the stock exchange and argued in favour of this decision, leaving the Socialist Left Party as the only party opposing privatisation. Another issue of conflict was the scope of universal services and this is what will be emphasised in the following. When the universal service arrangements were reviewed in 1999, the Government, at the time a coalition of the Christian Democratic Party, the Centre Party and the Liberal Party, stated that it was:

not necessary to force the pace of network development nor to implement any specific state measures to ensure households and businesses in all parts of the country increased network capacity. The actors in the telecommunications market seem to be able to supply the necessary capacity in all parts of the country on a commercial basis.

This statement, which showed that the Government trusted that the market would provide services to all at acceptable conditions, was opposed by Labour and the Socialist Left Party who argued that:

access to high speed telecommunications networks in all parts of the country at an acceptable price is a precondition for all households and businesses to make use of the new possibilities to electronic communication. These

\[\text{160 St. prp nr 66 (1999-2000).} \]
\[\text{161 Innst. S 242 (1000-2000).} \]
\[\text{162 St. meld nr 24 (1998-99) my translation. Original text: "(På bakgrunn av dette) synes det dermed ikke nå å være behov for verken noen forsert utbygging eller noe eget, statlig tiltak for å sikre husstander og virksomheter i hele landet økt overføringskapasitet. Tilbyderne i telemarkedet synes å være i stand til å tilby den nødvendige kapasitet over hele landet på kommersielt grunnlag".} \]
members [i.e. the MPs from Labour and Socialist Left] are therefore of the opinion that a larger involvement from society is necessary to ensure network development. In line with this argument, Labour and the Socialist Left proposed that “access to high-speed networks is presupposed to be provided at prices that as far as possible at an equal level in all parts of the country. To ensure this, maximum prices on high-speed access should be introduced.” According to this view, high-speed access should be included in the universal service obligations with a price cap. Such a regulation would go beyond the EU-definition of universal services and the extra costs of this could not be financed through a common financing mechanism. Labour and the Socialist Left therefore argued that Norway should use its position within the EEA in order to gain acceptance for financing development of high-speed access through a joint financing mechanism between the market actors.

In Parliament, the parties of the Coalition Government opposed such an immediate extension, but adjusted their position somewhat and argued, together with the Conservative Party, that “an extension of the universal service obligation should be considered.” In this way they did not conclude which policy they would support and they did not commit themselves to such a position, but called on the Government to review the situation. Furthermore, these parties argued, in line with the Labour and Socialist Left, that Norway should try to influence the EU “so that high speed access can be included in the regulations for maximal prices and be covered by the joint financing arrangements, such as a USO-fund.” Such an extension would have increased the degrees of freedom for later reviews of the scope on universal service.

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However, as has already been discussed, the EU did not extend the scope of the universal service regulations.

Although Labour and the Socialist Left Party were less patient, and wanted to extend the universal service regulations to include high speed access in 1999, there seemed to be a broad agreement that regulations might be necessary in order to provide all parts of the state with sufficient network capacity. As a representative from one of the Government parties argued “The only disagreement is, if it is necessary to decide today on the measures we might need in the future.”

This debate on broadening the scope of universal services shows that the tension between liberalised markets and distributive justice was a pronounced issue of conflict and that the social concern for distributive justice of telecommunication was highly present in the Norwegian political debate. However, in spite of broad agreements that an extension of the scope might soon be necessary, and that Norway should try to influence the EU to allow joint financing mechanisms to be used on universal provision of high-speed access, the status quo was maintained in the Norwegian universal service regime. The Coalition Government did not extend the scope of universal services, and when Labour returned into Government in 2000, the party no longer wanted to extend the scope of universal service regulations, but argued in favour of market solutions. This shift in Labour’s policy regarding both privatisation and universal service regulations may be an indication that the party acted and argued differently when in government and when in opposition. Another explanation may be that when EU regulations were not changed, the political majority did not want to impose stronger regulations on the Norwegian market than what was proposed by the EU. The concern expressed by most parties that Norway should try to influence the EU to broaden its scope is a strong indication that the EU regulations were seen as important constraints on national policy. The degree to which it was decisive for the Norwegian status quo that the EU did not change its universal service regulations is uncertain, as we cannot know how the Norwegian regulations would have looked with another outcome of the EU review. The 1999 debate did show that

the lack of a financing mechanism for high-speed access was an important reason why the political parties were reluctant to impose stronger obligations on Telenor. Telenor was regarded as a national champion (Skogerbø 2001) and it was seen as important not to impair the company’s position in the market place too much.\textsuperscript{169} In this way, the balance between promoting competition and ensuring distributive justice, without weakening the company’s position, was a delicate issue in Norway as an extension of the universal services would imply the imposition of obligations on Telenor without the possibility of compensation.

\textbf{The Danish Debate on Revising Regulations}

As we have seen, in 1996, Denmark was among the first European states to liberalise telecommunications, and in the following years, they continued to be an early mover. They introduced interconnection regulations, local loop unbundling and number portability earlier than the EU framework required. The scope of the universal service regulations, however, remained stable in Denmark, as it did in Norway, although with certain minor adjustments.

In 1999-2000 the universal service regulations were reviewed along with a major revision of the Danish Telecommunications Act. As will be discussed more in depth in the next chapter, the universal service regulations were made more technology-neutral, but the scope and main instruments of the regulations remained fixed. ISDN was still regulated as a universal service, and obligations to provide services universally were imposed on the dominant operator, and maximum prices remained the important regulatory instruments.

Throughout this regulatory review there was continued agreement among most Danish political parties. Parallel to the situation at the time when liberalisation was enacted, telecommunications policy was developed through negotiations and political agreements between most political parties. Hence, the compromises were reached before the policies were put before parliament. The political agreement on telecommunications policies in 1999 declared that:

\textsuperscript{169} Ministry of Trade and Industry (2000).
It is agreed that the scope of the universal services remains unchanged. It is further agreed that the current price regulations of the universal services are to be prolonged.171

As this political agreement embraced most political parties in Denmark, it was evident that the principles in the Danish universal service regulation would remain unchanged. The legislation enacted in 2000 was a direct follow up of this agreement. In parliament, the only party voting against the new legislation was the left wing Unity List, who was opposed to liberalisation in general. No alternative proposals to universal service regulation, were put forward.

Consequently, the Danish consensus on universal service regulations seemed to hold. Considering that the Danish scope was broader than the regulations proposed by the EU, the lack of opposition might seem surprising. Again, the consensus should be read as the result of a compromise. The parliamentary debate showed how parties ranging from the Liberals who primarily wanted “market led, and not politically decided developments and investments,”172 to the Socialist People’s Party which still argued that they wanted political assurance “that there will be lower prices all places, and not only the places where some competitors compete the prices down”173 had reached such a compromise. The Liberals were satisfied with more competition oriented legislation, whereas the Socialists were satisfied with the universal service regulations and consumer protection. Without such extensive political compromises, the Danish consensus might have proven less consistent.

The Irish Debate on Revising Regulations

In Ireland, the market was liberalised later than in the Scandinavian states, yet earlier than required by the EU as they did not apply the derogation they were given fully.\textsuperscript{174} After having liberalised the market, the Irish regulations were also adjusted to promote competition. As will be discussed in the next chapter, the new regulations were mainly imposed by the Minister or the regulatory authority and not through the Parliament. Consequently, the reforms did not cause much debate among the political parties. After liberalisation, the most controversial telecommunications issues in the Parliament, was the full privatisation of Telecom Eireann, which was prepared through the adoption of a telecommunications services act in 1999.

The universal service regulations remained stable in the years following liberalisation. Fianna Fail, who had opposed the price cap regulations, returned to Government but did not propose to change this or any other part of the regime. The concern for distributive justice, however, was raised in Parliament by representatives from the opposition parties Fine Gael and Labour. A Labour representative argued that:

\begin{quote}
If we are to meet the objectives on rural development to which we all subscribe, it is important that the various operators be required to offer the highest quality service to people in all parts of the country. If we do not ensure that is the case, the decline which many of these areas are experiencing will be exacerbated in the future. We have an opportunity in legislation like this and in the rules we set for the regulation of these industries to ensure that there is equal access to services in all parts of the country.\textsuperscript{175}
\end{quote}

This anxiety about how it could be ensured that modern telecommunications infrastructure would connect the entire country was, however, not followed up by any concrete proposals which would change universal service regulations. The only reference to changing regulations was made by the Minister of Public Enterprise, who briefed the Dáil that they would be informed about the EU directives on universal service obligations that would also be part of Irish regulations. The Dáil did not

\textsuperscript{174} As explained in the previous chapter, Ireland got a two years derogation from the EU timetable for liberalisation, but chose to liberalise in December 1998, only 11 months after the general EU timetable. \\
\textsuperscript{175} Gallagher, Parliamentary Debates. Dáil, 31 March 1999.
discuss these issues specifically, though. As a result, the Irish parliamentary debate
was considerably less concerned with the specifics of the universal service regulations
than was the case in Norway and Denmark.

Comparison
In Norway, in Denmark, and in Ireland, the regulatory regimes were adjusted in the
years after liberalisation, but no significant changes were made in the universal
service legislation. The parliamentary debates about this show that there was still a
large degree of consensus within the states on the telecommunications regulations. In
Denmark, this consensus was the result of broad political agreements, meaning that
the conflicts had already been resolved and compromises reached before the issue
reached parliament. As the scope and regulation of universal services were part of
these agreements, there was no conflict over the universal service arrangements. In
Ireland, the Parliament in general agreed on the new telecommunications regulations,
and the controversies were mainly on how the state company should be privatised. It
was in the Norwegian Parliament that the level of conflict rose the most in the years
following liberalisation, and some of the controversies concerned the regulations and
the scope of universal services. These controversies were, however, most pronounced
when Labour was outside Government and proposed more extensive regulations.
Once back in Government they defended the status quo and showed that the
consensus was also wide in Norwegian telecommunications policy, leaving only the
Socialist Left Party, and on some issues the Centre Party, outside the general
agreement.

Nevertheless, in all the parliaments, there were differences of degree between the
parties in the concern they expressed for universal services, and how they expected
that the market would distribute. In Denmark, the Unity List opposed liberalisation all
together because of concerns for distribution, and the Socialist People’s Party
expressed strong concerns for extensive regulations of universal services. In Ireland,
Labour was the party that emphasised the Government’s responsibility for connecting
the whole country with modern infrastructure, and in Norway the Socialist Left Party
and, while in opposition, Labour, wanted more extensive regulations. Thus, it was the
smaller socialist oriented parties that in general had less faith in the market as a distributive mechanism and who were the most positive to broadening the scope of universal services. The centre and rightist parties, as well as the social democratic parties in Norway and Denmark, were more concerned with enabling competition. Hence, traditional lines of political conflict played a role in the debates over universal service regulations, although the dividing line between the parties was moved quite far to the left as it was the small socialist parties who had opposing views to the broad majorities ranging from the social democrats to the far right. Except for the one Norwegian example, these disagreements did not lead to any proposals for alternative legislation. This observation indicates that universal service was a detailed policy area and that the debates and proposals in the Parliaments mainly focussed on broader issues.

Another interesting finding from the debates about revising regulations is that even though all seemed to agree that the social significance of the services would be the important criterion for which services should be regulated as universal services, there seemed to be just as much focus on the costs when the scope of universal services was reviewed. Hence, there seem to be two parallel normative arguments, one that relates to the normative arguments of this thesis, namely that of democratic equality, and another argument which has more in common with classic utilitarianism. In a society with limited resources, the costs of social reforms are, of course important and considering this is not problematic in any normative terms. Furthermore, the position of this thesis that universal services at the turn of the millennium should be extended beyond telephony is based on assumed developments and not the current importance of services. Therefore, the present focus on ISDN and telephony is not an immediate normative problem. The important question for the future is which of these arguments will prove the strongest when new services in fact become important for citizenship. Will this be the egalitarian approach compatible with the ambition to realise the democratising potential of ICT, or will this be regarded as too costly?
What about Broadband?
As we have seen, the universal service regulations were mainly concerned with telephony and ISDN services. At the same time, new and interactive services that integrate moving images, sound and text, require higher bandwidth (Dijk 1999). Expectations are that such services will become increasingly important, both for trade and industry, public administration, as well as for citizenship. When these were not included in the universal service regulations of the three states, one important reason was the limitations within the EU framework for financing this. There were, however, large degrees of freedom within this framework. In fact, the Commission emphasised that even if they did not advise a change in the scope of universal service, “[t]his does not in any way impede Member States from taking their own initiatives to finance the roll-out of broadband services through mechanisms other than universal service funding.”176 Consequently, it was clear that the states could act through other mechanisms if they wanted to. In all three states, the question about whether or not the state should interfere in the market in order to ensure that households and businesses in all parts of the country could get broadband access, was discussed. Furthermore, all three states took some initiatives to promote broadband roll-out, but the level of state involvement varied considerably.

Below, I briefly review the governments’ broadband initiatives. The focus is mainly on the governments’ initiatives, supplemented by an analysis of whether and how the broadband issues have been raised in the general telecommunications debate in the parliaments. A more thorough analysis of the political debate about broadband development has not been conducted because the degree to which the parliaments were involved in the policy processes on broadband development varied considerably, and there is consequently a lack of comparable sources.

Norway – Stimulate Broadband Market
In Norway, concern about distribution of broadband services became a politicised issue during the latter half of the 1990s. The question was raised several times in the general debates on telecommunications policy. In 1999, Labour and the Socialist Left

Party not only called for more extensive universal service regulation, but they also emphasised that stronger state involvement was necessary in order to ensure broadband development in all parts of the country. Further, they proposed that public investments might be used to ensure that this development was nation-wide. These parties did not gain support for this proposal, but the Coalition Government was also concerned about broadband development and appointed one interdepartmental and one expert committee to consider the issue. This politicisation of the broadband question reflected both how the concern for distributive justice continued to be important in Norwegian telecommunications, and that many were concerned that the market alone would not provide broadband services nation-wide. The Coalition Government did not conclude the issue while in Government, but in October 2000 the new Labour Government launched its Broadband Communication, and followed up the recommendations of the interdepartmental committee. The communication did not define broadband in terms of bandwidth, but stated that this should “be viewed in the light of user demand and the capacity needed to deliver the services.” The ambition stated was to achieve:

[…] favourable market offers that enable broadband connections to all primary and secondary schools, public libraries, hospitals and local authority administrations by the end of 2002 [and] favourable market offers that enable broadband connections to all Norwegian households by the end of 2004 (Ministry of Trade and Industry 2000).

To realise this, the Government proposed a two-pillar approach. First, the Government would promote competition in the market through the general telecommunications regulations. Secondly, they wanted to stimulate the market

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177 Innst. S nr 198 (1998-99). At the time this was debated in the Parliament, a merger between Telia and Telenor was being prepared. Part of the agreement between the Norwegian and Swedish governments was that both Governments should sell some of their shares in the companies. The proposal from Labour and Socialist Left was to use some of the revenues from this sale for broadband development. Later, the merger was called off.

178 The coalition Government (1997-2000) appointed both an interdepartmental working group and an independent expert group to develop policy recommendations. When the coalition government was overthrown in 2000, none of the committees had concluded. Under the Labour Government, the report of expert group was discontinued, but the interdepartmental working group delivered its report to the new Government in April 2000 (Ministry of Transport and Communication 2000).


through increased public demand for broadband connections. The Labour Government wanted all schools, public libraries, institutions in the health sector and the local authority administrations to invest in broadband access. In this way, the aim was that there would be established broadband access points in all parts of the country. The Government emphasised that stimulating the market was their main approach. They made it very clear that the state would not be “a player in making basic investments in the infrastructure”. It was the market actors who should be “responsible for building and developing this network within the framework of a predictable, competition-oriented market.”

Thus, Labour no longer saw public investments in infrastructure as necessary.

However, the Government was still concerned that the market might not provide satisfactory offers to all parts of the country. It therefore stated the need for charting the markets, to see if special measures would be necessary to ensure the desired speed of development and geographical distribution of broadband services. What kind of special measures these were to be was not discussed in the communication, and no new measures have been proposed in Norway, although a report from the Ministry of Trade and Industry concluded that the ambitions expressed in the Broadband communication would not be realised according to the target dates set.

The Norwegian concern for geographical distribution of broadband services reflects the traditional concern for national coverage in Norwegian telecommunications policy. The assumption that the market would allocate broadband services satisfactorily was, however, a new feature in Norwegian telecommunication policy. For telephony, obligations had been imposed on Telenor to ensure service provision and reasonable prices. No such measures were used in the broadband market, and no government investment plans were proposed to ensure broadband in rural areas. This was also an experiment in Norwegian infrastructure development more generally. Public investments had traditionally been regarded as necessary in order to cover all parts of the state, whether the infrastructure was for electricity, postal services or telecommunications. The decision to develop broadband without public investments was a new approach and should be explained.

