

WORKING PAPER

*La Caisse de dépôt et placement du Québec :
straddling between two worlds*

Luc BERNIER

CIRIEC N° 2013/07



**CIRIEC activities, publications and researches are realised
with the support of the Belgian Federal Government - Scientific Policy
and with the support of the Belgian French Speaking Community - Scientific Research.**

**Les activités, publications et recherches du CIRIEC sont réalisées
avec le soutien du Gouvernement fédéral belge - Politique scientifique
et avec celui de la Communauté française de Belgique - Recherche scientifique.**

**This working paper is indexed and available
in SSRN and RePEC**

**Ce working paper est indexé et disponible
dans SSRN et RePEC**

ISSN 2070-8289

© CIRIEC

No part of this publication may be reproduced.

Toute reproduction même partielle de cette publication est strictement interdite.

*La Caisse de dépôt et placement du Québec :
straddling between two worlds**

Luc Bernier**

“The current year was one of achievement, as the Caisse continued to reposition itself. The Board of Directors is pleased to note that the strategic orientations defined in co-operation with the depositors is taking shape and that major changes are in progress.” Robert Tessier, Chairman of the Board, Annual Report, 2012.

Working paper CIRIEC N° 2013/07

* This case study was presented at the Seminar "Case histories of public enterprises: learning from success and failure", University of Milan, June 13-14, 2013, Research Project of CIRIEC International Scientific Commission on Public Services/Public Enterprises on "The Future of Public Enterprise - Mission, performance and governance: Learning from success and failures".

** Professor, Ecole nationale d'administration publique (ENAP), Université du Québec, Québec (Canada).

Abstract

La Caisse de dépôt et placement du Québec has been an important public enterprise for Quebec's economic development since its creation in 1965. It has been described as an essential element in the economic strategy of modernization in this Canadian province. La Caisse is an interesting case if one considers that its financial performance has been better when it was also preoccupied by its public mission rather than focusing on profitability. The longitudinal case study presented here illustrates that the Caisse has been straddling between these two missions. The period covered allows to understand the possibilities offered to the public enterprise and how it can adapt to changing circumstances over time and successive economic crises.

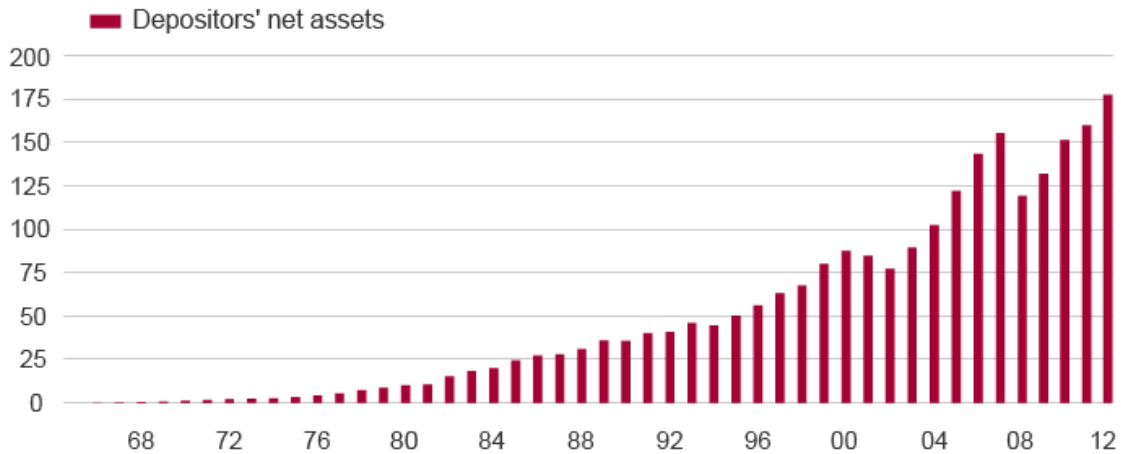
Key words: financial institution, pension plan, Québec, public enterprise, economic development, assets management.

