

“The New Public Service Transnationals:
Hybridisation and Regulation”

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Author contact details:

Judith Clifton
Senior Lecturer in Political Economy
Department of Economics
Universidad de Cantabria
Av de los Castros s.n
Santander, Spain E39005
Tel. + 34 942579918
judith.clifton@unican.es

Daniel Díaz-Fuentes
Professor of Economics
Department of Economics
Universidad de Cantabria
Av de los Castros s.n
Santander, Spain E39005
Tel + 34942201624
diazd@unican.es

Notes on Contributors

Judith Clifton is Senior Lecturer in Political Economy at the Department of Economics, Universidad de Cantabria, Spain, Visiting Researcher at the Robert Schuman Centre, European University Institute in Florence, and co-opted board member of the University Association for Contemporary European Studies. Recent publications include the edited volume Transforming public enterprise in Europe and North America: Networks, Integration and Transnationalisation (Palgrave 2007); 'Privatisation in the European Union 1960-2005: ideological, pragmatic, inevitable?' Journal of European Public Policy; 'Empowering Europe's Citizens? On the prospects for the Charter of Services of General Interest' Public Management Review, Fall, 2005 and Privatisation in the European Union: public enterprises and integration (Kluwer Academic Publishers, 2003) all jointly published with Daniel Díaz-Fuentes and Francisco Comín. She also published in The Politics of Telecommunications in Mexico (Palgrave, 2000) whilst she won the Harold Blakemore Prize in 1998 for the best essay on Latin America, subsequently published as 'On the political consequences of privatisation: the case of Teléfonos de México' Bulletin of Latin American Research (19) 2000.

Daniel Díaz-Fuentes is Professor of Economics at the Universidad de Cantabria and Salvador Madariaga Fellow at the European University Institute in Florence. In addition to the joint publications mentioned under Judith Clifton's profile, he has published numerous articles, books and chapters with prestigious publishers, major publications including La Empresa Pública en Europa, with Francisco Comín (Síntesis, 2006); Technological Innovation and Employment: Intersectoral Appraisals of Structural Change in Service Economy Essays on Microeconomics and Industrial Organisation, (Physica-Verlag Springer-Verlag, 2003); 'The Emergence of Central Banks in Latin America: Are Evolutionary Models Applicable?' in The Emergence of Modern Central Banking from 1918 to the present edited by Carl L Holtfreirich, Jaime Reis & Gianni Toniolo (Adershot-Brookfield-Singapore-Sydney, 2000); 'On the Limits of the Post-Industrial Society Structural Change and Service Sector Employment in Spain' International Review of Applied Economics (1999) and 'Latin America during the Interwar Depression The Rise and the Fall of the Gold Standard in Argentina, Brazil and Mexico' in Latin America and the World Economy since 1800 edited by John Coatsworth & Alan Taylor, Harvard University Press (1998).

Across the twentieth century, Transnational Corporations (TNCs) and public services providers were largely perceived as organisations evolving in separate, not to say antagonistic, economic, social and ideological spheres.¹ Whilst TNCs were associated with privately owned firms, bent on profit-maximising, rent-seeking, and aggressive expansion abroad, public services providers were conceived of as being non-market oriented, locally or nationally-based entities, providing welfare, development and defence, subject to state regulation and, in many cases, state-ownership. It is both dramatic and unprecedented, therefore, that, in recent years, an important number of public services - Electricité de France, Telefónica, Deutsche Telekom, Vodafone, E.On, France Telecom, Endesa, Enel, Deutsche-Post-DHL, Gazprom, MTN Group, Telmex-América Móvil, Singtel and so on - have emerged among the leading TNCs in the developed and developing world. Whereas most firm transnationalisation from the 1950s was dominated by the manufacturing, oil and financial sectors, usually originating from the United States (US), this new and emerging phase of transnationalisation is in the services, and originates in multiple countries, particularly, but by no means exclusively, Europe. But these services include public services – ‘public’ in the sense that the services operate in the public interest - rather than meaning that the services are necessarily publicly owned. Some transnationalised public services, that have emerged as TNC leaders, therefore, include those that provide basic welfare upon which households and communities are directly dependent on a daily basis: water, electricity, gas, telecommunications, post, railways, buses and even air and sea transportation.

The transnationalisation of public network service infrastructures – sometimes referred to as ‘large technical systems’² due to their webs of physical networks linking individual households and industrial users to complex hubs or nodes and vast sites of production - constitutes a crucial experiment when examining the impact of globalization upon the state. For the duration of the twentieth century, these networks were deeply embedded geographically, institutionally, politically and psychologically within the confines of the nation state.³ Previously, during the nineteenth century, railways and the telegraph and, later, telecommunications and electricity, integrated isolated villages and towns. Private investment, backed by financial state guarantees or collateral, was crucial during this period, but was mainly interested in cream skimming - profitably linking centres including those in the colonies – whilst ignoring the peripheries.⁴ State activity was channelled towards offering these investors subsidies and guarantees to invest in the peripheries. It also fell to the state to secure agreements for interconnection, interoperability and technical norms (railways, telecommunications and electricity) within the national and international systems.

As state intervention increased, particularly from the interwar period, governments used networks to protect borders (both physical, in the case of railways, ports, shipping, energy and telecommunications, and psychological, in the case of broadcasting), to separate those inside from those outside, to forge a common identity and to help consolidate a centralised authority.⁵ Networks, then, were used physically and psychologically to help forge the nation state. Their strategic, social and economic importance were used to justify state running of network utilities in most countries around the world and, often, state ownership, but also private monopolies under exclusive concessions.⁶ Regulation of the networks was oriented to ensure welfare objectives such as universality and accessibility through policies

such as cross-subsidisation by establishing, for example, common tariffs for residents in the centre and periphery. National networks, in other words, became to the state what arteries and veins are to the body; they linked the vital organs so the whole could function.

For most of the twentieth century, then, public service providers concentrated on their home markets. They showed little interest in investing in and controlling the provision of public services abroad. From the late 1990s, however, this all changed. As foreign governments privatised public service providers, Foreign Direct Investment (FDI) flowed from and towards public service providers at unprecedented levels. This had a rapid and novel consequence: public service providers, perceived during the 1980s as the 'ugly ducklings' of national economies, slow to react, bureaucratic and constrained by old-fashioned trade union relations, were pushed to the top of the world ranking of TNCs⁷ emerging, surprisingly, as 'new economic swans'. Since this is still a recent and ongoing phenomenon, however, little attention has been paid to this within International Political Economy (IPE). Given the deep coincidence of public service networks within the borders and institutions of the nation state across the twentieth century, their recent transnationalisation offers an important case to enquire about one of the central problematics of contemporary IPE, that is, the consequences of globalisation upon the state. The main argument of this article is that the recent - and still ongoing - transnationalisation of public services offers evidence that challenges those globalisation analyses that posit that globalisation is increasingly 'hollowing out' the nation state. The argument presented here is based on four, closely interrelated arguments.