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One reason was the EU framework which delimited the possibilities for extending the universal service obligations. This is, however, not a sufficient explanation, as the EU Commission itself had emphasised that the states had large degrees of freedom within this framework. Secondly, broadband services may not yet have been perceived by governments and politicians as basic services for participation in society, and it may therefore not have been regarded as a large problem if the provision of such services was not fully universal. Thirdly, there might be a shift in Norwegian politics away from strong market regulations for distributive purposes, towards a more libertarian regime with stronger acceptance of differences. If this is the case, then there have not only been changes in the regulatory regime but also in the policy objectives. This question will be closer considered towards the conclusion.

Denmark – Trust in the Market

In Denmark, broadband roll-out did not become an important issue in the general telecommunications debate. The question was mentioned in the debate over the new Telecommunications Act in 2000 when the Liberals expressed that they were “satisfied that no-one had taken up the wishes expressed about state broadband networks.”

Such wishes about state involvement in broadband roll-out had been expressed in Danish public debate, but the ideas did not reach the parliamentary debate, and no high profiled committees were appointed by the Government to propose policies. This indicates that the issue did not become as politicised in Denmark as in Norway.

The Social Democratic dominated Coalition Government, however, did present an initiative on high-speed Internet access in June 2001, which was based on a study of the development of high-speed and broadband access by the Danish regulatory authority. The review of the market actors’ development plans showed that by mid

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184 Interview with Sune Rahn, Research and IT Ministry. 2 July 2001.
185 Ministry of IT and Research (2001).
2002, 95% of the households would have high-speed access of at least 256 kbit/s over the fixed network. Further, the mobile network would also provide more than 95% of the households with wireless access to at least 256 kbit/s by mid 2002. How many of these households would have broadband access was not clear. The estimate of the market actors was that 70% would have access to more than 2 Mbit/s over the fixed network, but there were no such estimates for wireless access.¹⁸⁷

Based on this study, the Danish Government stated that it believed that “it is no basis at the present time for initiatives that will change the existing framework conditions or impose obligations on providers of fast Internet connections beyond the existing universal service obligation.”¹⁸⁸ Instead they proposed a two-pillar strategy in which they would, first, ensure optimal conditions for a market based infrastructure, and second, use the public sector as a locomotive for the development by creating a demand for access to infrastructure and services. As we can see, the Danish strategy resembled the Norwegian approach. According to the Ministry this was no coincidence, as Denmark had used the Norwegian plan as a source of inspiration.¹⁸⁹

The Danish Government did not state any clear objectives for the spread of high speed access. The general objective was that “Denmark should have fast, cheap and secure internet for support and further development of the Danish welfare society.”¹⁹⁰ The Government set no target dates for the spread of high speed or broadband access, but seemed content with the development plans from the market actors and focused on measures to support this development.

One difference between the Norwegian and the Danish plans can be seen in their policies towards bandwidth. The Norwegian plan stressed distribution of broadband, whereas the Danish emphasised high-speed Internet more than broadband. Another difference was the schedules, according to which the Norwegian plan stated that all households should have broadband access by the end of 2004, whereas the Danish stated that the market would provide high-speed access to 95% by the middle of 2002, and broadband access to 70%. Hence, the Danish ambitions were lower than the

¹⁸⁸ Ministry of IT and Research (2001).
¹⁸⁹ Interview with Sune Rahn, Research and IT Ministry. 2 July 2001
Norwegian concerning bandwidth, but higher on the speed of the process. Furthermore, the Danish development plan was based on estimates from the telecommunications operators, which the Government made into political objectives. The Norwegian plan did not use such estimates from the market, but presented the Government’s ambitions for market developments, which it was soon evident would not be realised according to the original timetable.

Ireland – State Supported Roll-Out

In Ireland, as in Denmark, concern about broadband was not an important question in the general telecommunications debates in Parliament. The issue was raised once by the Fine Gael when the Telecommunications Services Act was debated in 1999. The party stated that “Within three years 90% of all businesses, and within 5 years 90 percent of all homes should have access to broadband services.” This was presented as an ambition or a wish, though not followed by any proposals for state interference in the market.

The lack of debate, however, was not a symptom that the Irish politics was less concerned with broadband development than in Scandinavia. On the contrary, compared with Norway and Denmark, the Irish state interfered more directly in the market as both Government and EU funds were used to enhance broadband development.

Through the National Development Plan 1994-1999 and the new Plan for 2000-2006, large sums were invested in infrastructure development. In 1999, a project was initiated and funds made available with the purpose of providing high bandwidth international connectivity between Ireland and Europe, and between Ireland and the United States. In 2000 and 2001, new programmes were launched for investments in broadband communications infrastructure and services within Ireland. These programmes were both financed partly by European Regional Development Funds and Irish Government funds and it was stipulated that the National Development Plan

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190 Ministry on IT and Research (2001).
192 Department of Public Enterprise (2000).
for 2000-2006 was to allocate 200 million Euros for broadband developments. The purpose was stated as:

- to promote investment in advanced communications and e-commerce infrastructure in areas where it is clear the market will not deliver sufficient investment, and to support the acceleration of the Information Society and e-commerce.

The Irish Government did not believe that the market alone would develop and distribute broadband services to all parts of Ireland. They therefore regarded public funding of infrastructure development as a necessary means to ensure nation-wide broadband roll-out. The state did not engage in infrastructure development itself, however, but financed development by private actors according to specified criteria. Although no specific goals were set about the desired level of penetration, it was clear that the main purpose of the programmes was to provide broadband access to trade and industry. Universal broadband access for the households was not an objective in Ireland.

**Different Concerns and Strategies**

As we have seen, the concerns about distribution of broadband services resemble those in the debates about universal service regulations, as there was a concern that the market alone might not provide broadband services universally. However, there was less concern about the consequences this may have for distributive justice, as broadband services were not regarded as essential for social participation. Nevertheless, the level of concern and politicisation varied considerably between the states. In Norway, where there had been a high level of concern for nation-wide distribution of services since the 1890s, broadband distribution became an important political issue. In Denmark and Ireland, the issue was less politicised. This was expected in Ireland where distributive aspects of telecommunications had been less prevalent, but somewhat surprising in Denmark, which had more extensive universal

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193 Department of Public Enterprise (2001a).
194 Department of Public Enterprise (2001b).
195 Department of Finance (1999:68).
service regulations than Norway. However, as discussed earlier, the Danish telecommunications policy was characterised by a high level of consensus as compromises were agreed upon before the issues reached parliament. The extension of the universal service regulations in Denmark was such a compromise, and implied that ISDN was the maximum scope over which it was possible to agree. Furthermore, as was indicated by several of the informants, the market players acted instrumentally and by presenting offensive development strategies, the companies might have prevented politicisation and possible state interference. Hence, broadly speaking, the different levels of politicisation of the broadband issue followed patterns from the general telecommunications debate in which the concern for distributive justice was most pronounced in Norway.

The differences in state interference in the broadband markets are more surprising. Norway and Denmark chose very similar approaches where the main purpose was to stimulate the market through enabling competition and increased public demand for broadband services. The Irish approach was the most interventionist, as the Government also provided funding for broadband development. This variance shows that the three states had considerable degrees of freedom within the EU framework, but that they made use of this to a different degree.

The Danish market-based approach seems the most straightforward to explain, as the state did not have any strong traditions for involvement in industrial developments. Further, the topography of the state made broadband development inexpensive compared to for example Norway. Furthermore, the Danish strategies were more concerned with high-speed access than broadband. High-speed access may have less capacity than broadband and would require less resources than full broadband development. Taken together, these factors may help account for why Denmark chose the market-based approach.

The fact that Norway chose to rely on the market is more surprising. Norway had stronger traditions than Denmark for state interference in trade and industry, and Norwegian policy has generally been concerned with providing public services to both the centre and the periphery. Geography also made broadband development a
large challenge in Norway. Stronger state involvement in broadband roll-out could therefore have been expected in Norway, but this was not the case. The reason why the Norwegian state chose a market-based approach, however, might be partly explained with reference to the role of the EU in Norwegian politics, which restricted the politicians’ own perceptions of their degrees of freedom. This explanation, however, is probably not sufficient as the EU had clearly expressed the states’ degrees of freedom. The trend seems to have been that there was a general shift in Norwegian telecommunications policy, away from state involvement in infrastructure development, and towards promoting competition and accepting social and geographical differences.

The question then remains as to why Ireland chose the most interventionist approach. The approach was also unexpected since distributive justice has had a less central position in Irish politics than in the Scandinavian states, and because public investments in telecommunications traditionally had been lagging behind in Ireland. The explanations for this lie in the specific Irish situation, and one important factor is the general state of the Irish infrastructure. Irish telecommunications networks were in a considerably less developed state than the Norwegian and Danish networks. Consequently, broadband roll-out required more effort in Ireland, and it could be expected that the market needed stronger incitements than the two Scandinavian states in order to ensure broadband provision in all parts of the state. Another specific Irish factor was the urge to use ICT for economic development. As one of the poorer EU member states, in Ireland, the ambition was to exploit ICT for economic development. This strategy was, to a large extent, based on public-private partnerships that facilitated investments in infrastructure such as roads and telecommunications (NESC 1999). Hence, the public investment in broadband may be interpreted as a typical example of the Irish strategy for economic development. A third explanation is that as one of the least developed countries in the EU, Ireland was eligible for funding from the European Regional Development Fund (ERDF). Typically, the ERDF provided funding for infrastructure development, and in this way, the Irish state had stronger incentives to be involved in broadband roll-out as this could attract EU-funding. Hence, it was concerns about industrial developments, and not an increased concern for distributive justice, that can best explain the Irish broadband strategy.
Conclusion

So far, I have argued that when developing overall ICT-strategies, the states’ approaches and their concerns when developing ICT policies were very similar. The parallel liberalisation of the telecommunications regimes in the three states also indicated that there was a policy convergence on this level. In this chapter we have seen that, on the more detailed level of universal service regulations, there were significant differences between the states. The main difference was that both Denmark and Ireland imposed price caps on ISDN-services, whereas Norway did not. Hence, it seems that in spite of the international constraints of the EU framework, there were differences in the national approaches that became clearly distinguishable when moving from the general levels of policy, to more specific legislation. The states’ different strategies for broadband development confirm this assumption. Whereas the Norwegian and Danish strategies insisted that development should be market-driven, Ireland developed public-private partnerships and Government investment programmes to promote broadband development.

The observations of the chapter further indicate that when policy is made more specific, the two political tensions not only become actualised, they reinforce each other. The tension between market and distributive justice was clearly expressed in all three states, and even if they differed, each of the states made arrangements to compensate for unjust consequences of the market. Furthermore, this tension was enhanced by the constraints of the EU regulations, as the EU framework delimited the degrees of freedom for, for example universal service regulations. Especially in Norway, the fact that the USO fund could not be used to finance development of more advanced services became an important argument against more extensive regulations of universal services.

In order to explain the national differences, we have seen that national characteristics and institutional legacy were still important factors for policy development. It is interesting to note that there were different kinds of legacies that influenced the developments of universal service regulations and the broadband strategies. The universal service regimes and the concerns in the debates about these may be explained with reference to variances in the states’ welfare policies and egalitarian
ambitions, whereas differences in the states’ broadband strategies may, to a larger
degree, be explained with reference to the states’ general industrial policies. Hence,
broadband development was not seen mainly as an issue that affects citizens’
possibilities for information and participation, but as an asset for industrial
development. Whether this will change with diffusion and broader use of more
advanced services remains to be seen.

The normative assessments of this policy development present a certain degree of
ambivalence. We have seen that all three states were concerned that some kind of
market interference is necessary in order to ensure distributive justice. They also all
argued that the scope of which services should be universally available should be
reviewed regularly and that important criteria for this were to be the importance of the
services for social participation. These positions resemble the two first criteria I
developed for a policy that seeks to realise the democratising potential of ICT, i.e. that
services which are important for the value of citizens’ political liberties should be
universally available, and that what services these are depends on their social use. As
this is expected to change, I argued that the question should be reviewed regularly.
The above analysis has shown that the states’ policies reflect arguments which are
closely parallel to these normative discussions.

However, I also argued that in order to realise the democratising potential as early and
extensively as possible, more services than telephony should be made universally
available. The purpose of this was to enable more people to use the services at an
early stage, and to reduce the period when some new services have become important
for citizenship, yet unavailable to some citizens. The three states’ policies were
ambiguous on this point. Except for the inclusion of digital networks and ISDN in the
universal service obligation in Norway and Denmark, and the price cap on ISDN in
Denmark and Ireland, the provision and pricing of services beyond telephony was left
to the market. Hence, the Norwegian policy seemed to be least in accordance with this
criterion, whereas Danish and Irish policy had taken one step in the direction the
normative criteria sketch out. The question remains, however, as to whether the focus
on ISDN will be sufficient, or if more high-speed services should also be included,
and when this should take place. These are important questions for the future and
have important implications for the degree to which the democratising potential of ICT will be realised.

How will politicians handle these challenges? An interesting question in the coming years will be to what degree the scope of universal services in fact will be extended when new services become important for citizenship. Although both the EU and the states have emphasised that the scope of the universal service regulations is to be reviewed regularly, the prospects for such an extension of universal services seems low. One of the reasons for this is that there are strong industrial interests who work to obtain free markets with as little regulation as possible. These press for a minimal definition of universal services, as they fear that a broader concept might distort competition. Within the EU, these industrial interests are closely integrated into the European governance system, and well networked within and across states. In an earlier study, we concluded that considering the strong pressure these interests exercise, the most likely result might be a status quo regarding the scope of universal services (Skogerbø and Storsul 2000).

Another uncertainty regarding the possibilities for extending the universal service regulations is that even if the normative argument of democratic equality proposed in this study is reflected in the states’ consideration of what services to be made universally available, this is not the only normative argument in the political debates. There is a parallel argument, which is more or less explicitly formulated in the national contexts, that the utility of making more services universally available should be balanced against the costs. Currently, we do not know which arguments would be the weightiest in the political debates. We do not know whether the concern that all should have access to communicative resources important for citizenship will be regarded as the most important, or if this will be considered as so costly that there will be a political acceptance that some areas will be left without these services. In normative terms, this last conclusion would be problematic. However, we do not know the degree to which political interference in the market will be necessary in order to provide services universally, or if the market will provide services for all without interference. This we cannot know without researching the effects of the market.
6 Universal Services – Policy Implementation

Introduction
In the previous chapters I analysed and compared the political concerns when the telecommunications markets were liberalised and re-regulated in Norway, Denmark and Ireland in the 1990s. As we have seen, there was a common understanding among the governments in the three states that there was a tension between establishing a competitive market and ensuring distributive justice. They were therefore all concerned that markets had to be re-regulated in order to ensure universal provision of basic services. The ambitions to ensure universal services, however, are only of symbolic value, if the regulatory approaches chosen and the implementation of these are not effective in pursuing the objective.

This chapter investigate how the universal service strategies of the three states were realised in practice. The focus of the chapter is on the institutionalisation of the telecommunications policies in general, as well as the implementation of the states’ universal service strategies in particular. The purpose is to see what kinds of regulatory mechanisms were established, the degree to which the states actually interfered in the market, and to what extent differences in the states’ policy-ambitions were related to how this policy was implemented. Furthermore, the chapter also gives a brief overview of the outcomes of the policy-implementation, i.e. the provision and prices of services in the three states.

In this chapter the normative approach will be the continued concern with universal services and how these regulations have been implemented in the three states. A full evaluation of the effectiveness of the regulatory frameworks and the implementation of these has not been conducted for this study. This is because such an analysis should include in-depth investigations of market developments and the impacts of the
regulations on the markets. This would require resources beyond the scope of this project which is primarily concerned with policy-development. However, some preliminary reflections upon the distributive consequences of the regulations will be suggested through a discussion both of the implementation process as well as secondary statistical sources of market developments.

**Institutionalisation of Telecommunications Policies**

Before looking more closely at the universal service regulations, and how these were implemented, I present an overview of the three states’ institutionalisation of telecommunications policies after liberalisation. As we remember, in the monopoly era, telecommunications policies were implemented through state ownership of monopoly companies, as in Norway and Ireland, or through state ownership in combination with regulation of regional monopolies, as in Denmark. After liberalisation, new institutional arrangements were established in order to promote political objectives through the market and market regulations.

The present analysis will focus on the regulatory frameworks which were established after liberalisation and will describe and compare which roles instruments like acts, regulations and licenses played in the three states. Further, the functions and responsibilities of institutional bodies such as ministries and regulatory authorities will be discussed as will the relation between these bodies and the role of public ownership as a means of governance. This overview provides important background for the analysis of how the universal service policies have been implemented, which will be discussed in the subsequent section of the chapter.

