

Conference on Competition and the Liberal Professions

Speaking Note by Jim Murray, Director of BEUC the European Consumers Organisation

BEUC represents 37 national consumer organisations from 27 European countries. We do not have one single standardised solution to the issue of the liberal professions - the situation varies from profession to profession and members state to member state.

Most of BEUC's member organisations are experienced in product testing. For obvious reasons their interest in services is increasing rapidly. However, it is often difficult to assess the quality of many professional services and to compare one service provider with another. A degree of subterfuge may be necessary in the form of "mystery shopping".

Where such tests have been carried out, the results have tended to be disquieting - with clear departures from best practice on the part of a significant proportion of providers.

BEUC members would also, subject to appropriate conditions, tend to support the process of liberalisation of professional services. I do not know of any case of any demand for a reversal of the process or any sense that liberalisation has "gone too far".

One thing however is very clear - we do not know nearly enough about the quality of professional services and about the dynamics of competition in the liberal professions. For a variety of reasons, including asymmetry of information, consumers are often not able to judge the quality of the service provided. In passing there are some other aspects that may be relevant in any consideration of professional services.

- In general, members of the liberal professions enjoy a high social status that may tend to give them an authority that is independent of their degree of competence. (In some situations also the liberal professions form a quasi-hereditary oligarchy.)
- Liberal professions can sometimes have an important influence on demand in the sense that their clients will tend to rely on their advice as to the nature and level of services required in any given case.
- Liberal professions are also facing new challenges from the internet - an enormous source of good, bad and downright dangerous information that may in itself encourage consumers to look for more transparency.

I will now mention some principles that should form part of a global policy in relation to professional services, particularly where restrictions on competition exist.

- a) The overriding principle is that restrictions on competition for professional services must be justified. Some restrictions may well be justified but there must be a clear and convincing justification for them - and not a mere assertion of some vague consumer or public interest.
- b) There should be no such thing as pure self-regulation of the professions. When self-regulatory schemes are put forward as a means of meeting public policy objectives, they must be judged by public policy criteria such as legitimacy, transparency,

efficacy, accountability, non-discrimination, etc. Here the primacy of public authorities is essential, not always to intervene directly but to ensure that public policy objectives and criteria are met. There is another sense in which "self" regulation is unacceptable. Professional standards and codes cannot be enforced only by professionals themselves. Representatives of the wider public and consumer interest must be involved in the process.

- c) Price transparency is essential always and everywhere. Price lists should be available as a matter of course, in waiting rooms, on websites, on request, etc. (irrespective incidentally as to whether or not prices are regulated).
- d) Independent dispute resolution and redress procedures should be universal and accessible.
- e) Continuing education should be mandatory, as well as other means of maintaining and improving quality.

A few final, again rather random, thoughts :

- In examining restrictions on entry, the question of numbers should also be considered as a separate issue. Objective qualifications for entry may well be justified in certain cases but is it right also to restrict the numbers who can gain those qualifications?
- Certain professional acts (eg a notary's or an auditor's signature) are invested with special significance and special attention may need to be paid to ensuring that these acts are carried out in good faith, and without conflicts of interest. END