Firstly, the recent transformation of public service networks is resulting in increased organizational complexity, blurring formerly distinct categories. The transnationalisation of

public services is producing new entities which combine, simultaneously, the public and private, the domestic and foreign, the state-bound and transnational. The rise of new public service transnationals are thus cases *par excellence* of Sassen's 'hybrids' - unstable and emergent new formations - which render the dichotomous categories used in much social science analysis less relevant.⁸ The state itself becomes an active, sometimes aggressive, transnational actor in an increasingly privatized world, and the logic of its behaviour cannot be always be easily distinguished from that of other private, transnationalising actors. At the same time, the profit or rent-seeking ambitions of private transnational actors are tamed and subjected to norms and rules set and enforced by national and supranational institutions within national spaces.

Secondly, the operation and activities of these new public service corporations and the effective provision of services at the global or regional scale requires the interconnection and the interoperability of the previously nationally or locally-bound infrastructure networks (transportation, energy and communications) and even the construction of missing links at the international scale. This process poses new political challenges for states, public service providers and other pressure groups, since it is not automatic that the required infrastructure or interoperability will be financed by FDI flows or by market-oriented corporations. Incumbent business and even nation states may be against connecting at the transnational level: here, network linkage is one where the transnational state and its institutions may become highly involved.

Thirdly, public service transnationalisation has been accompanied by a transformation of state functions and, in particular, has led to greater pressures for the state to engage in new, more complex, and sometimes transnational, regulation. This trend was probably first

best captured by Majone's concept of the 'regulatory state'. Binding the first three arguments together, this emerging 'regulatory state' engages in multiple, sometimes contradictory, forms of new regulation – anti trust, competition, accessibility, infrastructure investment, corporate governance, public service obligations and new social and environmental regulation - some of which are intended to satisfy (and indeed are captured by) transnational business lobbies, others parts of which aim to satisfy social actors, even to the extent of constructing a novel transnational social citizenship in the European case.

Fourthly, although the leading public service providers are labelled transnational, much of their activity tends to be shaped by regional forces. So, these transnationalised public service providers, at the beginning of the twenty first century, more 'regional' than 'global',⁹ reminds us of the state's voluntary, active membership of this regional body as opposed to being a 'passive victim' of globalization. A state's very regionalization can be read as a sign of state activity, rather than passivity, even though regionalization means acceptance of a simultaneous loss and gain of powers. Regional integration zones matter: they can shape, filter and even block global forces. Clearly, states voluntarily entered into these regional agreements accepting the inevitable trade-offs between cooperation and autonomy, calculating how this would simultaneously enable and restrict its action. Between the local and the global, the state can act at the regional level in a contingent way to promote transnational or regional 'champions' through mergers and acquisitions, infrastructure projects or common regulations. It can opt to reject the forces of marketization, protecting firms from hostile or undesirable takeovers, restrict transnational ventures, projects or common regulations, if swayed to do so for political interests it must satisfy at the domestic level. In sum, the ongoing transnationalisation of public services is accompanied by an active, albeit transformed state, where former divisions between state

and TNC, public and private, and global and local are being eroded, and where new challenges give rise to newly formed political actors.

The rest of this article is divided into four parts. Firstly, the way in which globalization theory has tended to conceptualise the effects of globalization on the state, particularly through TNCs understood as agents of globalization, is briefly critiqued. The rise of the new public service transnationals from the late 1990s is sketched out in the second section, and it is argued their formation resembles hybrids, bridging public-private, TNC-state and local-global, and requires a state active in regulatory and lobbying activities. In the third section, quantitative and qualitative evidence is presented to identify the main public service transnational, evaluate how transnational they are, pinpoint whether this is a global or regional phenomenon, and assess what consequences the transnationalisation of public service providers may have for the state. It is concluded that the transnationalisation of public services has been accompanied with a highly active, transformed state, and that privatisation processes, rather than wedging a gap between the public and private, has resulted in increased hybridisation between the state and business.

States and TNCs in the era of globalisation

One of the central problematics unifying much analysis of globalisation over the last decade has been concern about the consequence of globalisation upon the state. Despite the fact that the globalisation literature is vast and probably even unmanageable, many analysts concur that there has been a systematic focus on two overriding concerns.¹⁰ The first regards how unprecedented and significant globalisation is. So-called 'hyperglobalists'¹¹ claim globalisation is an unprecedented development, opening out markets in a new

borderless world, where goods and services freely flow, and where the state is gradually losing its sovereign power in a 'runaway world'.¹² Globalisation sceptics emphasise historical precedents, arguing there has been no major discontinuity. The state remains important, whilst regionalisation or internationalisation better characterise the world system. For some within this school, globalisation is even a 'myth'.¹³

Accepting that globalization does generate significant change, the second major strand of analysis concerns what globalisation means for the nation state. Underlying much of this analysis is an assumption that it is either global forces or the nation state which come out winner from some kind of battle. This approach, referred to as a 'zero-sum game' or 'tug-of-war'¹⁴, however, is coming under increased criticism by several globalisation experts. Generally, much more nuanced ways of understanding the impact of globalisation on states are being sought. In particular, more attention is being paid to better theorise the (dynamic) relation between global forces and the state that does not necessarily resort to a crude and deterministic winner-and-looser scenario. Rather, it is increasingly being stressed, from different theoretical perspectives, the outcome between the encounter between global and state is multiple, complex and contingent. At the centre of much of this new analysis are attempts to theorise a much more active state.¹⁵ The 'varieties of capitalism'¹⁶ approach is used, for instance, to explain why some states behave differently to others in the face of apparently similar global pressures.¹⁷ In general, there is growing recognition that too much globalisation analysis focused on how economic integration or regional cooperation constrains states whilst underplaying the opportunities that globalisation generates which may allow states to transform and even expand.¹⁸ More stress is being placed on the state's capacity to self-transform in an era of globalisation, since a host of novel tasks for

the state to enact are created, such as complex regulation of newly emerging transnational economic actors.¹⁹

Moreover, whilst much globalisation analysis simplifies the analysis by considering the state vis-à-vis global forces, the importance of regionalism is underplayed, leaving the relationship between globalization and regionalism under-theorised.²⁰ Regionalism is important for the debate on the impotency or otherwise of the state, since regional agreements involve a voluntarily decision by states to construct a zone of integration, accepting a calculated trade off. The relationship between globalization and regionalism may be contingent, since regionalisms may shape, act as a catalyst or attempt to block global forces. Vertically, then, regionalism must be 'brought back into' the analysis, as it symbolises a simultaneous and voluntary enabling and disabling of state power.

Sassen has argued that the analytical separation of the state and globalization is becoming increasingly blurred in practice. This is because globalisation requires a physical and geographical space in which to implant itself: it is not always 'out there' in cyberspace but becomes embedded inside institutions or locations, both of which reside inside state borders, circumscribed by laws, regulations and norms established and upheld by states.²¹ When spaces within state borders are globalized, this has the effect of blurring significantly what is 'public' and what is 'private', what is 'foreign' and what is 'national'. Old categories lose their definitional power since new hybrids emerge that refuse easy definition. Conceptually, then, horizontal spaces thought of as belonging to the public sphere or the state and belonging to private, foreign interests, are becoming merged.