**Institutionalisation in Norway**

In Norway, the main principles for the telecommunications sector were spelled out in the Telecommunications Act of 1995. Although the Act was enacted before liberalisation was decided, it prepared the regulatory framework for liberalisation in the sense that it established a structure for market regulation. This structure was not

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196 Full references to the documents considered in this chapter are provided in Appendix II.
significantly changed when the market was liberalised. The Act provided for a licensing regime in which the service providers with significant market power\textsuperscript{198} needed a license in order to operate. Through such a licence, special obligations could be imposed on the larger operators. Smaller operators, which were not regarded as having significant market power, did not need a license, but had to register with the authorities. This arrangement was chosen in order to reduce barriers to market entry as new actors would not have to apply for a licence before entering the market. Further, the Act provided for regulation of terminal equipment, cable TV networks, transparency and secrecy, complaints, fees and expropriations as well as the monitoring and control of the regulatory framework.

The Telecommunications Act was an enabling act in the sense that it was very general, but gave “the telecommunications authority”\textsuperscript{199} the competence to issue more specific regulations in several areas. The number of regulations issued according to this Act was large\textsuperscript{200} and reflected the complexity of the sector. The most basic regulation was, however, the Regulation on Public Telecommunications Networks and Public Telecommunications Services,\textsuperscript{201} the stated purpose of which was to establish a regulatory basis for:

1. access of households and firms nationwide to basic telecommunications services of high quality at a reasonable price and
2. optimal value-added from and utilisation of resources in the telecommunications sector, by securing access to an efficient use of public telecommunications networks and public telecommunications services through effective competition.\textsuperscript{202}

Hence, the basic objective of nation-wide service provision reflected the strong focus of distributive justice in Norwegian telecommunications policy. In the Regulation, the

\textsuperscript{197} Act 1995-06-23 no 39.
\textsuperscript{198} Significant market power was defined as a 25% market share or above.
\textsuperscript{199} Telemyndigheten.
\textsuperscript{200} In January 2002 the number of regulations was 61 according to Lovdata – but this included all revisions issued after the act was implemented. In the overview presented on the PT-web site in 2002, there were 39 regulations made for the telecommunications sector.
\textsuperscript{201} FOR 1997-12-05 no 1259.
\textsuperscript{202} FOR 1997-12-05 no 1259 §1-1 – translated by the PT.
general rules for the sector were specified and procedures were defined on issues such as registration and interconnection. Further, operators with significant market power were given special provisions, and the Norwegian Post and Telecommunications Authority (PT) was assigned the duty to supervise and control that the actors complied with the provisions of the regulation.

The Act referred generally to “the telecommunications authority”, but stated that this consisted of several bodies, the King (i.e. the Government),\(^{203}\) the Ministry, the Norwegian Telecommunications Authority Complaints and Advisory Board\(^{204}\) and the Norwegian Post and Telecommunications Authority (PT). The division of tasks between these bodies was not specified in the Act itself, but in regulations issued by the Ministry.\(^{205}\) According to these, the Ministry of Transport and Communication was responsible for proposing legislation to the Parliament, it had the authority to decide on regulations within the framework of the Act, and it was responsible for issuing licenses and license requirements.

The Norwegian Post and Telecommunications Authority (PT) was established in 1987\(^{206}\) when the first competition was introduced in the terminals market. The purpose was to separate the administrative tasks from the telecommunications operations.\(^{207}\) With the further liberalisation of the telecommunications market, more tasks were transferred to the PT. In an order in 1997, the responsibilities of the PT were specified as being to monitor market actors and their compliance with laws, regulations and licenses, to keep registers of the actors, to administer authorisations and approvals, market control of equipment, standardisation, frequency planning and numbering. Within these areas, the PT could also issue regulations and orders.

\(^{203}\) Norway is a kingdom, and the constitution does not reflect the parliamentary practices of the Norwegian system. In Norwegian acts, all references to the Government are made to the King. This reflects that when the Government takes joint decisions they are acting as a council with the King as a chair.

\(^{204}\) Statens teleforvaltningsråd.

\(^{205}\) FOR 2001-08-31 nr 949 and Instruks for Post- og teletilsynet.

\(^{206}\) It was established as Statens teleforvaltning and later changed its name to the Norwegian Post and Telecommunications Authority (Post og Teletilsynet) when the responsibilities of the authority were extended to include postal services.

\(^{207}\) NOU 1984:29, St meld no 48 (1984-85).
Further, the PT was supposed to give advice to the Ministry on telecommunications matters and to prepare appeals for the relevant authorities.208

The PT was regulated as an autonomous administrative agency under the Ministry. As we shall see, the matter of autonomy was a difficult issue in each of the three states. In order to ensure this autonomy, key questions in all the states were how the regulatory authorities should be financed, to what degree the ministers should be allowed to instruct them, and how appeals over the decisions taken by the regulatory authorities should be handled. In Norway, autonomy was to be ensured through the self-financing of the PT through fees and charges, and by the fact that the PT did not take instructions from the Ministry. There were, however, also strong links between the Ministry and the PT. The Director was appointed by the Government, the PT’s responsibilities were defined by Ministerial orders, and the PT was obliged to give advice to the Ministry on their own initiative and on request.

The Ministry was also the board of appeal for some decisions taken by the PT. The Norwegian Telecommunications Authority Complaints and Advisory Board, appointed by the Minister, was the general board of appeal for individual decisions taken by the PT. However, for issues the Board found to be “of political or fundamental interests”, the complaint was sent to and handled by the Ministry.209 Consequently, in spite of the independence of PT, there was a potential for political influence over the decisions made.

In the monopoly era, state ownership was also an important instrument for political influence in the telecommunications market. In Norway, ownership used to be exercised by the Minister of Transport and Communications. However, when the telecommunications market was liberalised, this became increasingly problematic as the coupling of regulatory powers with the ownership of the dominant telecommunication operator could threaten fair and transparent conditions for the competitors (Skogerbø 2001). In 2000, two important changes were made concerning

208 Instruks for Post- og teletilsynet.
209 When the Ministry of Transport were also the owners of Telenor, complaints related to issues of competition were sent to the Ministry of Administration in order not to mix roles as owner and regulatory (St prp 70 (1995-96) Chapter 5.1, and FOR 1997-12-05 no 1259). This arrangement was abolished when the ownership of the company was transferred to the Ministry of Trade and Industry.
the ownership of Telenor. Firstly, and most importantly, the partial privatisation of Telenor was initiated. Secondly, ownership of the remaining shares in the company was transferred to the Ministry of Trade and Industry. With these two moves the Government intended both to separate ownership and regulation, and as discussed earlier, to adjust the company more closely to the market. Although the state still had a large majority of the shares in the company, the partial privatisation meant that the new judicial arrangement created a larger distance between the state and the company. The Minister could no longer instruct the company or appoint the board unilaterally, but still held the majority of the votes in the General Assembly, although they signalled that they would not actively use this role. Nevertheless, Telenor was still very important in political terms. As the only operator with significant market power in fixed networks, the company was the only one that needed a license to operate. Telenor’s license specified the specific obligations imposed on Telenor, and one set of obligations imposed was the universal service obligations, which we will return to later in this chapter.

Institutionalisation in Denmark
In Denmark, there was a shift in the regulatory approach in the period following liberalisation. The first regulatory regime for a liberalised telecommunications market was established in 1996-1997 with two series of acts adopted by the Parliament. In total there were eleven acts regulating the telecommunications area in 1999. Within the framework provided by the acts, the telecommunications authorities, like their Norwegian colleagues, had also issued several more detailed regulations, which in Denmark were called executive orders, on issues like numbering, frequencies, interconnection and universal services.

This approach differed from the Norwegian one as the Danish Parliament instituted more detailed acts than the one Norwegian enabling Act. In Denmark, many of the

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210 The state’s share of the company was still above 75% by the end of 2001.
212 The acts covered areas like interconnection, numbering, frequencies, universal services, regulatory authority, expropriation, public mobile communications etc.
213 In Danish called ‘betænkninger’ and the Danish authorities have translated this to ‘executive orders’. The Norwegian regulations were called ‘forskrifter’ and this was by the PT translated to ‘regulations’. As we shall see, the Irish equivalent was called ‘statutory instruments’. 
specifics, for example of interconnection conditions and consumer rights, were included in the acts themselves, whereas in Norway the Act was general and the details were specified in regulations. Hence, the Parliament was more involved in the formulation of the regulatory regime in Denmark than in Norway. In an OECD-review of regulatory reform, this approach was strongly criticised:

Industry and consumers have found difficulty in understanding the overall legislative framework, which consists of a number of dispersed detailed laws, many of which are amended almost every year. Such a form of legislation also results in a high potential for inconsistency between the various acts (OECD 2000:306).

Such criticism was part of the background when a revision of the regulatory framework was initiated with a political agreement in 1999\textsuperscript{214} and the new Act on Competitive Conditions and Consumer Interests was adopted in 2000.\textsuperscript{215} One of the objectives of this act was a general simplification of the regulatory framework towards a regime with only a few enabling acts. The new Act replaced three of the eleven acts and some other regulations. However, concerning simplification, the gain was limited, as the new Act comprised 117 articles and hardly constitutes a simple form of regulation. The level of detail, was, however, explained by the Ministry as necessary:

This act illustrates the paradox that a liberalised market requires more acts and regulations than a monopoly. The new rules must be waterproof because the actors tend to complain, and the complaints boards only accept the wording of the regulations, and not the intentions behind them (Interview with Sune Rahn, Ministry of Research and Information Technology, 2 July 2001).

However, there were also objectives behind this revision other than simplification. One intention was to strengthen the market regulations in order to promote innovation and competition. This included provisions that would enable the authorities to impose stronger obligations for operators with significant market power, or which were in

\textsuperscript{214} Political Agreement of 8 September 1999.
control of bottle-neck resources. Another purpose of the Act was to provide arrangements that would enable withdrawal of regulations when the market was ‘normalised’, i.e. when there was free and fair competition and sector specific regulations were no longer necessary.\textsuperscript{216}

One aspect of Danish regulations that differed strongly from the Norwegian ones was the lack of licensing requirements in the fixed network. In Denmark, all operators, except for those providing mobile communications, could enter the market freely. There was no license requirement and no duty to register for operators in the fixed networks. All they had to do was to fulfil the general conditions stipulated by laws and executive orders.\textsuperscript{217} This made the Danish telecommunications market very open in international terms, and the OECD saw this approach as a model for other OECD countries (OECD 2000). Nevertheless, the Danish legislation did include specific regulations for actors with significant market power. These were provided by laws and executive orders, however, and not by a license as was the case in Norway. This fact may also contribute to explaining why the Danish regulations were more detailed.

The Danish institutional structure resembled the Norwegian one. A new Ministry was established in 1993 and was assigned the responsibility for telecommunications, ICT and research. Initially, this was called the Ministry of Research, later the Ministry of IT and Research, and after the general election in late 2001, a new Ministry called the Ministry of Science, Technology and Innovation was created as an extension of the former Ministry.\textsuperscript{218}

An independent regulatory authority, the National Telecom Agency (NTA), was established in 1991 after the first competition was introduced for terminals and equipment. As in Norway, the tasks of the authority were later extended, and in 1997 its responsibilities were restated in a separate Act on the NTA\textsuperscript{219} which prescribed that the objective of the NTA was to promote competition and to ensure consumer protection. This Act further specified that the responsibility of the Agency was to

\textsuperscript{215} Act no 418 of 31 May 2000.
\textsuperscript{216} L248 1999-2000.
\textsuperscript{217} Especially important is Executive Order No 712, issued on 25 July 1996.
\textsuperscript{218} Earlier telecommunications was handled by the Ministry of Communications.
\textsuperscript{219} Act no 395 of 10 June 1997.
supervise and make decisions regarding the existing legislation, to lay down administrative regulations in some areas, to provide consultancy services to telecommunications users about legislation, to advise the Ministry, and to collect and publish statistics. Although the wording was different, there were strong similarities between the Norwegian and the Danish structures. Basically, the Ministry established the regulatory framework by proposing new legislation to the Parliament and deciding on regulations, whereas the NTA implemented the regulations, advised the Ministry, and supervised the market. Again, the main difference was licensing, which in Denmark was only relevant for the use of the frequency spectrum, and over which responsibility was transferred to the NTA when licenses for third generation mobile services were distributed.

How to ensure the NTA’s autonomy and independence from the Ministry was regarded an important issue in Denmark. It was to be ensured partly through independent financing through a fixed fee from the telecommunications companies, and partly by preventing the Ministry from giving official orders to the NTA. Further, autonomy was also to be ensured through two independent boards of appeal. Although these boards were appointed by the Ministry, the Ministry itself did not handle appeals. But, as in Norway, there were also other links between the Ministry and the NTA. Not only did the Ministry appoint the Director of the NTA, but the NTA also had to fulfil legal obligations, advise the Ministry, and present its annual plans and annual reports to the Ministry (OECD 2000:307).

The ownership situation also differed between the two states. The Danish regional companies had had different ownership structures. Consequently, ownership had never been as important as a political means in Denmark as it had been in Norway, whereas market regulations had traditionally been more important in the Danish context. Nevertheless, even though not as important as in Norway, the Danish state ownership of the state operator and later the unified Tele Danmark, implied some political control. In 1998 when Tele Danmark was fully privatised, this was no longer a means of obtaining policy objectives in Denmark and telecommunications policy

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221 Telebrugernævnet and Teleklagenævnet.
objectives had to be implemented exclusively through the other mechanisms described.

Institutionalisation in Ireland

The main principles for the Irish telecommunications regime after liberalisation were spelled out in the Telecommunications (Miscellaneous Provisions) Act of 1996. 222 This Act provided for the establishment of the Office of the Director of Telecommunications Regulation (ODTR) and for the transfer to the Director of several regulatory functions from the Minister. It further provided a regime for the regulation of tariffs and for partial privatisation of Telecom Eireann.

The Irish Act, like the Norwegian one was a general Act that enabled the Minister to enforce further regulations. In addition, as in the other states, the Minister passed several regulations, or statutory instruments as they were called in Ireland, for the telecommunications sector on issues like competition, interconnection, universal services and licensing.

The Irish licensing regime differed from both the Norwegian and the Danish regimes as all operators needed a license. There were two types of licenses for fixed network operators in the Irish regime. A basic telecommunications license permitted provision of all types of telecommunications networks and services except voice telephony and services involving numbers, and a general telecommunications license permitted provision of all types of telecommunications networks and services including voice telephony. In addition mobile operators needed licenses. 223 The Irish general license set out the requirements operators needed to comply with, including fees to the regulatory authority ODTR, and a duty to provide information to the ODTR and to customers. For licensees with significant market power, additional conditions applied on issues related to access to the operator’s network, price control, prohibition on cross-subsidies etc. These special requirements were mentioned in the licenses, but were spelled out more explicitly in executive orders. In this way, the difference

222 Act no 34 of 1996.
223 Mobile telephony operators require two licenses: a service licence and a radio licence for the equipment and spectrum used.
between the Irish licensing regime with identical license to all operators, and the
Danish model with no licenses, can be compared because the same licensing rules
applied for all operators and specific obligations were imposed through special orders.
Hence, the similarities between these two regimes were obvious compared to the
Norwegian licensing regime where only operators with significant market power
needed a license and where specific obligations were imposed through this license.
The OECD regarded the Irish licensing regime as open and emphasised that the
standard time to handle license applications was only four to six weeks. They
recommended, though, that Ireland ought to follow the Danish model with only
general authorisations in order to further reduce the barriers to market entry (OECD

The main Irish institutions in this area have already been mentioned. The Irish
Ministry responsible for telecommunications policy was the Department of Public
Enterprise, whose main responsibilities were to propose legislation to the Parliament
and to decide on statutory instruments. The ODTR’s main functions were the
development and implementation of a licensing regime, supervision of the
interconnection regime and access to networks, management and provision of licenses
for the use of the frequency spectrum, management of numbering resources, tariff
regulation and dispute resolution.224 Again, there were many similarities in the
division of tasks between the Department and the ODTR and the comparable
institutions in Norway and Denmark. However, one important difference was that the
regimes for licensing and tariff regulations were to be decided by the ODTR within
the general framework provided by the Ministry, whereas, in Norway and Denmark,
the Ministries had a more active role in the formulation of these regimes.