Identification of the enterprise

This study is about la *Caisse de dépôt et placement du Québec (CDPQ)* or, in English, the “Quebec Deposit and Investment Fund” that is known in short in Canada as “la Caisse”. When the time of the idea came to create a public pension system that was to be managed by the Régie des rentes du Québec, the government decided to create a second institution where the money accumulated would be managed. It is la Caisse. The idea to capitalize the money instead of a system of pay as you go was a major difference between Quebec and the rest of North America at the time (Maisonneuve, 1998: 56). La Caisse was to be an important instrument for the modernization of the Quebec economy and the development of the Quebec state (Morin and Megas, 2012). It has now 29 depositors for pension and insurance plans. As of December 2012, it has net asset of 176.21 billion dollars (Canadian) of which 27.6 is invested in Quebec’s private sector. Its credit rating is AAA. It has a double mandate of profitability for its depositors and has to contribute to the growth of the Quebec economy. The dual mandate is important. As explained in this chapter, since 1966, profits have been better when la Caisse was also working on economic development. In other words, having more than one objective does not lead to a diminished financial performance but to the contrary to better results. The worst disaster of its history came in 2008 when its only mission was to make profits (Morin and Megas, 2012: 93). So, as the chairman of the board quoted above writes, the Caisse has to reposition itself and find the strategy to guide its future.

When giving the speech at the National Assembly (the then Quebec lower house of Parliament) on June 9, 1965 for bill that would create la Caisse, Premier Jean Lesage said that it would be the most important and powerful financial instrument the Quebec state has never had. This speech is still referred to by officers of la Caisse and quoted in annual reports. The Caisse was to be a financial instrument making good returns as a trust but also as already mentioned a tool of economic development. Since then, the Caisse has been navigating between both objectives. Some of its CEOs have insisted more on the return on investment, some on economic development, some have said the first objective is essential to the second, the last one that the issue is an exercise of casuistry as Jesuits used to practice.

The CDPQ was a huge success for many years although in the 1960s and 1970s, its managers were rather cautious in their investments. It had built a good reputation on the markets although a state actor was suspicious initially in the world of finance. Later, the CDPQ was even asked to manage pension money for third parties (Pelletier, 2002). At its peak, the CDPQ managed 250 billions of Canadian dollars. The total assets have followed the movement described by the following table taken from its 2012 annual report:



As the curve of the total assets illustrates, there have been two very difficult years in 2002 and 2008. The last decade has been the time when the Caisse neglected its economic development role to focus on profitability. This makes of the Caisse an interesting case to study. When its managers have argued for the economic development role, the financial performance has been better than when the focused on one objective. Although, it is generally argued that public enterprises are less efficient than private enterprises because they have conflicting roles, la Caisse might be the counter example.

History

La Caisse was created during what has been described as the Quiet Revolution, an era of rapid modernization when the state apparatus was rapidly developed to catch up with development elsewhere in North America (Bernier, Bouchard and Lévesque, 2003). The transformation of the Quebec economy wanted by the Quebec government in the 1960s was confronted to the capacity of the English-speaking elites to resist the initiatives of the state (McRoberts, 1993: 135). The Caisse was created in an era when other public enterprises were created or radically transformed. Hydro-Quebec for example had been created in the 1940s but the additional nationalizations of the 1960s made it the second largest public utility in North America by 1977 (McRoberts, 1993: 174).

The Caisse de dépôt was created by a provincial law sanctioned on July 15, 1965. The Caisse took office, as its first annual report says, on January 20, 1966. A first deposit by the Quebec Pension Board (Régie des Rentes) on February 16 marked the beginning of its operations. The second year, they already had three more depositors: the Quebec Agricultural Marketing Board, the Quebec Crop Insurance Board and the Quebec Deposit Insurance Board. It was also the beginning of a stock portfolio and of investment in real estate (CDPQ, Annual Report 1967). They were to be 15 by 1990. The annual reports of the first decade saluted the rise of the total assets and of the annual income. The climb was spectacular: over a billion of total assets in 1970, over two in 1972, 4 in

1975. In 1976, 1977 and 1978, the assets increased by over a billion per year. In early 1980, la Caisse was at 10 billion and at 20 in 1984, 25 a year later, 36 in 1990, over 50 in 1995, over 100 in 1999. From 1985 to 2003, the total asset of the Caisse went from 20 to 40 per cent of the GDP of Quebec (Hanin, 1985; 26).

