
Should Europe Adopt an Industrial Policy to Strengthen its Telecoms Sector?

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Questions

- What is the relationship between regulation and industrial policy?
- Is there any market structure which is particularly desirable?
- Remember: Statement from Commissioner Kroes of 12 July 2013 – but is this really about industrial policy?
- A: No, rather about shifting the competition policy focus more towards dynamic efficiency, after a strong 15 year focus on static efficiency following market liberalisation.

Literature on Broadband: Interplatform Competition

- Inter-platform competition has positive effects on broadband diffusion (see, e.g., Cava-Ferreruela and Alabau-Munoz, 2006, Distaso, Lupi and Maneti, 2006, Höffler, 2007, Denni and Gruber, 2007, Bouckaert, van Dijk and Verboven, 2010, and, most recently, Nardetto, Valletti and Verboven, 2013).
- Briglauer, Ecker and Gugler (2013) as well as Briglauer (2013) have found a non-linear relationship between inter-network competition and broadband diffusion, Calzada (2013) and Gruber (2013) have both found no evidence for inter-platform competition accelerating broadband diffusion.

Literature on Broadband: Intraplatform Competition

- Lee, Marcu and Lee (2011) have found unbundling and service-based competition to foster broadband uptake,
- Denni and Gruber (2007), Distaso, Lupi and Maneti (2006), Cava-Ferreruela and Alabau-Munoz (2006) and Höffler (2007) found only small or insignificant effects.
- Wallsten and Hausladen (2009), Bouckaert, van Dijk and Verboven (2010) and Briglauer, Ecker and Gugler (2013) have even found that facilitating intra-network competition through access regulation negatively affects broadband penetration as it reduces incentives for broadband investment.

Relationship between Fixed and Mobile Networks

- Currently, fixed networks appear to be regulated in a softer fashion than mobile networks (pure LRIC versus LRIC+).
- Rather strict mobile regulation may also foster industry consolidation (ongoing concern of the German Monopolies Commission ever since 2007).
- The differences in approach towards fixed and mobile are not really based on any sound principle.
- Relationship between competition and innovation is not always entirely clear, but monopolies are unlikely to foster innovation.

Further Issues

- Which of the large innovative firms has resulted from industrial policy: Microsoft, Google, Facebook, Skype, WhatsApp,..... – none!
- The role of net neutrality.
- The role of OTT players
- Lessons from other industries: Electricity (especially renewables) complete and utter failure with respect to industrial policy.

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