The autonomy of the ODTR from the Ministry was a key question also in Ireland.
Independent financing through licence fee levies on the operators’ turnover was one
of the important means to achieve this. Further, the arrangements for appeals were
supposed to prevent over-ruling by the Ministry. In Ireland, the actors had to appeal to
the court system. Consequently the Minister had no influence in these proceedings,
and the ODTR’s independence from the Minister was strengthened. According to the

OECD, however, this had also led to an Irish regulatory landscape characterised by several court cases that slowed down the processes for liberalisation and competition (OECD 2001b:320). Nevertheless, these factors indicated that the ODTR had a more autonomous position than the PT in Norway, and a more parallel position to the NTA in Denmark. The picture was, however, complex, as there were also significant links between the Ministry and the ODTR. First of all, the Minister had the mandate to appoint the Director, and to remove her or him under certain circumstances, which was similar to the Scandinavian arrangements. The 1996 Act further provided for the involvement of the Minister in certain areas. In some specified cases concerned with public service requirements, international commitments, and allocation and use of the frequency spectrum, the Minister could direct the Director (OECDb; 1996 Act). The implications of this, and especially the specification that this was related to public service requirements, could mean a high level of political involvement in the implementation process. This was different from the situation in Norway and Denmark where such direction from the Ministry was explicitly forbidden. The ODTR did not see this as problematic:

The reference to public services covers issues like affordability, universal services and public pay phones. The Minister may intervene on such issues, although she has not done so to date given that the existing national legislation in place is sufficient for the ODTR to enforce the respective requirements in this regard. For example, in June 2001 the incumbent operator designated with USO began withdrawing pay phones. The Minister was concerned about the possible social impact and therefore she considered intervening. However, on further review of the existing legislation the ODTR has sufficient power to address the particular issue. The Minister felt it unnecessary therefore to intervene and the ODTR is currently looking at the public pay phone policy as part of the wider universal service obligation. So far there have not been any instances where the Minister has intervened using this paragraph. It is clear that the Minister can intervene in wider policy issues but generally this is subject to consultation with the ODTR (Interview with Leonie Allen, ODTR, 4 December 2001).
Hence, the Minister’s power to direct the Director, was primarily formal, and at least until 2002, it had not been used. Regarding ownership, in Ireland, as in Norway, this had been an important form of governance. In the late 1990s, Telecom Eireann was gradually privatised. In 1999, the name of the company was changed to eircom before the Government sold its remaining shares. Consequently, ownership was no longer a means of regulation in the Irish regime.

Variations in Political Involvement
As we have seen, in all three states legislation, regulatory orders and licenses became the main regulatory instruments when the markets were liberalised and the Public Telecommunications Operators (PTOs) privatised. The transfers of important tasks from the Ministries to independent regulatory authorities were moves in the same direction as it meant that indirect governing through common rules replaced the more direct forms of ownership control. In the liberalised markets, regulations had to be transparent and predictable for all market players, and direct political control had to be replaced. One indication was the growth of regulatory documents and an important implication of this was that the possibilities for political influence were reduced after the framework was established. I will therefore call this a process of depoliticisation of the implementation process, not because politics was no longer important, because it still was decisive for developing the regulatory framework, but because the political interference in the process of implementation decreased.

These tendencies of depoliticisation of the implementation processes were similar in all three states. This was also expected because the EU framework and guidelines prescribed a development with less political interference and more market mechanisms. There were, however, also interesting differences between the states’ approaches to institutionalisation of the new liberalised regimes. The most prominent differences were related to the degree of political involvement.

One difference between the states concerned regulatory procedures. In Norway and Ireland, telecommunications were regulated through enabling acts. These provided

225 See for example Melody (1997) for discussions about the meaning of independent regulation and the continued importance of policy.
general principles for regulation in the telecommunications sector, and then enabled the ministries and regulatory authorities to decide on further regulations. In Denmark, telecommunications legislation was more detailed, and the Parliament was more involved in regulation. Although in 2000, the Danish approach was moving towards more general acts, the legislative process and the executive orders were still more detailed in Denmark than in the other states. This indicated that the Danish Ministry was very active through its legislation. In its evaluation, the OECD had also pointed out that:

the role of the Ministry in Denmark is relatively wider and more active compared to many other member countries with an independent regulatory body. This is because the Ministry has established a package of detailed laws, as well as many executive orders, which enter into detailed issues such as the methodology of calculating interconnection charges and of determining price-caps for price regulation (OECD 2000:306).

Accordingly, compared to Norway and Ireland, the Danish approach seemed to be more determined through detailed legislation proposed by the Ministry and decided by the Parliament. The Danish Ministry explained this with reference to the need for exact regulations in a liberalised market. In Norway and Ireland the regulations were less detailed.

One possible explanation for these different levels of legislative detail is the differences in the roles of the ministries and the regulatory authorities within each state. This relation, and especially the role of the Ministry, constitutes another indicator of the degree of politicisation. As we have seen, there were blurred boundaries between these institutions in all three states as the directors were appointed by the ministers and also reported to them. However, there were also variations. One concerned the responsibilities on licensing which in Norway was handled by the Ministry, but in Denmark and Ireland this was carried out by the regulatory authorities. Another was the handling of appeals of these regulators’ decisions. In Norway, these were either handled by a board of appeals, or if politically important, by the Ministry. In Denmark, the appeals were handled by a board of
appeals separate from the Ministry, and in Ireland, appeals had to be taken to the court system. These factors indicate that the Norwegian Ministry had a more active role in the actual implementation process than the other ministries as the Norwegian one also handled complaints. Furthermore, this may contribute to explaining why the Norwegian acts and regulations were less specific than the Danish, because the regulatory framework was not the only means of political influence in Norway, as the Ministry still had other ways of direct control.

A third difference was the licensing regimes. In all three states, licenses were required for mobile operators. What varied were the licensing regimes for the fixed network. In Norway, only operators with significant market power needed a license, and in this license, special obligations were spelled out. In Ireland, all operators needed a license, but their licenses were equal and specific obligations were imposed through specific orders. In Denmark, no license was required for any operators and restrictions and obligations were all specified through orders and regulations. Comparing these arrangements, the Norwegian licensing regime may be interpreted as more politicised than the other two states’, not only because licenses were issued by the Ministry, but also because the content of the license was not general, but specific for the single operator. This gave the Ministry significant possibilities for interference, not only on general principles, but also in the implementation.

The last difference discussed was ownership. The Danish and Irish states no longer owned any shares in Tele Danmark and eircom. In Norway, on the other hand, the state still owned a majority of the shares in Telenor. Consequently, the Ministry could still participate in the company’s general assembly and thereby had a potential influence even though this possibility was much weaker than when the state was the only owner.

Summing up, the main developments in the three states’ institutionalisation of the new telecommunications regimes were similar and involved a general depoliticisation of the implementation process as direct political governance was substituted by indirect market regulations. There were, however, also interesting variances between the states in the level of depoliticisation. A main impression was that the Norwegian
Ministry was more involved in the implementation process than the ministries in Denmark and Ireland who had transferred more of the responsibilities for implementing the regulatory framework to the regulatory authorities. However, this picture was nuanced as Denmark had a very detailed level of regulations, and the Irish Ministry could direct the Director. Thus, the telecommunications institutionalisation involved complex processes and should be studied in closer detail in order to discuss these developments more specifically. The next section will consider these issues through an investigation of the implementation of the universal service regulations.

**Universal Service Implementation**

In the following, a more thorough analysis of one aspect of this regulatory framework will be conducted, namely the states’ universal service regulations and how these were implemented. In all three states the universal service regulations were the basic regulatory instrument for ensuring that all citizens would have access to basic services in liberalised markets. The previous chapter discussed the basic concerns and the basic ambitions in the states’ universal service strategies. I also expressed some concern that the scope of the universal service regulations should be considered to be extended in order to ensure universal access to new services that might become increasingly important for citizenship. All three states were also concerned about ensuring some level of distributive justice, and they all decided that specific universal service regulations were important for this purpose. The ambitions of the regulatory frameworks are, however, not sufficient for a policy that seeks to realise the democratic potential of ICT. Equally, or maybe even more important, is the effective implementation of these. As argued in the introduction to this chapter, without effective implementation, the aim to ensure universal access to important services will basically be of symbolic value. The analysis of this section therefore demarcates and compares the mechanisms the different states employed in their implementation of universal services regulations. An important aspect of the analysis is whether or not the level of political involvement in the implementation of telecommunications policy discussed above also had implications for more detailed regulations of universal services.
Norwegian Universal Service Implementation

In Norway, universal service obligations were imposed on Telenor through the licence\textsuperscript{226} issued by the Ministry. Regarding universal services, the license stated that Telenor had an obligation to provide public telecommunications network and telephone services to all locations in the state with year round residents or businesses. This obligation could be fulfilled with different technological solutions, but it was explicitly mentioned that if Telenor chose to use wireless access, the cost for the customer must not exceed the joint costs for subscription and similar services in the fixed network. As mentioned in the previous chapter, the services included in these obligations were basic telephony, connections to digital networks, services to people with disabilities, public telephones, and directory services, as well as leased lines.

As this obligation was part of the license to operate, it was the responsibility of the PT to monitor compliance. The PT, however, did not investigate Telenor’s compliance with this through separate inquiries:

Telenor’s compliance with the service provision is not usually investigated separately. We get information about this primarily through complaints. But the complaints are few. Generally, Telenor recognises and meets its obligations. There have been some individual cases where the provision of fixed lines would have been extremely expensive. In these cases the PT has accepted radio or mobile connections, as long as quality and price is the same (Interview with Willy Jensen and Jan Graff, PT, 27 February 2002).

Hence, the information the PT had on compliance with this obligation was not gathered in any systematic way, but depended on individual customers’ complaints. The PT assumed that as long as there were not many complaints, Telenor met its requirements.

The license also stated that the Ministry could decide on maximum prices, or price caps, which they are called internationally. In Norway, price caps were imposed through letters from the Ministry to the universal service provider Telenor stating by
how much prices should decrease in the years the price cap applied. These price reductions were calculated as percentage related to the consumer price index (CPI) to ensure falling prices in real terms. For example, in the letter which set the price cap for 1998-2000, the prices for Telenor’s services on voice telephony and leased lines should be reduced by at least 3% in relation to the CPI (CPI-3%). This implied that if the average development of prices on consumer products and services was a 4% increase, telecommunications prices could only increase by 1%.

The first price-cap letter from the Ministry formulated the price cap arrangements so that the price cap applied to a basket of services with both subscription rates and charges for national and international calls as well as calls from fixed networks to mobile telephones. It was the total price of the basket that had price cap restrictions. Hence, the price cap allowed increased prices for individual products if the price of the total basket decreased in accordance with the price cap. The arrangement therefore allowed for price rebalancing, which was an important reform in most European states. Generally, this implied that subscription charges increased whereas the charges for the use of telecommunications services decreased.

It was the Ministry that imposed these price caps on Telenor, and it was the Ministry that was responsible for monitoring compliance with the requirements. This was done by requesting annual reports from Telenor on the company’s compliance with the price cap. In these reports, Telenor calculated the changes in the prices, and even if the Ministry did not control or sanction this report in any formal sense, they studied the report closely and, as a representative of the Ministry stated:

When we study the numbers from Telenor, it is evident that the prices are in compliance with the stated objectives (Interview with Jørn Ringlund, Ministry of Transport and Communication, 27 February 2002).

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226 Konsesjon for Telenor AS. The analysed version was set by the Ministry 2 March 1999 and changed 2 August 2001.
228 Letter from the Ministry to Telenor of 26.06.1998
229 Letter from the Ministry to Telenor of 20.12.1996
Consequently, even if the sanctioning was not formal, there was an element of control in this process. This division of tasks between the PT and the Ministry confirms the findings that the Norwegian Ministry played an active role in the implementation of telecommunications regulations. The Ministry took part not only in formulating the rules, but also in imposing price caps and in monitoring Telenor’s compliance with these criteria. The general monitoring of the market was, however, PT’s responsibility, but it seemed that the main focus of the PT was on the conditions for competition in the market, more than monitoring the specific universal service obligations.

Danish Universal Service Implementation

The Danish implementation of the universal service obligations differed from the Norwegian approach, as licenses were not part of the regulatory framework for the fixed network. Consequently, as discussed above, the Danish universal service policy was implemented through other legal mechanisms such as acts and executive orders.

Two acts have been relevant for the regulation of universal services in Denmark. The first was the 1996 Act on Universal Services,\(^{230}\) and the second was the more general Act of 2000, which replaced the 1996-Act.\(^{231}\) There were no major differences between the universal services regulations spelled out in these acts. The scope of the universal service regulations were, as we recall from the previous chapter, defined as basic telephony, ISDN services, leased lines, services for people with disabilities, directory services and emergency services. These services were also price capped. The requirements for service provision, price capping and the procedures for appointing the universal service provider, were settled by the Ministry through an executive order on universal services.\(^{232}\) This order, which in itself was very detailed, authorised the Danish regulatory authority, the NTA, to develop even more specific criteria for compliance with the obligations. These could be, for example, regarding the quality of the services, or that the NTA could also require reports on compliance.

\(^{230}\) Act no 466 of 12 June 1966.

\(^{231}\) Act no 418 of 31 May 2000.

\(^{232}\) Executive Order no. 1010 of 6 November 2000. Although there have been several versions of this order, the basic provision have been stable.
with these criteria on a regular basis, as well initiate independent revisions of such reports.

The order further specified that the National Telecommunications Authority (NTA) should appoint the provider that either had at least a 50% market share, or the largest market share, as the universal service provider with the obligation to provide the specified services to anyone demanding them. Following the described procedure, Tele Danmark was in 1998 formally appointed as the universal service provider for a period of 10 years.233

This framework was stable in the period after liberalisation. The only small change in the universal services regime was in the price cap-regulations. Throughout the period, price caps should ensure a development in real prices that satisfied two criteria. The first was that the average private user’s telephone bill should fall by at least a certain percent (X) each year in relation to the CPI, and the second was that the average small-user’s bill should also fall with at least a certain percent (Y) annually. This division into average and small users is different from the Norwegian arrangements and was intended to protect small users from unwanted effects of price rebalancing. As in Norway, the price caps in Denmark related to a basket of services and rebalancing within this basket was accepted as long as the price of the total basket decreased according to the regulation. Such rebalancings, which typically meant higher subscription charges and lower prices for use of telecommunications services, implied that even if there were substantial decreases in the average users bills, the small-users could experience price increases in their total bill, as subscription charges were the major part of their total expenses. The specific cap for small users was intended to prevent unreasonable price increases for this consumer group.

Until 2000, the price caps were decided by the Ministry through executive orders, whereas the new 2000 regulations transferred this responsibility to the regulatory authority, the NTA. The procedure was then that the NTA set the price caps through letters to the universal service provider, Tele Danmark. In the letter from 2000 it was stated that prices for average users (X) should fall by at least 4 percent in relation to

233 National Telecommunications Agency 1999.
the CPI (CPI-4%) in both 2001 and 2002, and for small-user prices (Y) should fall by at least one percent (CPI-1%) in 2001 and not rise in 2002 (CPI-0%). Based on this, Tele Danmark proposed a price list, which was controlled and sanctioned by the NTA. This transfer of responsibility from the Ministry to the NTA underlined the process of removing telecommunications from direct political governance in Denmark.

Another change in the Danish regulatory frameworks in the post liberalisation period was that, before 2000, a separate rule in the executive order stated that when price-structures were changed, no private customer should experience an increase in his or her quarterly bill of more than 50 DKK. This rule was an additional insurance for small users against increased bills as a result of price rebalancing. However, in a review in 1999 this rule was strongly criticised for hindering necessary price rebalancing and in 2000 it was removed as the price caps for average users and small-users were seen as sufficient to ensure that most subscribers would obtain a price decrease and very few would experience increases. The aim, however, was to gradually remove sector specific regulations. This also included the price caps, which could be removed with the development of effective and fair competition on basic services.

Irish Universal Service Implementation
In Ireland all operators needed a license and they all received standard licenses. Licencing therefore was not an instrument for regulating universal services. The general license did state that if a licensee was designated as having a universal service obligation, it had to comply, but the licenses themselves did not specify such obligations.

The Irish universal service obligations were specified in 1999 through a Statutory Instrument on Voice Telephony and Universal Services in 1999. This Statutory

234 National Telecommunications Agency 2000b.
236 Ministry of Information Technology and Research 1999.
Instrument was a direct implementation of two EU directives\(^\text{238}\) and revoked the universal services-section in the 1983 Postal and Telecommunications Services Act. However, the scope of the Irish universal service regulations remained stable and included the provision of network connections and access to telephone services, directory services, public pay telephones and specific measures for disabled users and users with special social needs, but not digital network or ISDN as in Norway and Denmark. Further, the Statutory Instrument resembled the 1983 Act in that it stated that an operator with universal service obligations should meet any demand for network connection and telephone services in the geographic area identified “in so far as the fixed operator considers it reasonable”.\(^\text{239}\) Hence, the fact that the Irish obligation left this judgement to the operator was weaker than the Scandinavian obligations. However, the Irish regulatory authority, the ODTR reported that:

> There have been no disputes over this issue. The ODTR has received complaints on installing times and quality, but no complaints over refusal to install (Interview with Leonie Allen, ODTR, 4 December 2001).

This indicated that there was a general compliance with the requirement to provide services universally. Furthermore, it also indicated that the Irish system of monitoring this universal service provision was not through systematic investigations, but as in Norway through individual complaints.