La Caisse was based on the study of the French Caisse de dépôts et consignations, Belgium's Caisse générale d'épargne et de retraite and Sweden's National Provident Fund for Retirement Pensions. It was so suggested by the Dupont Committee that led to the creation of the Régie des Rentes and the pension system. The committee saw the Caisse as necessary to change the existing pattern on investment in Quebec (Brooks and Tanguay, 1985: 102-3). The state that emerged in the 1960s was not only a welfare state but also an entrepreneurial state (Bernier *et al.*, 2003: 323). In Quebec, the modernization of the state that was done in the 1960s and early 1970s is known as the Quiet Revolution. The term "Quiet Revolution" refers to three processes: an ideological revolution that led to the birth of a new nationalism; a transfer of power and responsibilities to the state; and a confrontation between the state and the elites that had dominated the society thus far: the Church, the federal government and the English-speaking bourgeoisie (McRoberts, 1993).

Because of a lack of well-trained civil servants, most of the reforms were conducted by a small team of young technocrats. It was true for the Caisse. We can name the "founding fathers" among whom Jacques Parizeau who later became minister of Finance in 1976 and later in the 1990s briefly Prime Minister of Quebec. Among them was Claude Castonguay, an actuary (Maisonneuve, 1998), a lawyer who was to be a judge of the Supreme Court of Canada and Claude Morin who also became minister later and a banker Douglas Fullerton (Côté and Dussault, 1995: 27). They negotiated even directly with the Prime Minister of Canada (Maisonneuve, 1998: 55). The Régie des rentes du Québec is created following the Wheeler Dupont report on the state of pension plans (Côté and Dussault, 1995) that needed la Caisse to manage the money. At a time when the government needed a pool of money for economic development while the private sector controlled by the English-speaking community did not want to lend to the government, the Caisse emerged as a necessary instrument. It was a time of institutional building, an attempt to build a network of organizations to extend the limits of the Quebec state. Using public enterprises, the state moved in two sectors of the economy; natural resources and finance (Bernier *et al.*, 2003: 324). "The conscious use of state capital to advance industrial development in Quebec dates from the 1960s, when, ... new nationalism took institutional expression through an array of state-owned enterprises ... In the same historical transition period the Quebec government set up the two agencies that today serve as formidable vehicles of investment policy – the Société générale de financement (SGF) and the Caisse de dépôt et placement." Laux and Molot, 1988: 144). "Quebec was not the only province doing so: An inescapable feature of the provinces' growing economic role is

their expanded and aggressive use of public enterprises as a policy instrument.” Tupper, 1983: 3).

In the 1960s, the Caisse became an important purchaser of Quebec government bonds (McRoberts, 1993: 135) thus reducing the government’s dependence on English-Canadian and American financial institutions for the sale of its bonds. The Caisse as the SGF were created to enhance provincial autonomy (Laux and Molot, 1988: 144). In the fourth and fifth annual reports, it is stressed that the Fund knows that it has to play a vital role in both the primary and secondary markets for Québec and Hydro-Québec bonds. “As for the Caisse, the very creation of an agency to manage pension contributions in Quebec was a political triumph for the province which had emerged from fractious federal-provincial negotiations in 1964 as the only jurisdiction in Canada to have independent control over such funds.” (Laux and Molot, 1988: 145).

In the 1970s, the Caisse helped to finance the development of the French business class in various sectors: groceries, cable television, pulp and paper etc. Rapidly it outgrew the Quebec borders and became an important investor in Canadian companies such as Noranda and the Canadian Pacific. La Caisse which has been in the middle of confrontations with the federal government since its beginning has a dual mandate of managing properly the funds deposited and of economic development. The worst crisis with the federal government was in 1981 when the owners of the then largest Canadian private company, the Canadian Pacific, were afraid that by buying shares as discussed later. The creation of the Caisse was seen by both French and English speaking businessmen as “galloping socialism”. (McRoberts, 1993: 163 and 168).