Much IPE analysis of TNCs during the 1980s and 1990s can be read as a microcosm of the debate on globalization, so a great deal of discussion has been dominated by the 'zero sum game' approach. Though analysts have differed vastly in their interpretation of the consequences of TNCs for the state, most start from the premise that the state and the TNC are clearly conceptually separate categories, and proceeded to analyse them as distinct actors, whether friends or foes. The ambitions of the TNC and the state are often dichotomised: if TNCs often figure as profit-oriented interests operating within a competitive market environment, it is also assumed that the national (or supranational) state pursues the public interest by implementing well-designed, independent regulations with citizens' interests in mind. Often, therefore, TNCs figure as a major challenge to state sovereignty, along with international financial institutions such as the International Monetary Fund or the World Bank. These 'new global villains' are held responsible for weakening democracy, undermining states' capacities to regulate and encourage unfair labour practices.²² Other experts stress the way in which the state-TNC relationship has evolved over time, claiming that the hostility and mutual suspicion of the 1970s was replaced by cooperation and consensus in the 1990s.²³

Independent of whether TNCs are viewed as global villains or heroes, however, they tend to be treated as unitary 'black boxes'. Little attention has been paid to looking into this black box until recently.²⁴ Despite the fact there have been many important publicly-owned TNCs throughout the twentieth century,²⁵ it is generally assumed that TNCs are private actors and follow rational profit-making and rent-seeking criterion pressuring and lobbying for norms, rules, regulatory frameworks and infrastructures network configurations for their own interests and, in most cases, against those of their rivals. Dunning's classic 'eclectic paradigm', which sought to explain the major rationales for why firms ventured abroad, is a

good case in point. The reason for this dominant view is logical: the rise of TNCs from the 1950s was indeed dominated by US private firms in the financial, oil and manufacturing sectors. From this perspective, it is understandable that analysts have stressed profit-making and rent-seeking behaviour of these enterprises, rather than considering their internal struggles²⁶ or the impact upon society and welfare as a consequence of their transnationalisation.²⁷

Beyond this traditional and dichotomous perception of the logic of TNC vis-à-vis state behaviour, it is important to analyse the role of lobbies and other political pressure groups working on behalf of business, states, or perhaps both, at the international or regional level. A good example in the EU is the project of the construction of Transnational Networks (TENS) which gained momentum particularly from the end of the 1980s. From the traditional perspective, the TENS project can be understood as an effort on the part of the European Commission to promote the common interest by helping forge the networks necessary to support the creation of a Single Market in the face of globalization, whilst ensuring that economic and social cohesion is maintained.²⁸ Here, the interconnection of networks is understood as the provision of regional public goods, motivated to ensure accessibility and connection with the periphery. The work of the Commission is presented as if it is neutral, and remote from the interests and pressures of TNCs and business lobbies. Another reading, however, is that the state and businesses have compatible and similar goals: the forging of these transnational networks are part of the 'inevitable market' solution to Europe's general economic and competitive ills and to the challenges of globalization.²⁹ National networks must be transformed into larger systems, further promoting private competition (through privatisation and liberalization), whilst improving the system's infrastructure and interconnection so as to better serve the needs of the market

and businesses. In this account, states and businesses have mutually reinforcing interests. A more critical view is that business groups in Europe purposefully self-transformed to become transnational actors (from managers of nationally-bound public enterprises to European champions) and, in so doing, flexed their muscles through lobbying, via the European Roundtable of Industrialists (ERT), in order to promote public investment in networks in order to increase their own strategic interests, namely, to keep and expand their power in large 'competitive monopoly' markets.³⁰ Here, states are captured by businesses seeking to make a Corporation out of Europe. Lobbying for transnational networks has, since the 1980s, been presented in two main ways: firstly the ERT has claimed that Europe needs its 'Euro-champions' in order to compete globally, whilst the European Service Forum has pushed the liberalization of services. National transportation, communications and energy ministers were specifically targeted, until TENs finally reached the EU political agenda.³¹ Though these accounts differ significantly, they coincide in that the interests and logics of states and businesses are increasingly blurred. The logic of public service management, of their regulation and the institutions surrounding them are emerging as new and complex 'hybrids'.

The rise of the public service transnational

For most of the twentieth century, providers of public services focused exclusively on their home markets. FDI, via mergers, acquisitions or green-field investments in firms in foreign countries, was rare in this sector, and was associated with private interests in other sectors. FDI is a key indicator of economic globalization since it entails a shift from domestic to foreign-controlled economic activity: any firm or public organization that undertakes FDI becomes a TNC.

The 1990s marked an important shift in FDI world flows. Prior to the 1990s, FDI was concentrated in the industrial, financial and oil sectors, much of this originating in the US. From the late 1990s, however, services, including public services, became the upcoming destination for FDI, whilst Europe replaced the US as the leading source of FDI. So, if the archetypal TNC in the 1950s was Ford or General Electric, and Toyota or Mitsubishi in the 1980s, at the beginning of the twenty-first century, it may now be Vodafone, France Telecom, E.On or Deutsche Telekom. From the 1980s, public service providers, associated with state management and ownership, were often perceived as the 'ugly ducklings' of national economies, fit only to be exposed to the 'cold winds' of privatisation and free markets. At the beginning of the twenty first century, public service providers, partially or wholly privatised and liberalized to different extents, have emerged as 'new economic swans'. This dramatic influx of FDI towards the public services could be interpreted, at first glance, as being evidence that the welfare settlement of the twentieth century forged between the state and citizens, symbolised by taxes and the vote, is being eroded at the expense of state capacity to provide public services. Deeper analysis of the emergence of transnational public services however points in other directions.

Firstly, though public services providing water, electricity, gas, communications and transport have transnationalised rapidly into many countries worldwide since the 1990s, the overwhelming bulk of this activity is concentrated in specific zones, above all, in Europe. Thus, it has to be questioned whether this is an example of the state 'loosing out' to global forces or an example of upcoming configurations of public services within formally integrated regional zones. Regionalization, rather than globalization, is more important as an organizing agent overall for this transformation of transnational actors. Secondly, and

increasingly, the world of the upcoming public service transnational blurs and undermines the formerly neat categories of what is considered public, private, national and transnational. As former state-owned national public service corporations invest abroad, some start to act like any other private concern. This may lead to the paradox that public service transnationals, even those that are still largely state-owned at home, (though increasingly subject to competition), move abroad aggressively seeking private partners to make profit and undermine competitors. At the same time, the geographical and psychological borders separating transnationalised public service providers at home and abroad is subject to transformation in the sense that any scandal abroad tarnishes a brand as a public service provider in the eyes of the general public opinion, shareholders and the government reputation: corruption or mismanagement breed scandals whose consequences on the brand respects no borders. Public norms, customs and expectations may still be embedded in private spaces.