The Statutory Instrument further specified that the ODTR was responsible for designating one or more operators as having an obligation to provide universal services. In this process the ODTR should consider who had significant market power defined as having a share of 25% or more of the relevant market. In 1999 the ODTR issued such an order\(^\text{240}\) which specified the elements of universal services in accordance with the regulation and stated that Telecom Eirean had this obligation in the whole state. The designation had no specific duration and was to be reviewed by the ODTR.

\(^{238}\) 97/33/EC and 98/10/EC.  
\(^{239}\) S.I No 71 of 1999, § 9.  
\(^{240}\) ODTR D/99.
A major difference from the Norwegian and Danish regulations was that price cap regulations were not part of the universal service regulations in Ireland. The order on universal services simply stated that:

A fixed operator or person designated by the Director is required to maintain affordable services for users, in particular those in rural and high cost areas and vulnerable groups of users, such as the elderly, those with disabilities, and those with special needs.\(^{241}\)

The level of affordability was not specified, though, and there were no established procedures for deciding on the level of affordability. However, these differences may seem more significant than they really were. As discussed in the previous chapter, Ireland did have price cap regulations, even if these were not grounded in the concern for distributive justice, but were a compensation for the lack of competition. The Telecommunications Act of 1996\(^ {242}\) established procedures for price cap regulations and stated that the Minister could make an order specifying a price cap if there was no competition in the relevant market.\(^ {243}\) After a period of two years, the Minister could ask the regulator ODTR to review the arrangements, and so she did. Although the ODTR was responsible for reviewing the market and proposing the price cap regulations, the formal responsibility for signing price cap orders still lay with the Minister.\(^ {244}\)

In 1996, the Minister issued the first order which placed a price cap on Telecom Eireann’s tariffs,\(^ {245}\) and in 1999, this was reviewed and moderately modified for the next three-year period.\(^ {246}\) The basic structure of both price cap arrangements was that a price cap was introduced for a basket of services, which implied, similar to the arrangements in Norway and Denmark, that the tariffs of these services in total should fall by a certain percentage in relation to the consumption price index. The basket arrangement was meant to allow for price rebalancing as the prices on one of the

\(^{241}\) ODTR D/99.

\(^{242}\) Act no 34 of 1996.

\(^{243}\) Act no 34 of 1996. § 7

\(^{244}\) Interview with Leonie Allen, ODTR, 4 December 2001.

\(^{245}\) SI No 393 of 1996.

\(^{246}\) SI 438 of 1999.
services in the basket might decrease less than the total price cap if the total decreased according to the cap. In addition, two sub caps were introduced. The first was a sub cap for individual services and this was supposed to ensure against increased prices for any of the services within the basket. The second was a price cap for the lower quartile bills, which was an arrangement similar to the Danish price cap on small user bills, and this was supposed to ensure that also small users (the lower quartile) experienced decreasing prices.

After the 1999-revision, the following services were included in the price cap: the provision of telephone exchange and ISDN lines and connections, local and trunk calls, operator calls, directory inquiry calls and payphone calls. This was similar to the 1996 arrangements, except for international calls being left out in 1999, as the ODTR regarded that competition had become effective in that market. The price caps in 1999 required eircom to achieve price reductions of 8 percent in relation to the consumer price index in each of the three years for the total basket of services (CPI-8%). It allowed for rebalancing as individual prices could increase by two percent within the basket as long as there was compliance with the total price cap (CPI+2%), and the sub cap on the lower quartile bill was intended to protect the low-user customers from increased prices (CPI+0%). Once a year, ODTR reviewed eircom's prices for the previous year. In 2001, the ODTR did not have any cases of non-compliance with these regulations. However, if this happened, the regulator could impose sanctions on eircom.

Variations in Universal Service Implementation

As we have seen, the basic procedures for implementation of the three states’ universal service policies were similar. They all imposed obligations on the largest operator to provide certain services, and they implemented price cap regulations to ensure affordable prices or to compensate for the lack of competition. Still, the differences were significant and not only related to the scope of the universal service obligations as discussed in the previous chapter. I will emphasise two additional sets of differences between the states.
The first set of differences was *institutional* and involved the division of tasks between the national ministries and the regulatory authorities. In implementing universal services, the Norwegian Ministry was the most active. It was involved not only in developing regulations, but also in implementing obligations and price caps through its licensing. Further, it was the Norwegian Ministry’s responsibility to monitor compliance with the price cap. In contrast, the Danish Ministry had delegated more responsibilities to the regulatory authority, the NTA, which was responsible for designating the universal service provider and, after 2000, for both imposing and monitoring the price caps. Hence, although the Danish Ministry was involved on a detailed level in specifying regulations, the specification and implementation of this was left to the NTA. The Irish Ministry also had a less active role than the Norwegian, as important functions both in specifying the universal service provision, and in designating the universal service provider had been transferred to the Irish regulator, the ODTR. However, price cap orders were still to be signed by the Minister after a recommendation from the ODTR.

These institutional differences confirm the patterns from the discussion in the previous section of this chapter. The Norwegian implementation process was the most politicised also regarding the universal service regulations. The Danish Ministry was engaged through extensive legislation but left more of the implementation process to the NTA, and in Ireland, the role of the Ministry was ambivalent. On one level, it had the opportunity to influence the implementation process as it signed the price cap orders, and to instruct the ODTR on issues related to public service. On another level, these opportunities were not used, implying that in practice, the implementation process was handled by the ODTR, as in Denmark it was handled by the NTA.

The second set of variations I would like to point out was between the states’ *price capping* arrangements. These were similar in that the states all employed a basket of services for calculating prices and related the price cap to the consumption price index. In maintaining and controlling compliance with these arrangements, however, there was some divergence. In Norway, the operator had to comply with the price caps set and send compliance reports to the Ministry, but there was no formal

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247 See for example ODTR 99/33, ODTR 00/35 and ODTR 01/20 in which the regulator expressed
sanctioning of the Norwegian price lists, whereas the Danish and Irish regimes had such formal sanctioning procedures. This variance was not very substantial as the rules of calculation were transparent and the Norwegian Ministry indirectly sanctioned the price list by not objecting to it.

The main differences between the price cap regimes were which services were price capped, and whether or not there was a special cap for small users’ bills. As discussed in the previous chapter, Ireland and Denmark had included ISDN-connection and services in their price cap arrangements, whereas Norway had not. Moreover, both Denmark and Ireland had imposed a special cap for small users in order to ensure these user groups against rising prices as a result of price rebalancings. Hence, Ireland and Denmark had more extensive price cap regulations than Norway. How can this be explained? It could be reasonable to expect that because Norway has had the strongest emphasis on distributive justice and the highest political involvement in policy implementation, the price capping arrangements would also be the strongest in Norway. Why was this not the case?

The previous chapter discussed the role of the EU in national politics as one important factor that contributed to the different scopes of the three states universal services regulations. I argued that especially the controversial role of the EU in Norwegian politics contributed to a high degree of compliance with the EU definitions of universal service. This chapter might, however, indicate some additional explanations. One of these may be the level of politication in the implementation process. In Denmark and Ireland, where the ministries’ involvement in implementation was lower, the regulations themselves needed to be explicit to allow transparent implementation. Extensive price capping could be regarded as part of this. In Norway, the legislation was less explicit, which may be an indication that politicians perceived that they also had other means of direct political interference. Whether such a strategy would prove effective in a more competitive market, should, however be a matter for further research. Another related explanation could be the differences in state ownership. The Norwegian state still held a majority of shares in Telenor, and there might have been a political concern not to put too large a burden on the company. A satisfaction with the price reductions.
final explanation might be that there was a stronger need for price cap regulations in Ireland and Denmark than in Norway. If, in general, prices had been higher in these countries, this may explain why a more extensive price cap regulation was regarded as necessary in these states than in Norway. Questions like this last one will be considered in the next section, which will also provide some reflections about the outcomes of the markets and regulations in the three states.

**Policy Outcomes**

In the following sections, some of the outcomes of the states’ telecommunications policies will be studied. The main emphasis will be on the network development, diffusion of services and on the price levels. The purpose is to see if there are differences between the outcomes in the three states, to what degree these relate to differences in policies and implementations discussed above, as well as to enable some discussion on some distributive aspects of the states’ strategies.

In this context it is important to restate that the aim is not to provide complete answers to the overall questions of the distributive consequences of the states’ strategies. For such a purpose, a more detailed study of market developments and the effect of political intervention in the market would have to be conducted. As the present project is delimited and has chosen to focus mainly on policy development, the investigation of the policy outcomes will be a broad overview based on existing statistical sources with comparable figures for the three states. This overview will not enable definite conclusions on the distributive effects of liberalisation or reregulation, but will provide some background information for some reflections about this towards the conclusion of this chapter.

**Developments on the Telephony Markets**

As we have seen, telecommunications policies in Norway, Denmark and Ireland were concerned with promoting network development and ensuring a high penetration level of important services. This was a basic concern, both in order to promote economic development, and to ensure distributive justice.
Table 6.1 Telephone main lines per 100 inhabitants 1990-2001.

<table>
<thead>
<tr>
<th></th>
<th>Norway</th>
<th>Denmark</th>
<th>Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>50.3</td>
<td>56.7</td>
<td>28.0</td>
</tr>
<tr>
<td>1995</td>
<td>56.8</td>
<td>61.2</td>
<td>36.3</td>
</tr>
<tr>
<td>2001</td>
<td>72.0</td>
<td>72.3</td>
<td>48.5</td>
</tr>
</tbody>
</table>


Table 6.1 shows that during the 1990s, the number of telephone main lines per 100 inhabitants increased rapidly in all three states. Norway caught up with Denmark in terms of telephone lines, and in 2001 they both had 72 lines per 100 inhabitants, among the highest penetration rates in the world. Ireland was, in spite of a rapid growth in the number of lines, still lagging behind with only 48.5 lines per 100 inhabitants. This was a low number of lines, not only compared to the Scandinavian states. Within the EU, Ireland rated 11 out of the 15 member states (ITU 2002). Hence, the development of the number of telephone lines in the 1990s confirmed the pattern from earlier decades that the Irish network was less pervasive than the Norwegian and the Danish. Furthermore, the price levels of telephony reinforced this general pattern of divergence between the two Scandinavian states and Ireland.

Table 6.2 Prices. OECD basket of residential telephone charges, August 2000 (excludes international calls and calls to mobile networks). USD PPP (US dollars adjusted for purchasing power parity).

<table>
<thead>
<tr>
<th></th>
<th>Norway</th>
<th>Denmark</th>
<th>Ireland</th>
<th>OECD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed</td>
<td>186.55</td>
<td>173.90</td>
<td>230.13</td>
<td>195.55</td>
</tr>
<tr>
<td>Usage</td>
<td>119.63</td>
<td>119.31</td>
<td>216.23</td>
<td>207.13</td>
</tr>
<tr>
<td>Total</td>
<td>306.19</td>
<td>293.21</td>
<td>446.36</td>
<td>402.68</td>
</tr>
</tbody>
</table>


Telephone charges in Norway and Denmark were considerably lower than in Ireland. As the figures in table 6.2 are adjusted for purchasing power, they illustrate that both telephone subscription and usage were more costly for Irish citizens than for Norwegian and Danish citizens. The Irish price level was also above both the OECD and the EU averages.\(^{248}\) Hence, the Irish telephone market was characterised by fewer main lines at a higher price level than in the Scandinavian states. This may be

\(^{248}\) Calculated from OECD 2001c, table 7.8, the average EU total basket accounted for 379.23 USD PPP.
interpreted as a continuation of traditional differences in network developments and price levels between the states. Further, even if this may not imply that some regulatory regimes were more efficient than the other, precisely because the states’ starting points differed, it underlined the Irish need for price cap regulations, simply because telephony was more expensive. The fact that the Irish price caps prescribed higher percentage decrease in price levels than the Norwegian and Danish price caps, is in line with this finding.

**Developments on the Internet Markets**

Below, the diffusion of some services will be investigated more closely, using the Internet as a starting point. The Internet is an interesting example both because the use of the Internet has spread rapidly in all the three states studied, but also because important information and communications services are enabled through the Internet, for example e-mail and the web. I have argued that these services are developing into important communicative resources that also become important means for citizens’ opportunities to access information, to communicate and to support participation. Hence the diffusion, use, and prospects for further development of such services become important.

Table 6.3 Internet access in homes. November 2001.

<table>
<thead>
<tr>
<th></th>
<th>Norway</th>
<th>Denmark</th>
<th>Ireland</th>
<th>EU 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>58.2%</td>
<td>58.6%</td>
<td>47.6%</td>
<td>37.7%</td>
</tr>
</tbody>
</table>


Table 6.3 shows that in 2001 about 60% of the population in Norway and Denmark and almost 50% in Ireland had access to the Internet at home. These numbers were high compared to the situation in most other states, and all three states were well above the EU average. The fact that so many homes had access to the Internet also implied that the Internet had developed into a service most people used, as the next table presents.
Table 6.4 Personal Internet users, November 2001.

<table>
<thead>
<tr>
<th></th>
<th>Norway</th>
<th>Denmark</th>
<th>Ireland</th>
<th>EU 15</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>68.1%</td>
<td>70.3%</td>
<td>56.0%</td>
<td>47.9%</td>
</tr>
</tbody>
</table>


According to Table 6.4, in 2001 the majority of the citizens were personal Internet users. Norway and Denmark were among the states in the world with the highest percentage of Internet users as about 70% of the citizens used the Internet. But also in Ireland a majority of 56% of the general population were Internet users. Even if Ireland had a lower percentage of users than the Scandinavian states, it still rated far above the EU average. Consequently, it seemed that in spite of a relatively low level of telephone main lines, Ireland was still above the EU average in terms of household Internet access and Internet users.

An important assumption in this thesis is that new information and communication services might develop into important communicative resources. Tables 6.3 and 6.4 illustrate that the Internet has become such a communicative resource as most people are Internet users in the states investigated. Further, I have argued that new services, many of which will probably be provided by means of an Internet Protocol (I.P.), might require higher bandwidth than the ordinary telephone line, and that such services should also be provided universally. An indication of which networks today are used to access new services may be studied through an overview of which networks people currently use to access the Internet.

The networks considered in Table 6.5 differ in the capacity and speed of transferring signals, and thereby in which services they may provide. The least advanced of these networks is the standard telephone line, a line that can transfer 56 kb/sec and may, with a modem, be used not only for telephony, but also for Internet access. For several Internet services, this speed is rather slow. A faster type of connection may be provided through ISDN (Integrated Services Digital Network) which is a digital network which may transfer up to 128 kb/sec, more than twice the speed of the ordinary telephone line. An even faster type of access is ADSL (Asymmetrical Digital
Subscription Line) which is an asymmetrical network with a higher capacity for receiving signals than for sending. The speed of the ADSL depends on the network and the type of subscription but typically varies between 384 kb/sec and 1 Mb/sec for receiving data and 128-256 kb/sec for sending data. Consequently, the user may receive services including moving images, but will have a narrower channel out. ISDN and ADSL are both technologies that increase the capacity of the copper network for telephony. Another technology used is the cable TV networks that are being upgraded and digitised and may be used to access both Internet and other advanced services. These networks may have up to full broadband capacity of 5-10 Mb/sec depending on the network and the type of subscription and may provide subscribers with high quality reception of movies and similar services. In addition, other networks are being developed based on for example radio links. Such networks are not considered in this overview because their diffusion is still very low.

Table 6.5 Kind of Internet access in homes.* November 2001. Percent of Internet users.

<table>
<thead>
<tr>
<th>Kind of Access</th>
<th>Norway</th>
<th>Denmark</th>
<th>Ireland</th>
<th>EU15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard telephone line</td>
<td>38.0</td>
<td>61.4</td>
<td>91.1</td>
<td>71.8</td>
</tr>
<tr>
<td>ISDN line</td>
<td>54.2</td>
<td>19.2</td>
<td>5.1</td>
<td>16.0</td>
</tr>
<tr>
<td>ADSL line</td>
<td>3.0</td>
<td>11.0</td>
<td>0.3</td>
<td>6.3</td>
</tr>
<tr>
<td>Cable modem</td>
<td>3.2</td>
<td>7.2</td>
<td>3.6</td>
<td>9.1</td>
</tr>
</tbody>
</table>

* Multiple answers possible

Table 6.5 shows quite divergent levels of diffusion of the different networks between the states. In Norway, a majority of the Internet users used other means of access than the standard telephone line. The most frequent kind of access was ISDN, which was employed by 54% of the Internet users. The standard telephone line was still significant as it was used by 38%. Other means of access were, however, of minor importance. Only 3% used ADSL, and the same was true for cable modem. In Denmark, the situation was different. Here, the majority of Internet users still accessed Internet through the standard telephone line. ISDN had not diffused as

249 The speeds of the different networks which are referred to in the following are the speeds the telecommunications operators advertise on their web sites (see i.e www.telenor.no, www.tdc.dk, www.eircom.ie).
widely as in Norway and less than 20% accessed Internet through ISDN lines. ADSL was, however, more popular in Denmark than in Norway and 11% of the Internet users employed ADSL. Cable was used by 7.2%. In contrast to these figures a large majority of 91% of Irish Internet users used the standard telephone line for their Internet access. Only 5% used ISDN, 3.6% used cable modem, and ADSL was almost non-existent as only 0.3% of the Internet users accessed the net through ADSL.