In the eighth annual report, it is reported that Marcel Cazavan who had been the deputy minister of Finance and board member replaces Claude Prieur who died suddenly. By 1974, over 40 percent of the revenues came from the income on the deposits and the remaining from the new deposits. Despite its cautious approach, by then, la Caisse had the largest individual portfolio of Canadian equities in the country. Cazavan was rather conservative (Arbour, 1993: 23-24).

In the late 1980s, as elsewhere, privatization became popular or rolling back the state. Quebec did the same and a special group was constituted to analyze what should be sold. For the group, the Quiet Revolution was dead and that most public enterprises should be privatized but not the Caisse de dépôt (McRoberts, 1993: 406-7). In short, the committee sought to reduce drastically the network of public enterprises and that many of them had outlived their usefulness. For the others, among whom la Caisse, the structures had to be changed.

Public mission: economic development

The pension system in Quebec is like an insurance system. Employees and employers contribute to ensure that at retirement age, workers will have a minimum income. La Caisse is the fiduciary of the pension system. The mission of the Caisse is not in the law of 1965 but in the speech of Jean Lesage and for a long time new employees at the Caisse were given a copy of the speech.

If the law did not specify the mission, it contained various technicalities limiting what the Caisse could do. According to Roland Parenteau who was the president then on the Conseil d'orientation économique, some of the restrictions in the law were built in because at the time, it was not believed that French-Canadians could manage a huge financial organization and they had to be protected from themselves. These constraints such as the percentage of the total assets that can be invested in stock actions have been diminished over the years. Officially, it was to limit the risk associated with the portfolio of investments and to avoid interference with market rules (Morin and Megas, 2012: 97).

As stated in the first annual report (page 5) in the section on investment policy that was the first task to be addressed by the board of directors, there was a “manifest intention on the part of the legislators to create an institution to which a role would be given in the financing of the economic development of Quebec.” And later in the same page “Thus, when choosing between two investments of equal quality and price, preference will be given to that which seems more likely to favor the economic development of the Province even if it should entail some relative reduction in the diversification of the portfolio.”

In the third annual report, la Caisse (AR, 1968, p. 8) is already more cautious: “... the investment policy of the Fund must give primary consideration to the security and growth of the capital. Without compromising the foregoing principles, the Fund must also use its best endeavors to promote the economic development of Quebec.” That year, the report also mentions corporate financing and direct placements. That year, although the ceiling for the stock portfolio is at 30% of the total assets, the Caisse remains in practice at 14.5%. In the seventh annual report, again the primary role of the protection of capital is reaffirmed and the structuring impact of the Caisse on financial and monetary markets and an impact on the Canadian market. The annual report also mentions the role of the Caisse in helping Quebec companies that enter or will enter the stock exchange.

In the 1976 annual report, the investment policy was presented in “four primary objectives: protection of capital, attainment of a return compatible with the risk taken, sound diversity in investments, and promotion of the economic growth of Quebec.” (page 9). As for the previous year, the annual reports starts in 1978 its investment policy section by referring to the speech to the Legislative Assembly of June 9, 1965 but the first section that year is about economic and social objectives, not only the fiduciary role. There is an explanation that economic development and the fiduciary roles are compatible. And the four

previous principles or objectives are reaffirmed but there is a sub-section on economic promotion that gives a few examples of what has been accomplished and again referring to the 1965 speech (page 15). Such a list of examples was given also in 1980.

The 1979 annual report is the one of a new departure. Marcel Cazavan is replaced by Jean Campeau as CEO. The new investment policy for the 1980s is planned. The report suggests that la Caisse is now strong enough to play a more innovative role. And be more involved in the financing of Quebec private enterprises. The 1981 annual report talks of economic development first (page 8) and that the fiduciary role should not be neglected. “The reorientation of the Caisse into an aggressive player in the marketplace shows that provincial governments, unlike the federal government, can target investments to shape industrial development.” Laux and Molot, 1988: 148). In their study, Brooks and Tanguay (1985) found that there was little evidence to support claims that the investment policy of this agency is influenced in a direct and systematic way by the political objectives of the PQ government. In 1986, it is clearly a double mission after celebrating, a year before, the extraordinary financial results obtained. In 1990, after Campeau has left, the double mandate is again spelled out in the annual report.

