

European Economic Policy

Topic 9. New approaches to evaluating policy: a citizen perspective



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- Traditionally, **both policy reform and policy analysis have been performed from the “supply-side” or “top-down”**.
 - **Example 1.** Competition policy sought to ensure a firm did not abuse its power, or collude with another firm over prices:
 - The success of competition policy is measured by market power and/or market share.
 - **Example 2.** Privatization sought to augment firm efficiency by imposing “market discipline”:
 - The success of privatization is often conducted by a pre and post privatization efficiency or profitability test.
 - **Example 3.** The Single Market sought to create a unified EU space for economic activity:
 - Its success measured by price convergence, increase in trade flows, etc.

- These **traditional approaches of policy evaluation have been contested:**
 - For example, David Parker argued that it is misleading to evaluate firms before and after privatization using a narrow indicator of efficiency or profitability:
 - Public firms were conceived to have a broad remit: providing social capital, jobs to the community, social services and so on.
 - Hence testing firms for efficiency, productivity or efficiency is imposing privatization-friendly indicators on a firm which had a different remit.
 - This methodology is biased: privatized firms will always perform better than public ones!

- From the late 1970s ***New Public Management (NPM)*** policies expanded.
- NPM refers to the introduction of private criteria in the public sector (student satisfaction surveys, inhouse simulation of bidding, contracting out...) where privatization was not possible or desirable.
- NPM was an important vehicle introducing a new perspective into policy analysis: it stressed that *citizens, as consumers, should be consulted on their views*.
- Paradoxically, however, NPM, while insisting on the need to reform most of the public sector by introducing criteria from the private sector, lacked clear means of measuring its own success!:
 - For example, NPM promoted government outsourcing, but few studies examine whether government expenditure decreased and the consequences for service quality
 - NPM reform was justified by claims it would increase customer satisfaction
 - Surveys abounded. However, very few studies bothered to see if that was the case!

- **Under traditional policy from the post-war period**, governments were responsible largely for policy governing the market, firms produced and citizens received goods and services.
- **Traditionally, citizens exhibited their opinion:**
 1. In the private sector, by buying or not a good or service and/or.
 2. In the public sector, by voting for one political party or another based on their manifesto and treatment of public services.

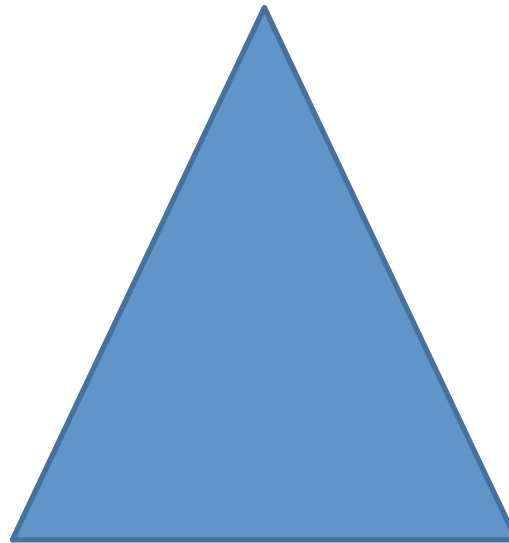
From citizen to consumer

- From the late 1970s, as policies such as privatization and NPM started to grow, there was an important **conceptual change**.
- Many goods and services, previously supplied by governments, would be supplied by the private sector.
- However, it was not always apparent whether citizens were satisfied due to the often complex nature of the goods or services in question.

From citizen to consumer

Voice:

Partial satisfaction –
channels, complaints.



Exit:

Lack of
satisfaction –
switch provider/
stop consuming.

Simulation:

1. Coffee beans.
2. Spaghetti.
3. Glasses (spectacles).
4. A school for your first born.
5. Hospitalization.
6. Water supply.

Loyalty:

Continuous
consumption
(satisfied).

Source: Inspired by Hirschman's Voice, Exit and Loyalty framework.

- **Citizens were increasingly conceived as “consumers”:** rational actors, who would respond actively to increased competition in the market:
 - Consumers, seeking the best price/quality, would pressurize the market to work.
 - Particularly where there was no or limited choice, it was important to know what consumers thought.
- **This provided reform with greater legitimacy:**
 - Rhetorically, there was a shift from “serving citizens” to “satisfying consumers”.
 - This was accompanied by a rise in consumer surveys at the national but also at the European level: [European Commission Public Opinion](#).

- **Survey design matters:** what you ask, how, to whom?
E.g.: Compare Eurobarometer with Latinobarómetro:
 - ***Eurobarometer***: Questions about public services: affordability, accessibility, reliability, contracts, switching, complaint mechanisms etc. Questions not related to policy change *per se*.
 - ***Latinobarómetro***: Questions tend to be about policy *per se*. Is your gas supply better after privatization? Problem of “expectations”.

- **Neoliberalism (Amable, 2011; Lee *et al.*, 2013):**
 - Citizens are no longer conceptualized as citizens, with collective rights and social protection, but as consumers that require protection against enterprises and also against governments.
 - Previous collective rights to social protection and redistribution are substituted for a reciprocity contract between the individual and the society, and which positions competitiveness at the centre of social life.
- **The evolution of the surveys reflect a gradual change of dominant political ideas inside the EC:**
 - Changes in target respondent profile, the questions asked, the services included, the methodology, etc.