How can these differences be explained? The Irish high degree of reliance on the standard telephone line for Internet access, and the lower use of other and faster kinds of access was expected. Generally, Ireland had a lower level of telephone penetration, a less developed network, and a lower percentage of the population were Internet users. It was therefore not surprising that Ireland also had a lower level of Internet access through ISDN and ADSL than Norway and Denmark. As we shall see in Table 6.6, the cost of ISDN subscription in Ireland was also higher than in the other two states.

Yet, the Norwegian and Danish patterns were also divergent, both regarding ISDN services, where the diffusion was much higher in Norway, and regarding ADSL, where the diffusion was higher in Denmark. Considering the diffusion of ISDN, the difference between these two states seem surprising at first glance. There were no significant differences between the states regarding the percentage of households with Internet access, or the percentage of population that were Internet users. Further, the countries were similar in terms of telephone penetration and their networks were fully digitised so that all subscribers in both states should be able to get ISDN access. This helps to explain why the ISDN diffusion could be this high in Norway in spite of the difficult geography for network development. However, it does not explain the differences between the states.

Further, Denmark had imposed a price cap on ISDN to ensure lower prices whereas Norway had not. Still, fewer Danish Internet users accessed the Internet through ISDN lines. One possible explanation for this could be that the Danish price caps were introduced because the Danish ISDN prices were much higher than the Norwegian and that it therefore was more necessary in Denmark to price cap such
services. However, a comparison of the price levels indicates that this was not the case.

As Table 6.6 shows, the Danish price levels were considerably below the Norwegian on subscription rates and initial prices, whereas prices per minute were slightly higher. Although these prices are from 2002 and therefore do not represent the full period investigated, the Danish price caps for ISDN indicate that there has not been any sudden price decreases on ISDN in Denmark. We may therefore assume that even if the level of price differences may have changed, the basic pattern was relatively consistent. Hence, the prices in Table 6.6 indicate that the reason why more Norwegian than Danish Internet users had ISDN access was not because of lower prices in Norway.

The reason for the different ISDN diffusion rates in Denmark and Norway must therefore lie elsewhere. The Danish regulatory authority, the NTA, suggested that the main explanation for the low Danish usage was not to be found in the regulatory framework, but in the business strategy of Tele Danmark which did not emphasise the ISDN market as much as Telenor did. Although the regulatory framework was developed in order to promote ISDN development in Denmark, ISDN was more widely used in Norway where ISDN had been an important part of Telenor’s national marketing strategy for many years. In terms of subscribers, this strategy had been a success for Telenor.

These differences in the diffusion of ISDN may also contribute to explaining the differences in ADSL development. In Norway, where ISDN was widely used, few

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250 I have not been able to find any overviews of the development in ISDN prices over time that could be used for comparison. This was not anticipated when the project was initiated and I have therefore not collected price lists for comparison each year. I have therefore had to rely on the prices at one point in time, namely May 2002.

251 National Telecommunications Agency 2000.
seemed to upgrade their access to ADSL. In Denmark, ISDN had not diffused equally widely, and, consequently, ADSL had a larger potential market when this service was introduced. This might indicate that users in Denmark leapfrogged the ISDN stage and went directly on ADSL. This would also be in accordance with the assumptions of the OECD that the growth rate of DSL services will be faster than ISDN services in the future:

To the extent that the growth in ISDN is due to users’ needs for improved Internet access, the technology is likely to be rapidly overtaken by digital subscriber lines (DSL) or cable modems (OECD 2001b). 252

A supplementary explanation could be that the companies’ strategies varied not only concerning ISDN, but also concerning ADSL, and that Telenor had a less offensive strategy for ADSL than Tele Danmark. This would not be unexpected, as geography would make ADSL-development more costly in Norway than Denmark. This project does, however, not provide any conclusion about this, which would have to remain a question for further investigations.

To sum up, in this overview of the policy outcomes we have seen that the pattern that Norway and Denmark had a more pervasive telephone network and lower prices than Ireland, still prevailed. Further, ISDN penetration was highest in Norway where Telenor had actively promoted the service, and not in Ireland and Denmark where the states actually had imposed price caps on ISDN in order to make the service affordable. ADSL, however, seemed to diffuse faster in Denmark than in the other states. Hence, although we have no evidence of how the prices or the service provision would have been without regulation of universal service obligations and price caps, it does, however, seem that other factors such as the original status of the networks and the market actors’ strategies, also have been highly influential for the level of network developments and price levels in the states. This does not imply that policy and regulations were not important, but simply that the regulatory regimes did not level out the significance of other factors.

252 OECD 2001c.
Conclusion

This chapter has argued that there were several parallels between Norway, Denmark and Ireland in how they institutionalised their telecommunications regimes after liberalisation. In each state, indirect forms of governance replaced more direct political interference and control of the market. Regulation through acts, regulatory orders and licenses replaced governance through ownership control and monopoly rights. In addition several important functions were transferred from the ministries to independent regulatory authorities in order to promote transparency and predictability for the market actors. As the direct political influence in the implementation processes decreased through these changes, I have called these processes indications of depoliticisation.

However, although there were many similarities between these processes, there were also important differences in the level of political involvement between the states. The main difference was that compared to the Danish and Irish regimes, the Norwegian was the least depoliticised, as the Norwegian Ministry was still directly involved in the implementation process through licensing, ownership and handling of complaints. Another difference was that the Danish set of regulations was very detailed compared to the Irish and Norwegian contexts. This could be interpreted, however, mainly as an indication of the Danish strategy a low level of political involvement in the implementation process.

These differences were also reflected in the implementation of the states’ universal service policies. Although the basic instruments reflected the EU framework and all three states imposed obligations on the former state company to provide certain services with some kind of price cap regulations, there were also differences. These differences were also related to the levels of depoliticisation. For example, the more active role of the Norwegian Ministry was confirmed as the Ministry played an operational role in implementing obligations and price cap regulations, whereas the Danish and Irish ministries transferred such responsibilities to the regulatory authorities. Further, the differences in price regulations were also evident in the implementation process where the Danish and Irish price caps did not only comprise
more services than the Norwegian, but also included a sub cap on small users’ bills. Hence, as in the investigations of the states’ policy ambitions and regulatory approaches in earlier chapters, the differences between the states’ strategies became more manifest when moving from the regulatory regimes to practical implementation.

In terms of developments of networks and prices of services, the policy outcomes, however, were not clearly linked to the implementation of universal service strategies. The differences between the states seemed to be in close relation also to the differences in the states’ starting points regarding network development, and the former monopoly companies’ market strategies, than to the regulatory measures. This may have several explanations which can only be discussed speculatively in the context of this study. One such explanation could be that there was little difference between the effectiveness of the different implementation strategies and that the differences in service provision and prices were the result of the general state of the networks before liberalisation. Another explanation could be that the new regulatory regimes only had a short history and more time is needed in order to conclude on their effectiveness. If so, it would be interesting to investigate further whether the different levels of depoliticisation of the implementation process would have implications for the provision and prices of services, as well as the distributive effects.

One possible consequence of the different levels of depoliticisation of the implementation process could be that the detailed levels of regulation are necessary in a competitive market in order to ensure compliance with the political objectives. If this is the case, then the Norwegian regime may prove less effective than the Irish and the Danish ones and the universal service regulations may not realise the objectives of distributive justice. We could, for example, expect that the lack of sub-caps on small user bills may result in a general price increase for the small users. Such a development would imply that the more politicised Norwegian regime might over time be less effective than the other states’ regimes in ensuring social objectives.

An opposite consequence might be that the detailed levels of regulation make market actors merely choose minimum compliance in the sense that they comply with the obligations and price caps imposed, but nothing beyond that. According to this line of
thought, a more politicised and less transparent regulation may make the market actors stretch in order to comply with the intentions of the politicians to avoid specific market interference. Such a development would imply that the Irish and Danish regimes would be minimum solutions and less effective than the more politicised Norwegian for objectives of distributive justice.

Which of these developments would be most likely cannot be answered decisively at present. Therefore, the outcomes of the market and the new regulatory regimes should be closely monitored in order to evaluate whether the measures imposed are effective in ensuring distributive justice of communicative resources important for citizenship, or if adjustments should be made. An important challenge for the future will be the development and diffusion of more advanced services. As we have seen in this chapter, except for ISDN in Norway, more advanced services had only reached a small minority in these states. Consequently, there is a long way to go to reach a high level of penetration of such services, and an interesting question is whether such a development can and will be promoted through regulatory measures.
7 Conclusion

Introduction
A basic assumption in this thesis is that modern societies are going through significant changes related to the development and diffusion of information- and communication technology (ICT). The economy, the spatio-temporal organisation of society, as well as our culture, are changing in ways that provide both opportunities and challenges for policy-making. One important set of opportunities is related to the democratising potential of ICT. We have already experienced how the Internet has provided citizens with new means for information and participation purposes, and a similar development of new services can be expected. However, in order for this democratising potential to be realised, certain preconditions should be met. Building on concepts of democracy and justice that emphasise that citizenship requires not only formal rights, but also relevant resources to make use of these rights, I have argued that all citizens should be able to use the new opportunities provided by ICT. Therefore, important communicative resources, such as access to telecommunications networks and services, should be made universally available. Consequently, distributive justice becomes one of the key challenges in telecommunications policy.

Following this argument, the thesis has aimed to investigate and assess how such opportunities and challenges have been handled politically in Norway, Denmark and Ireland. The analyses have focused on the development of ICT and telecommunications policies generally, what role the concerns for distributive justice have played in telecommunications policy, and the extent to which politicians have re-regulated the markets in order to ensure universal services, e.g. universal distribution of important services.

In the analyses, two political tensions have been accentuated. One tension emphasised the conditions for policy-making in a situation where, on the one hand, international
institutions and markets constrain the states’ degrees of freedom, whereas on the other hand, differences in national characteristics, institutional legacies and political cultures imply that the national concerns vary between the states. The other tension concerned the prospects for ensuring distributive justice of communicative resources when the telecommunications markets were liberalised. The analyses have shown how both tensions were actualised in the development of ICT and telecommunications policies in the three selected states.

**International Constraints and National Concerns**

Concerning the tension between international constraints and national concerns, we have seen a significant degree of policy convergence between the general *ICT-strategies* of the states. The Norwegian, Danish and Irish governments all described the social changes as technology-driven, revolutionary changes, and they all emphasised the same social and economic motives as reasons for political action. I have argued that these similarities can best be understood as results of indirect forms of influence where concepts and ideas were exchanged and copied between the states, and institutions like the EU.

*Telecommunications policy* is also a policy area within the ICT-field in which policies converged. After a century of monopoly regulations, the three states all liberalised their telecommunications markets in the 1990s. Although the timing varied by a few years, the liberalisation processes were similar, and the liberalised regimes resembled each other more than the monopoly regimes had. One important explanation for this process of policy convergence was that the EU developed a regulatory framework for telecommunications with which all three states had to comply.

When looking more specifically at the *universal service strategies* of the states, we found that the regulations they introduced to ensure distributive justice in liberalised markets had many similarities. All three states imposed obligations on the largest operator to provide basic services nation-wide, and they all introduced price cap regulations to ensure the affordability of basic services, or to compensate for the lack of competition. However, there were also significant variations within these
arrangements. Two of the more important variations were related to the scope of the universal service regulations and the price cap regimes.

The states considered different services to be basic services which should be made accessible to all. Norway and Denmark included not only telephony, but also access to digital networks or ISDN, as services that should be provided nation-wide, whereas Ireland focussed mainly on telephony. This difference in the scope of the universal service obligations followed the traditional pattern of the political cultures and welfare state arrangements between the states, where the legacies of the two Scandinavian states provided for more egalitarian objectives and extensive regulations than the Irish.

The price cap regulations, however, followed a different pattern as Denmark and Ireland implemented more extensive and detailed regulations than Norway. Not only did Denmark and Ireland price cap more services than Norway (e.g. ISDN), they also introduced a special price cap for small user bills to ensure these user groups against negative effects of price rebalancings. I have argued that several factors might contribute to explaining these variations. In Ireland, which had a less developed network and higher telecommunications prices in general, the price cap regulations were not primarily regarded as a distributive instrument, but were imposed as compensation for the lack of competition in the Irish market. In the Danish situation, the institutional legacies, in which market regulations of regional companies had been important before liberalisation, contributed to the price cap regulations being a continuation in Danish politics. These factors provide some understanding of why these two states chose a relatively extensive price cap regime, even in relation to the EU framework. In Norway, on the other hand, the more egalitarian political traditions did not lead to such an extensive and detailed price capping. I have argued that one important reason for this was the controversial role of the EU in Norwegian politics, which implied that Norwegian politicians were generally reluctant to regulate beyond what was indicated in the EU framework. Another supplementary explanation suggested was that the Norwegian framework in general was less specific and more open to political interference in the implementation process than the other two states.

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253 Ireland and Denmark imposed maximum prices (price caps) on ISDN services. Norway did not.
Therefore, a more extensive price regulation might not have been regarded as necessary for obtaining the policy objectives. The high level of ISDN diffusion in Norway suggests some indications in this direction. More research is necessary before concluding on this issue, though.

In summary, there was a significant tendency of policy convergence between these states’ ICT and telecommunications policies, caused both by a common influence of ideas, and the EU regulatory framework. However, the national concerns still mattered, and we have seen that the more policy was put into concrete terms, the more degrees of freedom the states had within the EU framework, and the stronger differences there were between the states’ approaches. I have argued that these differences were not accidental, but that they were linked to persistent variations in the states’ institutional legacies, political cultures, and other national characteristics. Moreover, these differences became accentuated when a specific kind of policy was concretised, namely that of universal services.

**Liberalised Markets and Distributive Justice**

The question of universal services provision is at the core of the other tension emphasised in this thesis, namely that between liberalised markets and distributive justice. It is also at the centre of the normative argument of the thesis.

I have argued that ICT has a democratising potential as it provides citizens with new means for information and participation purposes. Access to telecommunications is a precondition for making use of these new possibilities and access is therefore becoming an increasingly important communicative resource. Building on the theories of Robert Dahl (1989) and John Rawls (1971; 1993), I developed some *normative criteria* for a telecommunications policy that seeks to realise the democratising potential of ICT. The most basic criterion is that telecommunications services that are important for citizenship should be available for all. Because the development and diffusion of new services is likely to change, the scope of which services should be provided universally ought to be reviewed regularly. Further, I argued that in order to realise the democratising potential as soon and extensively as possible, and to avoid a
long period where some services are important, yet unavailable to some, more services than ordinary telephony should be made universally accessible at an early stage.

Taken seriously, these normative criteria would involve great challenges for policy-making in the telecommunications sector. These challenges were further reinforced by political change as the telecommunications sector was liberalised during the period investigated, and the old means for ensuring nation-wide service provision therefore were no longer relevant. In the monopoly era, cross-subsidies between profitable and non-profitable areas could be used to ensure infrastructure construction and service provision to all parts of the countries. After liberalisation, potential political interference had to be compatible with a competitive market.

In the analyses of the political debates in Norway, Denmark and Ireland, we have seen that there was a widespread concern that the market would not ensure universal provision of important services. This concern for distributive justice was an argument for the introduction of the monopolies in the 1890s, and it played an even more important role as an argument against liberalisation one hundred years later. When telecommunications were liberalised, this concern that the market would not provide services universally led all the three states to introduce some kind of universal service regulations in order to ensure nation-wide provision of services as well as reasonable prices. Further, it was emphasised that what services should be regarded as basic, depended on their diffusion and social use, and that this was likely to change. Therefore, the Governments argued, the scope of which services should be made universally available was to be reviewed regularly. Hence, in their basic concerns, the states argued similarly to each other and were also in compliance with basic normative criteria established in this thesis, and with the normative argument linking the question of accessibility to the social use of the services.

However, although these concerns and arguments were present in all three states, their emphasis varied. In Norway, the scepticism towards the market’s ability to distribute resources to all parts of the country was clearly pronounced by the majority of the political parties, both before and after liberalisation. In Denmark, this was an
important concern although it was emphasised differently by the parties. In contrast, in Ireland this concern was less significant than in either of the Scandinavian states, although the concern had played an increasingly important role also here through the 1900s. This corresponds well with the political cultures of the states where social and geographical equality were important political questions in Norway and Denmark, whereas the concern for distributive justice did not have the same position in Irish policies.