Thirdly, regulation has become much more complex. Most privatised public service transnationals are still subject to major control by two sources of state power: firstly, the regulatory regime at home to which they must still conform. Secondly, public service transnationals are subject to an increasingly complex array of new regulatory institutions. European TNCs are subject to supranational regulatory agencies and institutions including: the European Commissioners in charge of health and consumer protections, Competition and mergers and acquisitions, Transport and Energy; the European Council of European Energy Regulators (CEER); the European Regulators' Group for Electricity and Gas (ERGEG),³² various World Bank Group institutions that mediate between member countries and foreign investors through the Multilateral International Guarantee Agency and the International Centre for Settlements of International Disputes. TNCs including Telefónica,

Telecom Italia, France Telecom, EDF, AES, Duke Energy, Suez and Gas Natural, among others, have resorted to this International Centre in order to settle disputes with countries including Argentina, Mexico, Venezuela, Ecuador, Romania or Turkey where they invested, during the 1990s, as a result of those governments' privatisation programmes.

Now, in contrast to typical FDI activities in the twentieth century, basically involving manufacturing, oil or financial enterprises, the transnationalisation of public services, which provide fundamental services on a daily basis for citizens and organizations, has profound consequences for welfare and society. Citizens around the world are increasingly receiving public services from foreign, often privately owned companies. Telecommunications provision across Latin America is dominated by rivals Spanish Telefonica or Mexican Telmex and América Móvil, both owned by Grupo Carso Telecom; many public services in Eastern Europe have recently been acquired by German, Austria, Italian and other western European firms. Sometimes, the foreign service-provider is still largely or partially state-owned. Many Londoners, for instance, are provided water, energy and telecommunications by partially state-owned EDF, France Telecom (Orange) or by firms privatised in the 1990s, such as Suez, E.On or Telefónica (02): foreign state involvement in the provision of welfare to another state has huge implications for state theory and transnational regulation policies. Any of these cross-border arrangements may breed resentment, especially where the control of public services is perceived as opportunism, or as evidence of expansionism or neo-colonialism on the part of the TNCs based in the largest and richest countries. If, in the 1950s what was good for General Motors was good for America,³³ at the beginning of the twenty-first century, a sound direct investment in public service infrastructure abroad may be disastrous for international diplomacy and even for regional cooperation. Finally, national publicly-owned enterprises which provide services at home may opt to

aggressively pursue new activities abroad, including opportunities to operate with monopolistic, exclusive rights opened out by foreign privatisation programmes. These transnationalised enterprises include both formerly publicly owned and run monopolies which have been recently privatised, as well as corporations which remain in partially or wholly in state hands. They also include privatised enterprises that are still subject to major control or interference by the state. This opens the publicly sensitive brand up to new risks in the case that problems or scandals develop abroad, as the case of publicly-owned Canadian electricity enterprises which found themselves involved in the California energy crisis,³⁴ or the Spanish Airport Authority (AENA) which took advantage of airport concessions and development limited to perceived risky investment through public finance in twenty seven airports in Latin America (Mexico, Colombia, Cuba, Costa Rica and Bolivia), the EU (the United Kingdom and Sweden) and in the US.³⁵

Treatment of TNCs as a black box, particularly when these TNCs provide public services, ignores the important consequences their transformation is having upon the state and upon societies. The transnationalisation of public services is an important case to illustrate how new, and increasingly complex regulatory tasks are generated for the state to manage and impose. Whilst private authority is indeed on the rise in the global economy,³⁶ the state undergoes a transformation to a 'regulatory state', sometimes on multiple levels, such as domestically and transnationally.³⁷ Networks require complex rules to impose fair interconnections between rival domestic, foreign, public and private actors, with the public interest in mind. Regionalism, however, plays an important role in the transnationalisation of state functions. Moreover, it becomes increasingly difficult to operationalise the terms 'public', and 'private'³⁸: when a publicly owned public services transnationalises to expand aggressively and gain monopolistic power in privatised markets abroad, is this public or

private? When a recently privatised enterprise transnationalises, but follows the dictates of its home government acting as a geopolitical interest, is this public or private? In the twenty-first century, the newly emerging public service transnationals are cases of 'new hybrids'.³⁹ they are messy, complex structures, where the private is embedded in the public and the public in the private, the global in the national, via the regional, and the national in the global. A more detailed picture of this recent transformation will be shown in the next section based on quantitative and qualitative evidence.

Public service transnationalisation: some quantitative and qualitative evidence

Public services, encapsulated within the nation state during the twentieth century, are becoming increasingly transnationalised at the beginning of the twenty first century. Which are the TNC public service leaders? What kind of transnationalisation have they embarked upon? How transnational are they? Does this transnational activity have global reach or a regional logic? And does the influx of private capital render the state obsolete in their management? Quantitative and qualitative evidence is provided in the effort to answer these important questions.

A profile of the public service TNCs

One useful way of measuring transnationality, and of 'mapping' its logic (global or regional) is to quantify the extent of public service activity beyond the nation state in order to assess the degree of transnationality, and to rank the main public service TNC actors. Then, the transnational activity can be disaggregated according to place of destination to identify whether this is global or regional. Probably the most comprehensive datasets on firm

transnationalisation are published by the UNCTAD in its annual World Investment Report.⁴⁰ This report provides detailed databases on the world's top TNCs, categorising them by country of origin, main industrial or service activity, and ranking them by size of their foreign assets and by their 'Transnationality Index'. The Transnationality Index is the average of three ratios: foreign assets to total assets, foreign sales to total sales, and foreign employment to total employment. The destination of transnational activity is not explained, however, so this must be derived from individual company annual reports.

The ranking of public service providers that have become transnationalised in recent years is shown in Table 1. Clearly, this process has been dramatic: in 1996, there was only one public service company listed among the world's top 50 non-financial TNCs, UK-based Cable & Wireless, which was in forty-ninth position. By 2004, among the world's top 50 TNCs, twelve were public service TNCs: five in telecommunications, six in electricity, gas and water and one in transport and postal services.⁴¹

Most of these new transnationalised public services (100% of those in the top 50, and 15 of those in the top 100) are based in the large European economies. Both 'vintage' players and new entrants alike are active: in the telecommunications sector, for example, the main actors include Vodafone (greenfield), Verizon (a newly formed company resulting from the merger of Bell Atlantic and GTE), and traditional players or monopolistic public operators (France Telecom, Deutsche Telekom, Telefónica, Telecom Italia, and Singtel). Of these transnationalised public services, at least one third of all their activity is now transnational, with Vodafone (87.1%) leading the pack. Though, as mentioned, networks expanded across borders in the nineteenth century, this sustained and dramatic experiment with transnationalisation in the early twenty first century is unprecedented.

Public services providers in telecommunications, electricity and gas have a high TNI and, despite their often projecting themselves as 'global' companies with a common brand, in practice, they operate in distinct national markets, often within different networks and under various regulatory bodies, rather than actually working in a global or even a regional network. Often, whilst on the one hand, the providers actively promote transnational networks, such as the TENS, via lobbying at the supranational level (through the ERT or the CEER), many of the ex-monopolistic incumbents seek to maintain their market power and political influence at home, in order to avoid the entry (accessibility, interconnection and interoperability) of their competitors, and demanding sector-specific regulations.

