

management on a shoestring of the local bodies and the direct allotment of the transportation service should therefore be considered as residual hypothesis, adequately motivated anyway. Briefly, the suggestions expressed by the Authority could be defined in the four following points.

#### A. RECONFIGURATION OF THE MARKETS BEYOND THE ADMINISTRATIVE LIMITS

Relative to this aspect, the note about the D.L. n. 422/97 and the following opinion expressed by the Authority concerning the actions of revision and replacement of the administrative concessions should be integrated with some considerations of the Antitrust Authority in two other notes, related to the hypothesis of modification of the law n. 142/90 concerning the regulation of the whole local public services compartment. In particular, the discussion that aims to underline the benefits deriving from the extension of the presence of the public transit companies in markets that are outside the geographical area of competence of the commissioning administrative body, without however neglecting the problems linked to such a redefinition of the market limits.

From one side, one can in fact observe that the administrative limits of the Province do not necessarily match with the ideal zones of the transport service users, and that therefore the scale and coordination economies typically characterizing the bus-lines compartment can be better exploited by overcoming these limits and creating transport networks at an inter-provincial level<sup>55</sup>. On the other side, however, we have also to consider the risks for the competitive comparison deriving from the possibility that the local transportation companies drag exclusive advantages of fiscal or administrative type into competitive markets, or (more probably) into markets where the access will be ruled by tendering competition<sup>56</sup>.

#### B. PROMOTION OF COMPETITION IN THE MARKETPLACE

The policy focused on the introduction of competition in the marketplace theoretically implies having a structure of the transit service provision characterized by a potentially large amount of firms operating in the same market, none of them able to obtain “extra-profit”, since this type of configuration should bring to a Pareto-efficient allocation of resources and productive inputs. On the practical side, to decide for this industry structure

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<sup>55</sup> See what was mentioned above about the definition of traffic zones, page 5.

<sup>56</sup> See, among the others, Heimler (1998) and Fattori (1999).