Thus, the two tensions seem to have reinforced each other. Questions about universal service and distributive justice enhanced the tension between international constraints and national concerns and caused divergence between the universal service strategies of the three states. Similarly, the international constraints imposing liberalisation was one set of factors that realised the concern for ensuring distributive justice nationally. Moreover, the more central role of distributive justice in national policies in all three states, and the fact that all three states chose some more extensive definitions or regulations of universal services than the EU, also reflect the different policy levels between the international and the national. Policy-making on the national level was effected closer to the citizens and it had to be more attentive to social concerns. 254

**Equality or Utility?**

Having argued that the political concerns in telecommunications policy complied with the normative criteria established, the question still remains about the normative implications of the policy of liberalisation and market regulations. The analyses have discussed how the tension between liberalised markets and distributive justice became more pronounced when policy was to be put into concrete terms. On the overall policy levels, all seemed to agree on the need to ensure distributive justice. However, when regulatory measures were to be decided on or implemented, the tension became more noticeable. The main aim in all the states seemed to be to stimulate competition, and that any measures for promoting distributive justice had to comply with this overall ambition.

254 Studying the EU influence on Norwegian social policy, Hagen (1999) calls this the “Janus Face” of European integration. On the one hand, the EU left the questions about distributive justice to the
Therefore, regulation of services that were already universally available, like telephony and to a certain extent ISDN, was in compliance with competition and could be implemented relatively easily. However, a similar regulation of more advanced services could distort the market and this was consequently not implemented in any of the three states. More advanced services were to be provided and priced according to market criteria. The only regulations of advanced services were those intended to promote and ensure a competitive environment. The broadband initiatives which were taken were either restricted to promote demand in the market, or to provide networks for industrial development, as in the Irish case. This may indicate that the basic trend in policy was more concerned with liberalising the markets, than with distributive justice. Alternatively, it may imply an increased trust in the market’s ability to allocate resources.

In normative terms, the limited scope of universal services was not in accordance with the criterion that more advanced services ought to be made universally available at an early stage. However, the situation was not very problematic in the short term as services that required more advanced networks than the ordinary telephone line or ISDN, had not yet diffused beyond a small minority in any of the countries, and could not be regarded as being essential for citizenship. The main normative challenge was one for the future and it concerned whether or not the scope of universal services would be extended when new services became important for the value of the citizen’s political liberties.

Reviewing these debates, the prospects for this are not certain, and two alternative lines of development may be proposed. One line of development, that would be in compliance with the normative argument in this thesis, would be that the states extend their universal service regulations when there are indications that new services are becoming important for participation in society, i.e. for citizenship. As we have seen, the states all argued that the scope of universal services was to be reviewed regularly and that an extension of the regulations would be based on criteria similar to those which I have proposed.
At the same time, politicians were also concerned that the utility of extending the regulations should outweigh the costs. This more utilitarian argument might be interpreted differently. Some might argue that the utility for democracy of making advanced services available for all is far greater than the costs. Others might argue that providing the most remote areas with advanced services will be too costly, and that it therefore cannot be justified. Thus, if these services become important for social participation, such a development would be problematic in terms of distributive justice and equal citizenship.

Which of these arguments will prove the strongest in future policy-making remains to be seen. There are also many uncertainties related to which services will become important for citizenship in the near future, and what network capacity would be necessary for using the services. Moreover, we do not know if the market will provide all citizens with such services, or if some geographical areas will remain unconnected or social groups will be excluded because of prices. Consequently, policy in this area has to be developed with a considerable uncertainty, as must also policy assessment. Further, I have expressed doubts that the market will allocate such resources fairly and that therefore more services than telephony should be made universally available through political interference in the market. This is, however, based on assumptions that may, or may not hold, and an important challenge for both policy and its assessment will be to monitor the development. This monitoring should focus on the development of services, and to what degree they become important for the value of citizens’ political liberties, as well as the distributive consequences of the chosen regulations.

For this purpose better instruments for market monitoring should be developed. The thesis has shown that although the systems for monitoring and policing the price cap regulations were relatively systematic, the monitoring of compliance with obligations to provide services universally was generally based on individual complaints, grounds which might not give a full overview of the situation. Furthermore, for services not regulated specifically such as the more advanced services, there was no systematic monitoring of the provision of services or of the development of prices over time and choose.
between regions. This lack of information makes it difficult to follow the distributive outcomes of the regulation as well as non-regulation of markets. In order for citizens and politicians to evaluate whether the service provision is in accordance with their ambitions, or if further interference in the market is necessary, better and more systematic market monitoring is needed.

Prospects for Generalisations and Concluding Remarks
This project has analysed ICT and telecommunications policy development in Norway, Denmark and Ireland, and the findings are necessarily mainly about these cases. Some of the conclusions may, however, have implications beyond these states. One of these is the tension between international constraints and national concerns. I have argued that in spite of a significant degree of convergence between the states’ general ICT and telecommunications policies, the national concerns are still important in policy-making. The more telecommunications policy was put into concrete terms, the stronger differences there were between the states. Further, as this thesis investigated the situation in small states, which were expected to be especially sensitive to international constraints (Katzenstein 1985), we may assume that national differences will prevail also in other states, when their national concerns are actualised, such as the question about distributive justice did in this analysis.

A second conclusion concerned the tension between liberalised markets and distributive justice in telecommunications. In spite of considerable differences between the states’ political culture and welfare state arrangements, this tension was acknowledged and caused concern in all three states. Thus, we might expect this tension to be important in political debates also in other states with welfare state legacies. Moreover, we have seen that even if the concern for distributive justice was emphasised, the distribution of advanced services was basically to be left to the market even in the social democratic Scandinavian welfare states, where we might have expected the most market interference for distributive purposes. Consequently, we may assume that the market will be an important distributive mechanism also in other states with less egalitarian traditions.
In normative terms, the conclusions were ambiguous, as there are many uncertainties regarding both the effects of the market and the future regulations of universal services. Therefore, a policy that seeks to realise the democratising potential of ICT, and takes distributive justice seriously should ensure that the distributive outcomes of its policy are closely monitored. Liberalisation of telecommunications markets is an international trend, pushed not only by the EU, but also globally by the World Trade Organisation. Thus, comparative analyses of the distributive effects of leaving important communicative resources to be distributed by the market would be important beyond Europe.

These reflections have considered how the findings of this analysis might give insights about telecommunications policy beyond the three states studies. Another level of generalisation would be how this analysis may provide some insights about more general policy reforms in the early 2000s.

Several studies have shown how European welfare states are undergoing major changes. These changes affect the education systems, health care services and the energy sector, just to mention a few. In all these sectors, privatisation and liberalisation are key developments, and competition and market regulations are substituting ownership and political governance as managing mechanisms (Grønlie 2001). The liberalisation of the telecommunications markets, leaving the distribution of important resources to be decided by the market, may in this context be regarded as one case that confirms these broader processes of transforming the European welfare state. Important questions in telecommunications policy, as in the other processes, concern whether or not political objectives are changed with these reforms. In telecommunications policy, politicians claim that the ambitions for distributive justice remain stable in the liberalised regimes. A question for future research is indeed if this is the case, or if the liberalisation is an indication of more fundamental changes in telecommunications politics, that is, away from egalitarian values and towards larger acceptances of differences.

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APPENDIX I

ICT policy-documents

European Union

Phase I


Phase II


Phase III

Norway

Phase I


Phase II

- *IT-politisk redegjørelse.* Minister of Trade and Industry Lars Sponheim’s statement to the Storting. 2 April 1998.

Phase III


Denmark

Phase I


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256 Several of the Norwegian and Danish documents have been translated to English. In these cases I refer to the English versions and also use the English translation when quoting the documents in the analysis.
Phase II


Phase III

- **Digital Denmark – Conversion to the Network Society** (Dybkjær II). November 1999.


Ireland

Phase I


Phase II


Phase III

APPENDIX II

Telecommunications Policy Documents

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A. European Union Documents

Categories:
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A2 Green Papers, White Papers and Communications etc

A1 Directives, Recommendations, Regulations and Resolutions
84/549/EEC Council Recommendation concerning the implementation of harmonization in the field of telecommunications.
93/C213/01 Council Resolution on the review of the situation in the telecommunications sector and the need for further development in that market.
94/C48/01 Council Resolution on universal service principles in the telecommunications sector.
94/C379/03 Council Resolution on the principles and timetable for the liberalization of telecommunications infrastructures.
95/C258/01 Rådets Resolusjon om udarbejdelse af den fremtidige lovgivningsmæssige ramme for teletjenester.
95/62/EF Europaparlamentet og Rådets direktiv om ONP-vilkår for taletелефonitjenesten.
96/19/EC Commission Directive amending directive 90/388 with regard to the implementation of full competition in telecommunications markets.
97/33/EC Directive of the European Parliament and of the Council on interconnection in telecommunications with regard to ensuring universal
service and interoperability through application of the principles of Open Network Provision (ONP).


2000/0185 Regulation of the European Parliament and of the Council on unbundled access to the local loop.


A2 Green Papers, White Papers and Communications etc.

COM(87)290 Green Paper on the development of the Common Market for telecommunications services and equipment.


COM(93)700 White Paper on Growth, Competitiveness and Employment.

COM(94)440final Green paper on the Liberalisation of Telecommunications Infrastructure and Cable Television Networks part I.

COM(94)682 Green paper on the Liberalisation of Telecommunications Infrastructure and Cable Television Networks part II.


COM(96)608 Commission Communication on Assessment Criteria for National Schemes for the Costing and Financing of Universal Service in telecommunications and Guidelines for the Member States on Operation of such Schemes.

COM(96)73 Communication to The European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions: Universal Service for telecommunications in the perspective of a fully liberalised environment.

COM(99)539 Communication from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions: Towards a new framework for Electronic Communications infrastructure and associated services. The 1999 Communications Review.

SEC(92)1048 final Communication by the Commission. Review of the situation in the telecommunications services sector.

**B. Norwegian Documents**257

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**B1 Government Documents and Proposals to the Parliament** 

NOU 1983:32 *Telematikk.*  
NOU 1984:29 *Organisering av Televerket i Norge.*  

Ot. prp no 13 (1881) *Lov om Eneret for Staten til Befordring af Meddelelser ved Hjælp af Telegraflinier og lignende Anlæg.*  

Ot. prp nr 11 (1898-99) *Lov om Eneret for Staten til Befordring af Meddelelser ved Hjælp af Telegraflinier og lignende Anlæg.*  

Ot. prp nr 56 (1985-86) *Endringer i Telegrafloven (private kabelnett anlegg).*  

Ot. prp nr 61 (1993-94) *Lov om omdanning av forvaltningsbedrifta Televerket til aksjeselskap.*  

Ot. prp nr 36 (1994-95) *Lov om telekommunikasjon.*  

Ot. prp nr 31 (1997-98) *Om lov om endringer i lov 23 juni 1995 nr 39 om telekommunikasjon.*

St. meld nr 48 (1984-85) *Om Televerkets videre organisering og virkemåte.*

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257 Some of the Norwegian documents have been translated to English. In these cases I refer to the English versions and also use the English translation when quoting the documents in the analysis.
St. meld nr 32 (1986-87) *Hovedretningslinjer for grensesnitt mellom Televerkets monopol- og konkurranseområde.*

St. meld nr 38 (1988-89) *Om hovedlinjer for organisering av verdiøkende teletjenester m.v.*

St. meld nr 49 (1989-90) *Om vurdering av monopol eller konkurranse for tilbud av mobiltelefontjenester.*


St. meld nr 67 (1991-92) *Om omorganisering av Televerket.*

St. meld nr 21 (1995-96) *Om Telenor AS.*

St. meld nr 17 (1997-98) *Om Telenor AS si verksam.*

St. meld nr 24 (1998-99) *Om enkelte regulatoriske spørsmål i telesektoren.*

St. prp nr 98 (1985-86) *Om etablering av et nytt forvaltningsorgan på telekommunikasjonsområdet.*

St. prp nr 92 (1986-87) *Om opprettelse av Televerkets konkurranseselskap TBK AS.*

St. prp nr 43 (1993-94) *Om tilknytningsform for samferdselsbedriftene.*

St. prp nr 70 (1995-96) *Om avvikling av resterende eneretter i Telesektoren.*

St. prp nr 33 (1997-98) *Om kapitalutviding i Telenor AS.*

St. prp nr 58 (1998-99) *Om sammenslåingen av Telenor AS og Telia AB.*

St. prp nr 66 (1999-2000) *Om Telenor.*

St. prp nr 3 (2000 – 2001) *Spørsmål i forbindelse med endring av departementstilknytningen for Telenor m.v.*

**B2 Other Government Documents**


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258 This document mainly concerns the attempted merger of Telia and Telenor that was called off in 2000. It is included in the list because it was debated together with documents that are important in this analysis.


**B3 Proposals from Members of Parliament**


Dok 8:42 (1998-99) *Om utskilling av Telenors nett, og om etablering av et selskap for forvaltning av statlige telenett.* Proposal from Inge Myrvoll, Socialist Left Party.

**B4 Recommendations from Standing Committees of the Parliament**

Innst. O nr 6 (1881) *Lov om Eneret for Staten til Befordring af Meddelelser ved Hjælp af Telegraflinjer og lignende Anlæg* (Ot.prp nr 13 (1881)).

Innst. O nr 47 (1898-99) *Lov om Eneret for Staten til Befordring af Meddelelser ved Hjælp af Telegraflinjer og lignende Anlæg* (Ot.prp nr 11 (1898-99)).

Innst. O nr 66 (1994-95) *Lov om telekommunikasjon* (Ot.prp 36 (1994-95)).


Innst. S nr 115 (1991-92) *Om televerksemnda i Noreg* (St. meld nr 8 (1991-92)).

Innst. S nr 25 (1992-93) *Om omorganisering av Televerket* (St. meld 67 (1991-92)).

Innst. S nr 163 (1993-94) *Om tilknytningsform for samferdselsbedriftene* (St. prp 43 (1993-94)).

Innst. S nr 132 (1995-96) *Om Telenor AS* (St.meld 21 (1995-96)).

Innst. S nr 284 (1995-96) *Om avvikling av enerettene i Telesektoren* (St.prp 70 (1995-96)).
Innst. S nr 123 (1997-98) *Om Telenor AS si verksemd* (St. meld nr 17 (1997-98)).
Innst. S nr 124 (1997-98) *Om kapitalutviding i Telenor AS* (St prp nr 33 (1997-98)).
Innst. S nr 126 (1997-98) *Om å overføre generalforsamlingsansvaret til NHD, børsnotering osv* (Dok 8:56 (1997-98)).
Innst. S nr 196 (1998-99) *Om utskilling av Telenors nett, og om etablering av et selskap for forvaltning av statlige telenett* (Dok 8:42(1998-99)).
Innst. S nr 197 (1998-99) *Om sammenslåingen av Telenor AS og Telia AB* (St prp nr 58 (1998-99)).
Innst. S nr 198 (1998-99) *Om enkelte regulatoriske spørsmål i telesektoren* (St. meld nr 24 (1998-99)).
Innst. S nr 21 (2000-2001) *Spørsmål i forbindelse med endring av departementstilknytningen for Telenor m.v.* (St. prp nr 3 (2000 – 2001)).

### B5 Parliamentary Debates

Debate in Lagtinget 21 April 1881 (on Innst O nr 6, Ot. prp nr 13 (1881)).
Debate in Lagtinget 27 March and 11 April 1899 (on Innst O nr 47, Ot. prp nr 11 (1898-99)).

Debate in Odelstinget 4 April 1881(on Innst O nr 6, Ot prp nr 13 (1881)).
Debate in Odelstinget 14.-16 March 1899 (on Innst O nr 47, Ot prp nr 11 (1898-99)).
Debate in Odelstinget 12 March 1998 (on Innst O nr 33, Ot.prp nr 31 (1997-98)).

Debate in Stortinget 7 June 1994 (on Innst S 163 (1993-94), St.prp 43 (1993-94)).

Debate in Stortinget 24 March 1998 (on St meld 17 (1997-98), St prp 33 (1997-98), Dok 8:50 (1997-98) and Dok 8:56 (1997-98)).

Debate in Stortinget 3 June 1999 (on Dok 8:42 (1998-99), St prp 58 (1998-99), St meld 24 (1998-99)).

Debate in Stortinget 14 June 2000 (on Innst S nr 242, St prp nr 66 (1999-2000)).

Debate in Stortinget 14 November 2000 (on Innst S nr 21, St prp nr 3 (2000-2001)).

B6 Acts


B7 Regulations Considered Specifically

FOR 1997-12-05 no 1259 Regulations on Public Telecommunications Networks and Public Telecommunications Services.