- **The evolution of the surveys reflect a gradual change of dominant political ideas inside the EC:**
 - From citizens' opinions on public services' reforms (late 1990s, first Eurobarometers).
 - To citizens-consumers' views, including information on socio-economic background (Eurobarometers in the 2000s).
 - And to a focus on consumers, omitting information on non-consumers (Market Monitoring Surveys in the 2010s).

Advantages of surveys

- Increased quality of governance (more transparency).
- More civic capacity.
- Ability to track performance along time.

Disadvantages of surveys

- Costs.
- Delays.
- “Consultation fatigue”.
- Distortions.
- Bias of replies (hijacking, etc.).

Chronology of EU surveys on citizen satisfaction with public services

- First survey, *Eurobarometer 47.1* (1997) .
- From 2000, more effort to ask standardized questions to facilitate temporal comparison.
- *Eurobarometer 53* (2000), *Eurobarometer 58* (2002) – survey consumers (not citizens) on satisfaction.
- *Candidate Country Survey* (2003) surveys consumers in candidate EU countries.
- *Eurobarometer 219* (2005) surveys consumers (and non-consumers, ie all citizens) in the EU-25.
- *Eurobarometer 260* (2007) repeats this.
- All these surveys are precursors to the *Market Monitoring Reports* published by the EC from the 2000s to the present (these are “consumer-focused”)
http://ec.europa.eu/consumers/consumer_evidence/index_en.htm

EVIDENCE FROM EU SURVEYS

Perception of quality of SGI. EU15 average of satisfaction and country differentials (1997)

	EU	GR	I	P	E	B	F	UK	D	IR	S	A	LU	NL	FI	DK
Electricity distribution	81	-28	-13	-17	-7	-1	1	4	2	15	13	14	7	16	15	16
Gas distribution	66	<i>dk</i>	-6	-22	-3	-3	3	10	9	-14	<i>dk</i>	4	5	30	<i>dk</i>	4
Water distribution	63	-24	-13	-15	-2	1	-11	-6	13	1	28	23	17	28	28	27
Fixed Telephony	74	-40	-9	-16	-4	-4	6	7	2	12	17	4	10	6	20	5
Postal services	53	-6	-32	-1	-6	2	7	22	-3	28	-2	9	26	29	5	30
Public urban transport	44	-19	-21	-16	9	-2	1	-3	7	7	17	16	27	11	25	28
Intercity railway	41	-6	-25	-6	6	6	1	-8	9	16	1	17	26	17	33	37
	60	-21	-17	-13	-1	0	1	4	6	9	11	12	17	20	20	21

Source: Clifton y Díaz-Fuentes (2010).

Citizen satisfaction of SGEI. EU15 average opinion on quality, prize, information, contracts and overall in 2000 and 2002 EU 10 new member in 2003

	EU-15										EU-10 NM				
	Quality = Q		Price = P		Information = I		Contracts = C		Overall = O		Q	P	I	C	O
	2000	2002	2000	2002	2000	2002	2000	2002	2000	2002					
											2003				
Electricity	92	91	56	55	75	73	68	68	73	72	95	44	82	67	72
Gas	87	86	56	55	71	69	65	65	70	69	91	49	81	67	72
Water	89	89	55	56	72	72	67	66	71	71	90	51	82	68	73
Fixed Telephony	91	90	50	51	76	75	63	64	70	70	84	29	75	51	60
Mobile Telephony	81	84	40	44	64	67	55	59	60	64	76	35	66	53	58
Postal services	80	82	67	68	79	78	70	70	74	75	87	60	88	73	77
Urban transport	66	66	49	47	70	68	59	57	61	60	70	48	77	61	64
Intercity railway	61	59	41	38	66	62	55	51	56	53	58	38	70	54	55
<i>Correlation index</i>	Quality		Price		Information						Q	P	I		
Price = P	0,44	0,59									0,35				
Information = I	0,51	0,69	0,88	0,89							0,69	0,81			
Contracts = C	0,66	0,84	0,95	0,93	0,88	0,90					0,62	0,94	0,91		

Source: Clifton y Díaz-Fuentes (2010).

Consumer attitude of SGI. EU25 average opinion on access, complaints and affordability (users and non-users) in 2004 and 2006

	Access				Affordability			Protection-Complaint	
	2000	2002	2004	2006	2004	2006	2006*	2004	2006
Electricity	91	88	90	93	64	66	50	56	49
Gas	74	67	70	72	65	65	40	55	46
Water	90	85	89	93	70	75	51	53	51
Fixed Telephony	90	90	88	91	67	76	43	51	52
Mobile Telephony	69	75	79	85	68	76	37	56	56
Postal services	90	86	87	93	81	87	65	44	53
Urban transport	75	68	71	80	68	78	54	39	53
Intercity railway	70	61	64	73	63	74	49	43	53

Note = 2006 Non-Users opinion on Affordability affordability of particular SGI

Source: Clifton y Díaz-Fuentes (2010).

Analysing the evidence

- Despite (some) variations in the questions asked, the sample made, etc., quite **clear and regular patterns** emerge:
 - A sectoral “ranking”: Why might it be that electricity leads the rankings of these sectors? And transport consistently trails behind?
 - What about country differences?
 - Is satisfaction increasing over time?

Methodological issues for resolution

- Survey opinions can be considered as “**stated preferences**”: what people state they think.
- Are these objective? Can they be rendered more objective? How?
- Country and sector matter.
- Are there any possible policy solutions here?
- What about people’s socio-economic background?
- Why should this matter? Education/gender/race/employment status/religion/age...