Public service TNCs and the state

It is undisputable, therefore, that private capital in the form of FDI has entered formerly nationally bound public services as never before and the threats of mergers and acquisitions are increasing the challenges and hazards for business and states alike. This leads to multiple questions concerning the state, privatisation and transnationalisation. To what extent has the state become irrelevant in the control and ownership of public service providers? Which companies and states are in control of strategic resources such as gas or nuclear power, and who is or will be in control of the networks of transmission that could create dependency of other companies and states? Is this increased transnational activity coterminous with state withdrawal from the public service firms? What is the relationship between privatisation, state withdrawal and transnationalisation, for example? The answers are contingent on the firms in question. However, certain generalizations can be made.

Firstly, privatisation has been important in all public service sectors, but particularly so in the case of telecommunications. However, even here, state ownership is far from dead. It is true that state ownership of telecommunications enterprises has been reduced drastically through national privatisation programmes. This has not been even, however, across countries or firms, as is shown in Table 2 (column 2). Eight years after the telecommunications sector was liberalized in the EU, state ownership in Deutsche Telekom, France Télécom, Telia Sonera and, to a lesser extent, KPN, was still significant.⁴² It should be stressed, however, that even privatisation does not necessarily mean the state has completely withdrawn. States often maintain a small but potent golden share in the firm, and may remain sensitive to protecting what is perceived as the national interest (by promoting, for instance, national champions), or is defined as being of strategic interest. In 2006 and 2007, German electricity provider e.on attempted to takeover Spanish Endesa, a move that would have created the world's largest utility stretching from Russia to Chile. This operation was agreed upon by the chairman and management executives of Endesa, since it was perceived as preferable to the alternative, the hostile takeover of Endesa by another Spanish (Catalonian) utility company. Spanish and the German governments reacted, however, by intervening heavy handedly in the shaping of this deal. Finally, after the Germans were excluded, an agreement was reached between Endesa (2% state-owned) and Enel (31% owned by the Italian state in 2006) to acquire 10% of Endesa capital with the intention to increase the stake to 25%. Meanwhile - but not necessarily independently - Telefónica and a group of Italian banks acquired rights for 10% of Telecom Italia capital in order to avoid an acquisition by América Móvil (controlled, like Telmex, by the Mexican Grupo Carso Telecom). This Spanish-Italian deal could be interpreted as a business-state 'swap' of shares of national public service providers. In 2006, Enel abandoned a bid for Suez after the French government opposed the transaction.

Secondly, the relationship between privatisation and transnationalisation is not automatic: BT was one of the first telecoms operators to undergo privatisation but, after a brief phase of internationalisation that lasted until 2001, largely withdrew from internationalisation strategies and is now one of the least transnational of the large European operators. Moreover, the relationship between privatisation and transnationalisation has been predominantly asymmetric: for transnationalisation to occur, privatisation abroad is presented as necessary, but not at home. In other words, while outward FDI usually requires privatisation (abroad), the corporation or public organisation pursuing a transnationalisation strategy does not necessarily have to be a private actor. This leads to the paradox that a state-owned public service operator can actively go transnational through a second state's privatisation programme. In terms of the sequence of development, the privatisation of a public service operator may lead to a new bold management strategy to go transnational. However, France Télécom and EDF, for example, embarked on its internationalisation strategy before privatisation set in: it was French public servants and bureaucrats who sought out new foreign markets in the first instance. In this case, internationalisation activities drove the privatisation of firms, rather than vice versa.⁴³ Moreover, even though the state's interest has more recently been vastly reduced in France Télécom, the state maintains a high level of control over the company. Similarly, Gazprom, the huge and expansive Russian gas firm (the world's second largest energy TNC in assets and sales in 2006 after China's State Grid), remains tightly controlled by the government and ex KGB nomenclatura, who manage its search for new FDI opportunities abroad (it has been estimated that around one third of Gazprom's management committee are former KGB).⁴⁴ The OECD has recently criticised the Russian states' growing appetite for asset acquisitions including those by Gazprom as

‘disturbing’.⁴⁵ A common Russian perception, however, is that, if countries abroad block Russian FDI inflows, claiming fear of dependency on Russian gas, could be used to justify their government policy of protecting national champions at home.⁴⁶

Public service TNCs and regionalization: the case of telecommunications

What is the geographical scale and in what direction is this transnationalisation going? If firms are truly global, their activity will be based on multiple countries and zones, rather than on a regional or cross-border scale. In order to ascertain whether these are global or regional players, it is important to disaggregate their activities abroad. Of the top public services actively transnationalising, by far the most consistently transnational are those in the telecommunications sector in the EU. When these telecommunications firms perform abroad, what percentage of their earned revenues are derived globally, and what percentage are due to a particular region or neighbour country? Using individual company annual reports, the evolution of revenue earned abroad as a percentage of total revenue from 1999 to 2005 is shown in Table 2 (column 3). Column 4 shows international revenue as a percentage of total revenue earned specifically in the European Union between 2003 and 2005. Though the results are not even there is a clear trend: the bulk of foreign revenue earned by Vodafone, Tele2, TeleDanmark, France Télécom, KPN, Telia-Sonera and Deutsche Telekom was in Europe. The extent to which Europe dominates foreign-earned revenue is visualised in Graph 1. The closer a firm is to the diagonal line, the more its foreign revenues were from Europe. There are clear exceptions to the European dominance of foreign-earned revenues. Spanish operator Telefonica prioritised foreign activities in Latin America, whilst Cable and Wireless focused (unsuccessfully) on the Caribbean region. Though official figures are not available to date, there are some new

developments: Vodafone recently sold its activities in Japan and thus should be shifted closer to the diagonal line whilst, in 2006, Telefónica increased its activities in the EU by acquiring O2 (formerly known as BT Cell), with operations in the UK, Germany, Czech Republic and Ireland, thus shifting Telefónica closer to the diagonal line.

Thus, an important number of public service providers have recently emerged as the world's leading transnational players: their revenues, assets and employees are increasingly located abroad. The telecommunications sector is consistently the most transnationalised of the public service sectors: however, even in this sector, when foreign revenue is disaggregated by destination, the bulk is from Europe. Tentatively then, there is a trend towards the 'regionalization' of public service activity, dominated by the European experience, rather than a generalised 'globalization'. However, this is a general rule with exceptions: some public service providers have not gone transnational at all, others are mavericks opting for investment outside Europe.

The fact that this trend is dominated by Europe does not mean these transformations are only occurring in Europe: the NAFTA is another important site for public service transnationalisation. From Mexico, for example, has emerged the former nationally-based public telecommunications monopoly, Telmex, and América Móvil controlled through Grupo Carso Telecom by multi-billionaire Carlos Slim. Telmex has expanded throughout Latin America and made incursions into North America (and recently failed to enter Europe through Telecom Italia), and is now one of the top 'trans-latins', and the second ranked TNC in a developing economy after Singtel.⁴⁷ Telmex, along with América Móvil, competes head on with Telefónica in its quest to control Latin American telecommunications

markets.⁴⁸ Canadian public service providers have also rushed to find new markets in the US, particularly where they have strategic advantage, such as in hydroelectricity.

