

Public vs Private: Electricity and Telecommunications in Europe

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Executive Summary

This paper investigates how the ownership - public and/or private - regime of the telecommunications and electricity industries relates to various indicators of economic performance in European countries. We measure economic performance by calculating total factor productivity, labour productivity and real unit labour cost. The empirical analysis, based on data drawn from Eurostat over the period 1996-2011, suggests that state ownership is associated with inefficiency. Government intervention should, therefore, be confined to promoting competition and discouraging practices that enable private firms to maximise profits at the expense of consumers.