C. Danish Documents

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C1 Government Documents and Proposals to the Parliament
7. Oktober 1896 Forslag til lov om Eneret for Staten til Anlæg og Drift af Telegrafer og Telefoner m.m.
L 162 (1985-86) Forslag til Lov om telefonapparater.
L 163 (1985-86) Forslag til Lov om udfærdigelse af koncessioner på anlæg og drift vedrørende visse telekommunikationstjenester.
L 11 (1990-91) Forslag til Lov om visse forhold på telekommunikationsområdet.
L 12 (1990-91) Forslag til Lov om offentlig mobilkommunikation (GSM-mobilnet).
L 201 (1993-94) Forslag til Lov om ændring af lov om visse forhold på telekommunikationsområdet med flere love.
L 227 (1993-94) Forslag til Lov om offentlig personsøgning (ERMES)
L 233 (1994-95) Forslag til Lov om ændring af lov om visse forhold på telekommunikationsområdet og lov om offentlig mobilkommunikation (GSM-mobilnet).

259 Some of the Danish documents have been translated to English. In these cases I refer to the English versions and also use the English translation when quoting the documents in the analysis.
L 234 (1994-95) Forslag til Lov om ændring af lov om radio og fjernsynsvirksomhed (Vilkår for fællesantenneanlæg m.v.).


L 244 (1995-96) Forslag til Lov om ændring af lov om visse forhold på telekommunikationsområdet og lov om radio- og fjernsynsvirksomhed.


L 246 (1995-96) Forslag til Lov om standarder for transmission af TV-signaler m.v.

L 260 (1996-97) Forslag til lov om ændring af lov om konkurrenceforhold og samtrafik i telesektoren (Beregning af samtrafikpriser m.v.).

L 261 (1996-97) Forslag til lov om tildeling og anvendelse af nummerresourcer m/f.

L 262 (1996-97) Forslag til lov om graveadgang og ekspropriation m.v. til telekommunikationsformål.


L 265 (1996-97) Forslag til lov om ændring af lov om offentlig mobilkommunikation (ændring som følge af lov om radiokommunikation og tildeling af radiofrekvenser).

L 266 (1996-97) Forslag til lov om ændring af lov om forsyningspligt og visse forbrugerforhold inden for telesektoren (Landsdækkende nummeroplysning m.v.).

L 267 (1996-97) Forslag til lov om ændring af lov om visse forhold på telekommunikationsområdet (ændringer som følge af teleliberaliseringsens trin 2b m.v.).


L117 (1997-98) Forslag til Lov om ændring af lov om forsyningspligt og visse forbrugerforhold inden for telesektoren.
C2 Other Government and NTA Documents


Ministry of Information Technology and Research (2001) *From Hardware to Content. Strategy for Fast, Cheap and Secure Internet to all of Denmark.*


C3 Political Agreements

Political Agreement of 22 June1990: *Politisk aftale vedrørende telestrukturen.*
Political Agreement of 25 June 1993: *Tillæg til den politiske aftale af 22. juni 1990 vedr. telestrukturen (ændring af Tele Danmarks kapitalstruktur).*


Political Agreement of 6 April 1995: *Tillæg nr. 3 til den politiske aftale om telestrukturen (liberalisering pr. 1. juli 1995).*


Political Agreement of 8 September 1999: *Principaftale af sigtelinier for telepolitisken – danskernes adgangsbillet til netværkssamfundet.*

**C4 Recommendations of Standing Committees of the Parliament**

Erklæring over det fra Folketinget tilbagesendte Forslag til Lov om Telegrafer og Telefoner (Afgiven af Landstingets Udvalg den 4de Maj 1897)

Erklæring over det fra Landstinget tilbagesendte Forslag til Lov om Telegrafer og Telefoner. (Afgiven Af Folketingets Udvalg den 24de April 1897)

Betænkning over Forslag til Lov om eneret for Staten til Anlæg og Drift af Telegrafer og Telefoner m.m. (Afgiven af Folketingets Udvalg den 5te Februar 1897)

Betænkning on L 11 (1990-91) *Forslag til Lov om visse forhold på telekommunikationsområdet.*

Betænkning on L 12 (1990-91) *Forslag til Lov om offentlig mobilkommunikation (GSM-mobilnet).*


Betænkning on L 201 (1993-94) *Forslag til Lov om ændring af lov om visse forhold på telekommunikationsområdet med flere love.*

Betænkning on L 227 (1993-94) *Forslag til Lov om offentlig personsøgning (ERMES)*

Betænkning on L 233 og L 234 (1994-95) *Forslag til Lov om ændring af lov om visse forhold på telekommunikationsområdet og lov om offentlig
mobilkommunikation (GSM-mobilnet) and Forslag til Lov om ændring af lov om radio og fjernsynsvirksomhed (Vilkår for fællesantenneanlæg m.v.).


Betænkning on L 246 (1995-96) Forslag til Lov om standarder for transmission af TV-signaler m.v.

Betænkning on L260-268 (1996-97) Forslag til lov om ændring af lov om konkurrenceforhold og samtrafik i telesektoren (Beregning af samtrafikpriser m.v.), Forslag til lov om tildeling og anvendelse af nummerressourcer mf., Forslag til lov om graveadgang og ekspropriation m.v. til telekommunikationsformål, Forslag til lov om radiokommunikation og tildeling af radiofrekvenser, Forslag til lov om Telestyrelsen, Forslag til lov om ændring af lov om offentlig mobilkommunikation (Ændring som følge af lov om radiokommunikation og tildeling af radiofrekvenser), Forslag til lov om ændring af lov om forsyningspligt og visse forbrugerforhold inden for telesektoren (Landsdækkende nummeroplysning m.v.), Forslag til lov om ændring af lov om visse forhold på telekommunikationsområdet (Ændringer som følge af teleliberaliseringens trin 2b m.v.) and Forslag til lov om ændring af lov om radio- og fjernsynsvirksomhed og lov om standarder for transmission af tv-signaler m.v. (Ændringer som følge af lov om Telestyrelsen).

Betænkning on L117(1997-98) Forslag til Lov om ændring af lov om forsyningspligt og visse forbrugerforhold inden for telesektoren.

Betænkning on L 245 (1998-99) *Forslag til Lov om ændring af lov om konkurrenceforhold og samtrafik i telesektoren.*


**C5 Parliamentary Debates**

Debate in Folketinget 30 October 1896, 16 February, 4 March, 29 April (on Forslag til lov om Eneret for Staten til Anlæg og Drift af Telegrafer og Telefoner m.m.).

Debate in Folketinget 10 October, 6 November and 8 November 1990. (on L 11 and L12 (1990-91)).


Debate in Folketinget 23 February, 1 March and 3 March 1994 (on L 201 (1993-94)).

Debate in Folketinget 13 April, 6 May and10 May 1994 (on L 227 (1993-94))

Debate in Folketinget 28 April, 24 May and 31 May 1995 (on L 233 and L 234 (1994-95)).

Debate in Folketinget 26 April, 28 May and 31 May 1996 (on L241-L 246 (1995-96)).

Debate in Folketinget 12 May, 27 May and 29 May 1997 (on L260-268 (1996-97)).

Debate in Folketinget 11 June, 24 June and 26 June 1998 (on L117 (1997-98)).

Debate in Folketinget 12 November, 10 December and 15 December 1998 (on L 75 (1998-99)).


Debate in Folketinget 13 April, 24, May and 26 May 2000 (on L 248 (1999-2000)).

**C6 Acts Considered Specifically**

Act no 84 of 11 May 1897 *Lov om Telegrafer og Telefoner.*

Act no 743 of 14 November 1990 *Lov om visse forhold på telekommunikationsområdet.*
Act no 466 of 12 June 1996 *Lov om forsyningspligt og visse forbrukerforhold inden for telesektoren.*

Act no 467 of 12 June 1996 *Lov om konkurrenceforhold og samtrafik i telesektoren.*

Act no 395 of 10 June 1997 *Lov om Telestyrelsen.*

Act no 470 of 1 July 1998 *Lov om ændring af lov om forsyningspligt og visse forbrugerforhold inden for telesektoren.*

Act no 418 of 31 May 2000 *Lov om konkurrence- og forbrugerforhold på telemarkedet.*

**C7 Regulations Considered Specifically**

Executive Order no 712 of 25 July 1996 *Executive Order on the Provision of Telecommunications Networks and Services.*

Executive Order no 581 of 6 July 1999 *Executive Order on the Provision of Telecommunications Networks and Services.*

Executive Order no 705 of 6 September 1999 *Executive Order on USO Services.*

Executive Order no 1010 of 6 November 2000 *Executive Order on USO Services.*
D. Irish Documents

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D1 Government Proposals to the Parliament

1892 Bill. *Telegraph Bill.*

D2 Other Government and ODTR Documents

Department of Public Enterprise (2001a) *Structural Funds for the Development of e-Commerce and Communications Infrastructure and Services in Ireland 2001. Instructions to Tenderers.*

ODTR D/99 Decision Notice. *Designation of Universal Service Provider.*

ODTR 00/35 Decision Notice. *Price Cap on eircom 1999*. Compliance Statement (D8/00).


**D3 Reports and Proceedings of Select Committees in Parliament**

16 June 1892. *Special report and report from the Committee on Telegraphs Bill*; together with the Proceedings of the Committee and Minutes of Evidence. Telegraph Bill 15.-16 June 1892.


**D4 Parliamentary Debates**

**UK Parliament**

Lords Debate 21 June, 23 June, 24 June 1892 (On Telegraph Bill).

Commons Debate 26 May, 27 June 1892 (On Telegraph Bill)

**Dail**


Dail Debate 19 May, 15 June, 22 June, 23 June and 7 July 1982 (On Postal and Telecommunications Services Bill 1982).


Dail Debate 15 June, 16 June, 23 June and 6 July (On Postal and Telecommunications Services Bill 1982).

Dail Debate 6 December 1995 (On Telecom Éireann Strategic Alliance Initiative).
Dail Debate 25 September, 26 September, 3 October, 6 October, 9 November 1996 (On Telecommunications (Miscellaneous Provisions) Bill 1996).
Dail Debate 10 November 1998 (On Adjournment Debate. Telephone Rental Allowance Scheme).
Dail Debate 13 May 1999 (On Telecom Éireann ESIP-IPO: Motion).

D5 Acts

D6 Statutory Instruments (SI)
SI 45 of 1992 European Communities (Telecommunications Services) Regulations.
SI 123 of 1996 *European Communities (Mobile and Personal Communications) Regulations.*

SI 393 of 1996 *Telecommunications Tariff Regulation Order.*

SI 338 of 1997 *European Communities (telecommunications infrastructure) regulations 1997.*

SI 445 of 1997 *European Communities (application of open network provision to voice telephony) regulations 1997.*


SI 180 of 1998 *European Communities (Full competition in Telecommunications) Regulations 1998.*

SI 70 of 1999 *European Communities (Telecommunications Infrastructure) (Amendment) Regulation 1999.*

SI 71 of 1999 *European Communities (Voice Telephony and Universal Service) Regulations 1999.*


SI 69 of 2000 *European Communities (Interconnection in telecommunications) (Amendment) Regulations 2000.*

SI 70 of 2000 *European Communities (Telecommunications Licences) (Amendment) Regulations.*
# APPENDIX III

Form for Analysis of ICT Policy Documents

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ICT-POLICY

*Direct quotations used as far as possible.*

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APPENDIX IV

Form for Analysis of Debates on Monopoly Acts and Liberalisation

Arguments for monopolies

COMPETITION – POLITICAL CONCERN

MARKET FAILURE – NATURAL MONOPOLY – ECONOMIC CONCERN

DISTRIBUTIVE JUSTICE – SOCIAL CONCERN

OTHER/Modifications

Arguments for private enterprise/liberalisation
APPENDIX V
List of Informants Interviewed

Norway
Ministry of Transport and Communication
• Deputy Director General Jørn Ringlund, 7 March 2000 and 27 February 2002 (telephone interviews).

Norwegian Post and Telecommunications Authority
• Director General Willy Jensen and Director Jan E Graff, 27 February 2002.

Denmark
Ministry of Research and Information Technology
• Head of Division Sune Rand, 2 July 2001.

National Telecom Agency
• Deputy Director General Finn Petersen, 2 July 2001.

TDC/Tele Danmark
• Senior Vice President Finn Schkolnik, 2 June 2001.

The Danish Telecommunications Workers’ Union
• President Bo S Larsen, 5 July 2001.

Associate Professor Morten Falch, Center for Tele-Information, Technical University of Denmark, 3 July 2001.
**Ireland**

Department of Public Enterprise

- Principal Officer Aidan Hodson, 8 June 2000.
- Eanna O’Conghaile, 1 February 1999.

Office of the Director of Telecommunications REgulation

- Manager Leonie Allen, 4 December 2001.

Information Society Commission

- Secretary Brenda Boylan, 5 February 1999 and 14 June 2000.

Telecom Eireann/Eircom

- Manager Bernie Roche and Assistant Company Secretary Martin Giffney, 4 February 1999.

CommunicationsWorkers Union

- National Officer Chris Hudson, 3 February 1999 and 7 June 2000.

Telecommunications and Internet Federation

- Executive Michael Davitt, 4 December 2001.

Fianna Fail


Dr Roddy Flynn, Dublin City University, 3 February 1999.
Professor Paschal Preston, Dublin City University, 7 June 2000.

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268 Labour and Fine Gael did not find time for an interview. Therefore I have only interviewed Fianna Fail.
APPENDIX VI

Interview Guides (2 examples)

Example I:

Interview Guide – Copenhagen 2001

IKT-politikk – politikken for netværkssamfundet
5) Hvilken betydning har den overordnede IKT-politikken
   (netværksredegjørelserne m.m.) i dansk politikk?
6) Hvordan forholder dansk politikk seg til initiativer som eEurope?

Teleregulering
7) Er det stor enighet om telepolitikken i Danmark? Er f.eks. de telepolitiske
   avtalene uttrykk for konsensus eller kompromiss?
8) Hva var den viktigste begrunnelsen for den nye lovrevisjonen? Fremme
   konkurranse eller mer fleksibel lovgivning?
9) Hvorfor ikke vente på konklusjonene fra Review 1999? Hvor stor
   betydning har EU for utforming av dansk telepolitikk?
10) Hvor lenge vil det være hensiktsmessig med sektorspesifikk lovgivning?
11) Kan det være et spenningsforhold mellom sterkere konkurranse og tilgang
    for alle?
Forsyningspligt

12) Har det vært diskutert å endre omfanget av forsyningspliktsytelsene? F.eks. utvide til ADSL-tjenester?
13) Har det vært problematisk å ha en mer omfattende regulering enn EU?
14) Hva er den danske begrunnelsen for maksimalprisene? Er det først og fremst å hindre store regionale forskjeller, eller kompensere for manglende konkurranse?
15) Er regionale forskjeller i pris- og tjenestetilbud et tema i Danmark?
16) 50 kroners regelen ble fjernet for å muliggjøre rebalansering av prisene. Har det gitt utslag i høyere utgifter for noen kundegrupper?

Bredbånd

17) Er det en politisk utfordring å sikre bredbånd til alle i Danmark?
18) Legges det opp til å påvirke markedet? (regulering, offentlige tiltak)

Informasjon – statistikk

Finnes det oversikter over:

19) regionale prisforskjeller?
20) forskjeller i tilbud regionalt?
21) forskjeller i grad av konkurranse regionalt?
22) ulike sosiale gruppers bruk av tjenester?
Example II:

Interview Guide – Dublin 1999, Department of Public Enterprise

Department of Public Enterprise- ODTR

• What exactly is the relationship between ODTR and the Department – who does what?
• Who has what responsibility on universal services?
• The new Telecommunications Infrastructure Board – what position does this have?
• How independent is the ODTR?

Privatisation/IPO

• How much does the state own at the moment? Are both Telia and KPN selling out all their shares? Any new large owners?
• Why are shares losing value?
• When Eircom is no longer a public company – will telecommunications change departments?
• Can I have a copy of the 1999 Postal and Telecommunications Services (Amendment) Act that enabled ESOP and IPO.

Reregulations

• How would you characterise Irish telecommunications regulations compared to other countries in the EEA Area?
• How is the Irish regulatory regime formed? Is there a broad consensus or are some issues controversial?
• Which actors are most interested in regulations?
EU 1999 Review

- Is the 1999 Review welcomed by the Department?
- Will the transformation from licenses to general authorisations mean large changes in the Irish system?

Universal service regulations

- Is USO a political issue? Is there a tension between liberalisation and universal service in Ireland?
- The Irish price cap on ISDN services goes further than the EU. Is that controversial?
- The Department calls for more in-depth studies in its response to the 1999 Review – why is that?
- Is lack of competition the only reason for price-cap regulation? (How about social needs?) Do you measure the degree of competition on a national basis or do you consider regions as well?
- Geographical averaging – are people experiencing different prices for access/use? How can geographical averaging be implemented – e.g. on leased lines? Will minimum prices be an option?
- Free rental schemes – are these provided by this Department?

Broadband

- What are the Irish objectives on broadband developments?
- How are the broadband investments (public/private partnerships) implemented in accordance with EU competition rules?
- Have price caps on broadband services been discussed?