The new dilemmas of public service hybridization

The transnationalisation of public service providers does not necessarily mean the state has withdrawn either in terms of ownership or in control of the firm. Rather, public service providers are undergoing transformation, from being state-controlled and run domestic public service providers to new hybrids, unevenly transformed by global and regional ownership and activities, straddling the worlds of private business and the public interest. As public service providers become transnationalised, how does their behaviour and outlook change? Once confined to nationally drawn up regulatory frameworks, when these firms go abroad, do they start to act like any other private firm operating in monopolistic competitive international markets? Once the state 'loses' its participation via ownership in public service provision, does its role whither away, or it is transformed in novel ways?

After decades of organization as nationally inscribed state owned and run organisations, transnationalised public service providers seeking to make profits abroad as any other business face a dilemma. Whether privatised fully or partially at home, they remain public service providers subject to national or local regulation. Abroad, however, there are signs of their growing transformation, some of which is aggressive. For instance, some of the most dynamic Canadian hydro-electricity publicly owned enterprises have embarked on highly aggressive transnationalisation activities, preferring new private partners to public ones in their new ventures abroad. These firms have gradually adapted their businesses more in line with US regulatory standards rather than the various provincial regulatory demands of

Canadian states.⁴⁹ French and Russian public service providers have done likewise.

Publicly owned and accountable firms are aware of the possible pitfalls in the challenges of their transnationalisation. The British Broadcasting Corporation, a public corporation, has been highly sensitive to the need to protect its image as a public service broadcaster at home whilst expanding its international activities through joint ventures with private commercial operators such as Sky. Certainly, in many cases, the terms 'public' and 'private' are less useful, when public organizations get involved in private business abroad, when privately-owned firms go abroad but are subject to significant control by public institutions. Public service transnationalisation is blurring the utility of these terms, since they encapsulate both, usually unevenly and temporarily.

In the face of these transformations, in the European context, the state's role is being transformed in the sense that it has become responsible for the emergence of a new transnational regulatory framework designed to protect its citizens from possible negative consequences brought on by public service privatisation and transnationalisation. From the middle of the 1990s, national programmes to privatise, liberalise and deregulate public services were accompanied by the introduction of new regulatory frameworks to ensure competitive markets but, in addition, social guarantees. In continental Europe, as privatisation took off seriously, two of the European Union's social partners (the European Trade Union Confederation and the Centre for European Public Enterprise) jointly delivered a draft 'Charter of Services of General Interest' to the European Commission. Influenced by continental legal tradition, the aim of this Charter was not to oppose the privatisation or liberalization of public services, but to demand more legal certainty for their social regulation in order to guarantee users properly working, high quality, accessible and affordable public services regardless of their ownership status.⁵⁰ The UK and Holland

swiftly opposed this continental response to privatisation and liberalization, backed particularly by the French and Belgians. They instead proposed a charter for public services more inspired by Anglo-Saxon New Public Management. The Commission ended up reaching a compromise, in an attempt to satisfy both parties, which was published in the White Paper on Services of General interest in 2004.⁵¹ At the heart of these ongoing efforts is an attempt to construct a novel transnational citizenship within Europe, whereby citizens are awarded rights to certain standards in public service provision, regardless of whether that provider is public or private, or whether that provider is domestic or foreign.

The European approach to public service social regulation is another example of hybridisation, in this case, of a complex Europeanisation.⁵² States' efforts to construct citizens' rights to public services reflect neither a purely continental effort, nor do they mirror solely an Anglo-Saxon New Public Management obsession with consumer rights enshrined in charters.⁵³ Rather, states in Europe have engaged politically and come to an agreement that mixes both traditions in unequal measure.

This hybrid approach, forged bottom-up, is now being unevenly imposed top-down on all new Member States in Central and Eastern Europe and the Baltic States. Since many EU documents on public services have not been translated into their multiple, native languages and, since many of the legal concepts of public services differ profoundly to those inherited from the nineteenth century, modified to different extents by the Soviet period during the Cold War, the result is of this long-winded process tends to be great complexity and some confusion. The emergence and spread, however, of these new layers of transnational social regulation certainly point to the fact that public service reform has induced new complex regulatory functions for the state at the transnational level, at least, in the

European context. Now, each nation state must continue to enforce national regulations, whilst being conscious of a new transnational complimentary layer. Though this regulation is not legally binding yet, its power could be compared to other so-called 'soft' law, such as the Open Method of Coordination. In this way, the state has expanded its sphere of responsibility, though it is brandishing soft, not hard, power. This development towards a social approach to regulation is less obvious in the context of NAFTA. The reason for the difference is because NAFTA is primarily a free trade agreement with a dominant economic logic, in contrast to the EU's efforts to forge economic, social and political union, constituted of various strong transnational actors.

Conclusions

Public service providers, state-run and often state-owned across the twentieth century, associated with welfare, universality and often monopolies, are emerging as some of the world's leading TNCs at the beginning of the twenty first century. This important development is still new and ongoing and, logically, very little attention has yet been paid to it in IPE. The main argument of this article is that the recent transnationalisation of public services sheds new light on key questions about globalization, TNCs and the state. In particular, it is argued that the 'winner and loser' approach used to explain the consequences of globalization is of limited utility for a combination of interrelated reasons, most critical of which is that, notwithstanding unprecedented private flows of FDI into public services, it would be wrong to conclude that the state is increasingly disappearing, obsolete or disinterested in this development. It is indeed ironic that privatisation programmes - justified by some economic theory fashionable in the 1980s - by the stated inherent superiority of private over public ownership and management, has actually

resulted in a blurring of what is private and public. The newly emerging public service transnationals are complex, hybrid creatures: geographically, they are complex beings for, they are embedded at home, often as national public service providers, but reach abroad to identify and conquer new private markets and foreign firms via mergers and acquisitions, in order to increase their size in a monopolistic competitive way. Thus, they straddle the border between the public and the private, global and the national. Moreover, the very creation of linkages amongst the formerly national networks is a process in which states need to promote, particularly at the transnational level, since it is not necessarily in the interest of national business to facilitate connection. In Europe, the rise of the new public service TNCs is no inevitable consequence of globalization, but the ongoing result of the mobilisation of large former national incumbents in telecommunications, energy, water and transportation to lobby at the supranational level for the development and connection of the national networks, as well as lobbying for service liberalization.