In the early 1980s, it became more aggressive (McRoberts, 1993: 377). As explained in the 1981 annual report, la Caisse flexes its muscles. It becomes an important owner of Noranda, the giant mining enterprise in association with a private holding. It also becomes a major owner of Domtar, the pulp and paper company, this time in association with another public enterprise, la Société Générale de Financement. It was the first visible sign of a more active investment policy although from 1973 until 1983, private sector equity proportion in la Caisse’s portfolio did not increase (Brooks and Tanguay, 1985: 108). The Caisse was to become a more proactive stockholder in a number of companies (Annual report 1985). This participation to boards of private company by managers of the Caisse or by businessmen sympathetic to la Caisse is a way to coordinate economic activities but a very weak one. At the time of Brooks and Tanguay study, la Caisse had representatives on 15 boards but return on investment remained the priority (1985: 117-119). If we go back in time, the most important and revealing crisis that the Caisse faced on its investment policy was around a federal bill name S-31 in the early 1980s. La Caisse had wanted to invest and have representatives on the board of Canadian Pacific, then the largest company in Canada. The bill was initiated by the government in the senate in order to have immediate effect. The federal minister in charge of S-31 claimed in his testimony at the Canadian senate that la Caisse was a tool of “socialism”, the instrument for the covert nationalization of major sectors of Quebec’s and Canada’s economies (Brooks and Tanguay, 1985: 100). For a long time, the Caisse statute placed the ceiling for a shareholding in any one company at 30%. As Laux and Molot (1988: 146) noted, this was an ambiguous figure: “It

conforms to the notion that the Caisse should remain a passive financier, but in today's corporate world it is a proportion that often translates into control.”

In the 1993 and 1994 annual report, in a difficult period for la Caisse, the mission is presented insisting on the rate of return and the contribution to the dynamism of the Quebec economy, more financial again. The president of the board in his messages then states that the mission should not be reconsidered but that confronted to evolving financial markets, the ways of achieving it have to be reinvented. Among the elements he looks at is the increasing role of institutional investors such as la Caisse that contribute to transform the relations between managers and stockholders. In 1995, under the new CEO who for the first time comes from the ranks of the institution, the maximization of the financial performance is presented as the "raison d'être" of la Caisse with a second mandate, "les bénéfices économiques accessoires".

In annual reports, the evolution of the double mandate can be followed as Morin and Megas (2012) have done for the years 1985 until 2008. Over the years, the economic development mission was neglected in favor of the maximization of profits that was the rule when the 2008 debacle hit. It was the second time in a decade that a financial disaster struck the Caisse. In 2003, the new CEO starts his message in the annual report by saying that the institution has recentered itself on managing assets for its depositors. In 2004 and 2005, optimal returns and economic development in annual reports are stressed. In 2004 with the new law, the mission of the Caisse was specified:

“The mission of the Fund is to receive moneys on deposit as provided by law and manage them with a view to achieving optimal return on capital within the framework of depositors' investment policies while at the same time contributing to Quebec's economic development”.

Although it was neglected over the 2002-2008 period, the need to contribute to economic development came back with Michael Sabia after the difficulties of 2008. The double mission had been clear under Jean Campeau (1980-1990) and Delorme-Savard (1990-1994) (Morin and Megas, 2012). According to the message of the Chairman of the Board in the 2012 annual report, what the Caisse does for the Quebec economy is to:

- Make investments (loans and equity) in Quebec companies
- Support well-managed small and medium-sized businesses throughout Quebec in partnership with Desjardins
- Support the well-established Quebec companies that want to expand internationally
- Invest in small mining Quebec companies
- Provides venture capital for technology companies
- Helps new entrepreneurs, in cooperation with several partners.

