A critique of the EC green paper on Services of General Interest

September 2003 - David Hall, PSIRU, University of Greenwich - This paper was commissioned by EPSU

1.Introduction

1.1.General

The relationship between public services (or services of general interest - SGI) and the treaty of the European Union (EU) has become an increasingly important issue. There are two general issues, both of which also concern the role of democratic politics in the EU:

 whether public services, provided through national and local democratic mechanisms, have equal or greater priority within their sectors than the competition principles of the EU internal market

 the issue of subsidiarity: whether EU law and policies should override or supplement national or local decision-making on public services.

The green paper is the contribution of the European Commission (EC - or Commission) on these issues. Despite making a number of important points, the Green Paper fails to deal with the fundamental questions at stake. This is partly due to its unwillingness to recognise conflicts between the internal market and competition on the one hand, and the delivery of public services on the other. It is also partly due to deliberate self-limitation, because the Commission has chosen not to draft a new directive as requested, but to offer a paper which asks a series of questions.

This paper offers a critical review of how the green paper deals with the issues. In conclusion, it suggests that the paper, together with other recent initiatives, indicate that the Commission wishes to extend the liberalisation of the internal market further into public services, and that it is willing to use both the internal market and competition rules of the EU, and the GATS negotiations of the WTO, in order to do so, even where these cause conflicts with states' preferred policies on public services.

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