At the same time, public service transnationalisation has been accompanied by a growth in state regulatory functions, Majone's regulatory state. The new regulatory state functions, however, pull in multiple directions, towards satisfying both the public and private spheres of economic and social life. In the context of a social Europe, the transnational regulation of public services, accompanied by efforts to construct a novel transnational citizenship with associated rights, has grown from the 1990s. States within Europe have been denationalised, when foreigners acquire formerly domestic public services, yet states have also been required to expand and increase the complexity of their regulatory responsibility. European states were pushed, bottom-up, to embark on social regulation by social partners and Member States. Despite the dramatic phenomenon of public service transnationalisation in recent years, closer analysis reveals that regionalization is a better

overall explanation towards the pattern of transnationalisation than a general globalization. Regionalization is an agreement into which states voluntarily entered; they are not its passive victims. At this regional level, states can resolve to attempt to block, hinder or encourage global forces, choosing a combination of policies that protect social goals and favour international business. The rise of the new public service transnationals offers fresh evidence but poses new questions for globalization analysis. Categories such as private and public, dichotomised in the 1980s to explain different logics of behaviour, are increasingly losing their relevance, as new, emerging forms of doing business develop, between the national and the global, the state and the TNC.

¹ The term transnational corporation (TNC), rather than multinational corporation (MNC) is used, following the United Nations Conference on Trade and Development (UNCTAD), to refer to enterprises that comprise private, public or mixed ownership 'entities in more than one country which operate under a system of decision-making that permits coherent policies and a common strategy. The entities are so linked, by ownership or otherwise, that one or more of them may be able to exercise a significant influence over the others and, in particular, to share knowledge, resources and responsibilities with the others'. See UNCTAD World Investment Report: The Shift towards Services. (United Nations, 2004).

² See Thomas Hughes Networks of Power: Electrification in Western Society 1880-1930 (John Hopkins Press, 1993) and Wiebe Bijker, Thomas Hughes, and Trevor Pinch The Social Construction of Technological Systems: New

Directions in the Sociology and History of Technology, (MIT Press, second edition 1989).

³ As argued by Leslie Sklair 'Globalisation and the Corporations: The Case of the California Fortune Global 500', International Journal of Urban and Regional Research, June (1998), pp. 195-215.

⁴ For empires and communication networks, see Harold Innis Empire and Communications (Oxford University Press, 1950) and Jussi Ramoulin 'Views of periphery of ICT and development perspectives from Canada to Africa' Studia Orientalia 103 (2006), pp. 185-203.

⁵ For the case of France, see Patrice Flichy Dynamics of Modern Communication: the shaping and impact of new communication technologies. (Sage, 1995).

⁶ Francisco Comín & Daniel Díaz-Fuentes La empresa pública en Europa (Síntesis, 2006) and Robert Millward Private and public enterprise in Europe 1830-1990 (Cambridge University Press, 2006).

⁷ UNCTAD, World Investment Report (2004)

⁸ See Saskia Sassen Territory, Authority and Rights. (Princeton University Press, 2006).

⁹ This question is taken up by Alan Rugman in The Regional Multinationals: MNEs and "Global" Strategic Management (Cambridge University Press, 2005).

¹⁰ A good survey is Mauro Guillén 'Is globalization civilizing, destructive or feeble?' Annual Review of Sociology (2001) pp. 235-60 and Saskia Sassen Territory, Authority and Rights. (Princeton University Press, 2006).

¹¹ Categorized as such in David Held and Antony McGrew The Global Transformations Reader (Polity Press, 1999). See also David Held 'Regulating

globalization? The reinvention of politics' International Sociology 15(2) (2000) pp. 394-408.

¹² See Antony Giddens Runaway world: how globalization is reshaping our lives (Routledge, 2000) and Susan Strange The Retreat of the State: The Diffusion of Power in the World Economy (Cambridge University Press, 1996).

¹³ For a recent attempt to synthesise the literature see Mauro Guillén, 'Is globalization civilizing, destructive or feeble?' Annual Review of Sociology (2001) pp. 235-60. Mark Rupert (2005) divides globalization analysis into these two camps. See Mark Rupert 'Reflections on Some Lessons Learned from a Decade of Globalisation Studies', New Political Economy, 10 (4) (2005), pp. 457-78.

¹⁴ The globalization debate has been critiqued along these lines: see Saskia Sassen Global Networks/Linked Cities (Routledge, 2002).

¹⁵ Conceiving those who emphasise the effects of globalisation as structuralists, and those who highlight the state's continued power as agency theorists, John M. Hobson and M. Ramesh 'Globalisation Makes of States What States Make of It: Between Agency and Structure in the State/Globalisation Debate' New Political Economy 7(1)(2002) pp. 5-22 use a 'structurationist' approach, synthesising both approaches in order to explain how states bolster their power through or with global forces in a co-constitutive relationship. In this way, both 'win-win' and 'lose-lose' situations may be the outcome.

¹⁶ David Soskice & Peter Hall (eds) Varieties of Capitalism (Oxford University Press, 2001).

¹⁷ For a 'variety of capitalism' approach to explaining why and how states behave differently vis-à-vis global forces, see Layna Mosley 'Globalisation and

the State: Still Room to Move?' New Political Economy 10(3) (2005) pp. 355-62 and Bruno Palier, Pauline Prior & Robert Sykes Globalization and European Welfare States (Palgrave, 2001) for the particular cases of Welfare State transformation in Europe.

¹⁸ Linda Weiss argues that there is increasingly less discussion about the retreat of the state as about the transformation of the state. In particular, she argues that previous globalisation analysis underplayed the new opportunities that enable states to *transform* and even *expand*. See Linda Weiss 'The State-augmenting Effects of Globalisation' New Political Economy 10 (3) (2005), pp. 345-53.

¹⁹ There are a number of important accounts that stress the need for increased state intervention in the face of globalisation. Giandomenico Majone's Regulating Europe (Routledge, 1996) argues that state has been transformed into a 'regulatory state' as its functions increasingly focus on the rise of new and complex regulatory activities. Various authors, including Sylvia Walby 'The new regulatory state: the social powers of the European Union' British Journal of Sociology (1999) pp. 118-40; Linda Weiss 'The State augmenting effects of globalization' New Political Economy 10 (3) (2005) pp. 345-53 and Philip G. Cerny 'Globalising the Political and Politicising the Global: Concluding Reflections on International Political Economy as a Vocation', New Political Economy Vol 4 (1) (1999) argue that globalisation both enables *and* restricts the state, though most globalisation analysis focuses largely on state restriction.

²⁰ Regionalism can act as a 'filter' for globalisation, by shaping, rejecting, accelerating, embracing or otherwise the possibilities opened up by broader, global forces. For Europe, see Kevin Featherstone & Claudio Radaelli The politics of Europeanisation (Oxford University Press, 2004) and Helen Wallace

‘Europeanisation and Globalisation: Complimentary or Contradictory Trends?’ New Political Economy Vol 5(3) (2000), pp.369-82. For the importance of the role of the EU as filter, shaper and catalyst in the process of privatisation see Judith Clifton, Francisco Comín & Daniel Díaz-Fuentes ‘Privatisation in the European Union 1960-2004: ideological, inevitable, pragmatic?’ Journal of European Public Policy (2006), pp. 736-56.