The CEO, in his message in the same report insists on 4 key words: balance (between returns and risk), performance, flexibility (to seize investment opportunities) and Québec. He presents five priorities:

- Absolute-return management: invest on the basis of strong convictions rather than major stock-market indexes by selecting high quality companies and foster long-term relationships with promising companies
- Less-liquid assets: invest in assets whose value is directly linked to the real economy and increase investments in private equity, infrastructure and real estate
- Québec: invest in the market we know best: seek out and seize the best business and investment opportunities, serve as a bridge between Quebec companies and global markets and strengthen the next generation of entrepreneurial and financial leadership
- Emerging markets: capitalize on growth in these markets; understand emerging markets better by drawing on the expertise of local partners with in-depth understanding of them and increase direct and indirect investments in these regions
- Depth of expertise and processes: 1) Deepen the understanding of assets and sectors: emphasize in-house portfolio management, develop multidisciplinary research, strengthen operational and sector expertise and continue to integrate risk management and investment decisions and 2) simplify approaches: improve systems and processes to achieve greater operational efficiency.

La Caisse has, of course, a responsible investment policy and a sustainable policy and produce annual reports on these matters.

Operations

During the first year of operations, the portfolio was composed primarily of long term bonds (CDPQ, AR 1966, p. 6. The deposits received that year amounted to \$178.5 million (Canadian). There were then 23 employees. In the early years of la Caisse, it was managed with excessive caution. It was not until the 1970s that the Caisse had begun to play a more effective role (McRoberts, 1993: 174). In its second annual report the Caisse stresses that it invested in “good quality stocks with a defensive potential”. The 1978 annual report indicates that the return on investment has been improving every year since 1966 (page 12). The auto insurance becomes that year the biggest depositor, surpassing the Régie des Rentes for the first time. In 1979, the annual report states that the reform of the salaries was necessary because the Caisse was losing too many employees to the private sector.

In 1980, according to the annual report, la Caisse is allowed as the Albertan Heritage Fund, to lend to the Quebec government at a rate equivalent to the best rate available to a Canadian province (Annual reports and Brooks and Tanguay,

1985). The quality of the investments of la Caisse could also be debated. Comparing the Alberta Heritage Fund which had a purely passive investor behavior with la Caisse, Pesando (1985), looked at how having secondary objectives such as economic development could influence the risk-returns trade-offs. He wrote that it is difficult to establish empirically whether pursuit of the second objective conflicted with the standard fiduciary objective. Pesando (1985) considered that the portfolio of 1982 was not efficiently diversified enough and thus risky.

By 1983, for the first time, the Régie des Rentes stopped depositing money to pay pensions. So the growth had to come from revenues generated. Also a first that year, the Caisse started an international portfolio. At the same time, la Caisse developed minority participations in several small and medium size enterprises in Quebec initially above 500 000 dollars and later under this line (Annual report 1990, page 6). It was certainly one of the main actors on the Montreal Stock Exchange as long as it existed. According to its 2012 annual report, la Caisse has decided to reinforce its management support functions, an initiative started in 2011. The information technology, human resources and financial control, as well as monitoring of major investments have been improved.

An important operation for la Caisse is to manage its collaboration with its depositors. The eight main depositors represent 97,25 of the total net assets: the government and public employees retirement plan, retirement plans sinking fund, Régie des rentes du Québec, Supplemental pension plan for employees of the Quebec construction industry, Commission de la santé et sécurité du travail, Société de l'assurance automobile du Québec, Pension plan of management personnel, Generation Funds. There is a total of 29 depositors.

According to the 2012 annual report, the Caisse offers depositors to allocate their funds to various specialized portfolios according to an investment policy with target returns, objectives for value added, benchmark indexes and risk monitoring. La Caisse reorganized in 2009 its portfolio offering and risk management (Annual Report 2012).

According to its 1998 annual report, la Caisse has become the most important owner of real estate in Canada as well as having the largest portfolio of stock actions. It is by then active in 40 countries with offices around the world. By 2005, after the technology bubble, the reference was Canada and in his message, the CEO stressed that he wanted Quebeckers to be proud of la Caisse.