²¹ Saskia Sassen Global Networks/Linked Cities (Routledge, 2002) and Territory, Authority and Rights. (Princeton University Press, 2006).

²² TNCs are often painted as the ‘new global villains’ (and, less frequently, global heroes) in both popular and academic accounts. For a negative depiction, see Belén Belanyá et al. (eds) Europe Inc.: Regional and Global Restructuring and the Rise of Corporate Power (Pluto Press, 2000); George Monbiot The Captive State: the corporate takeover of Britain (Pan, 2001) and Naomi Klein No Logo, (Flamingo, 2001) for popular statements, and Colin Crouch Post-Democracy (Polity Press, 2004) for a more academic outline.

²³ The July 3(2) issue of New Political Economy (1998) was dedicated to the role of TNCs in the global economy.

²⁴ See Louise Amoore ‘International Political Economy and the “Contested Firm”’ New Political Economy Vol 5 (2) (2000) pp.183-204 and Stephan Cohen Multinational Corporations and Foreign Direct Investment: Avoiding simplicity, embracing complexity, (Oxford University Press, 2007).

²⁵ See Mira Wilkins The History of Foreign Investment in the United States, 1914-1945, (Harvard University Press, 2004).

²⁶ Louise Amoore ‘International Political Economy and the “Contested Firm”’ New Political Economy Vol 5 (2) (2000) pp.183-204.

²⁷ Judith Clifton, Francisco Comín & Daniel Díaz-Fuentes (eds) Transforming public enterprises: transnationalisation, integration and networks (Palgrave, 2007).

²⁸ Chapter XV of the Treaty on Union (Articles 154, 155, and 156).

²⁹ See Debra Johnson and Colin Turner Strategy and Policy for Trans-European Networks (Palgrave, 2007).

³⁰ Belén Belanyá et al. (eds) Europe Inc.: Regional and Global Restructuring and the Rise of Corporate Power (Pluto Press, 2000).

³¹ Maria Green Cowles 'Setting the Agenda for a New Europe: the ERT and EC 1992', Journal of Common Market Studies 33 (4) (1995).

³² The ERGEG was established on 11 November 2003 by the European Commission (Decision 2003/796/EC) as a group of independent national regulatory authorities to assist the Commission in consolidating the Internal Market for electricity and gas in the EU and the European Economic Area and internationally.

³³ This was famously stated by General Motors Chief Executive Charles Wilson in 1953.

³⁴ Pierre Lanthier 'Internationalising electricity companies in Canada' in (eds) Judith Clifton, Francisco Comín & Daniel Díaz-Fuentes (2007) Transforming public enterprises: transnationalisation, integration and networks (Palgrave, 2007) pp. 190-206.

³⁵ AENA, Annual Report (2006).

³⁶ See Rodney Bruce Hall and Thomas Biersteker (eds) The Emergence of Private Authority in Global Governance (Cambridge University Press, 2002).

³⁷ Majone, Regulating Europe, (Routledge, 1996).

³⁸ See Daniel Mügge 'Private-Public Puzzles: Inter-firm Competition and Transnational Private Regulation', New Political Economy, Vol.11, No.2, (2006) pp. 177-200.

³⁹ Saskia Sassen 'When National Territory is Home to the Global: Old Borders to Novel Borderings', New Political Economy 10 (4) (2005), pp. 523-41.

⁴⁰The World Investment Report has been published since 1990. Another source is the journal Fortune 500 global, an annual publication that ranks the world largest corporations, but this list is based purely on the size of the TNC, and does not distinguish the degree of firm transnationalisation, for example in terms of foreign assets, employees or turnover.

⁴¹ Among the world's top 100 the number of public services TNCs increased from six in 1996 (two based in the EU) to twenty in 2004 (fifteen based in the EU). In 1996, there were four telecoms among the world's top 100 TNCs: BCE (57th from Canada), AT&T (64th from the US), Northern Telecom (85th from Canada) and GTE (97th from the US) and only one TNC in Electricity, gas and water, Générale des Eaux (77th from France). By 2004 there were 11 TNCs in Electricity, gas and water in the top 100, additionally to those just mentioned: Endesa (52nd), AES (62nd), National Grid Transco (66th), Scottish Power (91st) and Duke Energy (93rd). In the telecommunications sector there were three other TNCs included: Singtel (73rd), Verizon (89th) and Nortel (99th). See UNCTAD World Investment Report (2006).

⁴² Patrick Fridenson makes the point that the French government is determined to intervene in the running of France Télécom, independent of increased private investment, through its maintenance of its 'golden share'. See Patrick Fridenson 'Transforming public enterprise in France' in Judith Clifton, Francisco

Comín & Daniel Díaz-Fuentes (eds) Transforming public enterprises: transnationalisation, integration and networks (Palgrave, 2007), pp. 65-76.

⁴³ Fridenson (2007) *ibid.*

⁴⁴ Marina Klinova (2007) 'The transformation of state enterprises in Russian networks 1990-2005' in (eds) Judith Clifton, Francisco Comín & Daniel Díaz-Fuentes Transforming public enterprises: transnationalisation, integration and networks (Palgrave, 2007) pp. 157-171.

⁴⁵ See table 1.5 Economic survey of the Russian Federation 2006: expanding state ownership in the Russian Federation (OECD, 2005).

⁴⁶ Marina Klinova (2007) 'The transformation of State Enterprises in Russian Networks 1990-2005' in (eds) Judith Clifton, Francisco Comín & Daniel Díaz-Fuentes Transforming public enterprises: transnationalisation, integration and networks (Palgrave, 2007) pp. 157-171.

⁴⁷ UNCTAD, World Investment Report (2006).

⁴⁸ See Judith Clifton, Daniel Díaz-Fuentes & Carlos Marichal 'Transforming telecommunications in Mexico' in (eds) Judith Clifton, Francisco Comín & Daniel Díaz-Fuentes Transforming public enterprises: transnationalisation, integration and networks (Palgrave, 2007), pp. 172-189.

⁴⁹ See Pierre Lanthier in (eds) Judith Clifton, Francisco Comín & Daniel Díaz-Fuentes (2007) *ibid.*, pp. 190-206.

⁵⁰ CEEP and ETUC (2000) Charter for Services of General Interest. CEEP-ETUC.

⁵¹ See Judith Clifton, Francisco Comín & Daniel Díaz-Fuentes 'Empowering Europe's Citizens? On the prospects for the Charter of Services of General

Interest' Public Management Review, Fall (2005), pp. 417-443; Tony Prosser The Limits of Competition Law (Oxford University Press, 2005) and Adrienne Héritier 'Market integration and social cohesion: the politics of public services in European regulation', Journal of European Public Policy, 8 (5) (2001), pp. 825-52.

⁵² See Kevin Featherstone & Claudio Radaelli The politics of Europeanisation (Oxford University Press, 2004)

⁵³ Judith Clifton, Francisco Comín & Daniel Díaz Fuentes 'Empowering Europe's Citizens? On the prospects for the Charter of Services of General Interest' Public Management Review, Fall (2005) pp. 417-443.