Over the years, the structure of la Caisse has evolved often. In 1996, la Caisse decided to create subsidiaries. The idea was to concentrate the expertise on specific areas such as telecommunications. In 2001, there was another remodelling with the creation of CDP Capital where the activities of managing investments would be regrouped while the corporative activities such as relations with depositors, human resources, audit, institutional relations were to remain at la Caisse. It created a structure where the role of Michel Nadeau, who

had been than with la Caisse for 17 years was made the number two (Bourdeau, 2001). Without separating the presidency of the board from the job of CEO, it made possible to create a position responsible for operations distinct from strategic planning.

The 1988 annual report mentions the sophistication of the financial instruments la Caisse is playing with. By 2000, la Caisse considers capable of being a world leader. Reuters Survey 2000 considered that it was the best financial manager in Canada among 292 comparable enterprises in Canada. It was managing funds for various customers outside its depositors. It was also the greatest Canadian investor on world markets. Québec was now too small for la Caisse who had expanded its network of offices around the world. It had also heavily invested in technology and communications companies in the movement of mergers of content and distribution of the industry. In the annual reports of 2002 and 2003, there are references to the necessity to reduce the cost of operations. Also, the management of risks has become a reality.

The 2010 annual report presents the collaboration with the depositors as an essential element. The other three objectives are profitability, risk management and be more active in Québec. In the 2011 annual report, it is mentioned that la Caisse has invested that year more in Québec than in the United States. The 2011 report starts with a comment about the rebuilding of the institution.

Performance

As said earlier, excluding more ordinary results in the early 1990s, la Caisse had been a success story for many years. For most of its history, la Caisse has been achieving interesting results, generally above its “indices de reference” (Morin and Megas, 2012: 113). For 2012, the weighted average return was 9.6% and since the reorganization in July 2009, an annualized return of 10.7%. Before the end of the technology bubble, the CDP had a rate of return of 20% on its investment. In 2000, the then CEO Jean-Claude Scraire decided to present his global strategy. It was to improve the performance of the Caisse, nothing was said about economic development (Morin and Megas, 2012: 106). In order to generate more profits, la Caisse developed international activities over the years 1990 and early 2000. The CDPQ opened offices around the world.

In 2003, it was back making profits. Part of the problem in 2002 was due to large investments in the new economy. Other problems arose. The Auditor general had to review the building of the new facilities of la Caisse in Montreal in 2003. The project was poorly managed according to the report. The building appeared too costly compared to similar examples in Montreal. (VGQ, 2003). Around 2000, la Caisse decided to invest in “Montreal Mode” that was rapidly closed down after another audit by the Auditor General. It was more than investing, it was getting into the management of fashion companies. The idea was to help create in Montreal an internationally competitive high fashion industry and give the administrative support the businesses in the sector lacked.

La Caisse was not able to find a business partner with whom to share the risk. The adventure lasted three years and a half. Financially, it was negligible for la Caisse but detrimental to its image.

The question was how to do better than the banner years of the end of the 1990s? Involvement in China and Hollywood began. A sense of invincibility existed among managers. Then, it had two years of negative returns: -4.99 and -9.57%. 8.5 billions of dollars were lost that year. When things turned sour, the initial reaction was to reconsider how the organization had been governed for a number of years. A new world required a radical change in the organization. Confidence had disappeared and a new skill set was required internally to work on more sophisticated markets as the then new CEO presented in his speeches. Over time, the operations of la Caisse became more complex but the mechanisms to control them were not improved (Castonguay, 2002). After 2004, a culture of financial innovation became the new culture (Pineault, 2009). For Hanin (2005), after 2002, the model of la Caisse was to concentrate exclusively on the fiduciary role. One of the issues raised was that the board of directors did not know what was going on. Another issue was that the board could not fire the CEO because he had a mandate for ten years from the government. Another issue considered was that the regulations over how to invest the money had been abandoned over the years. Initially, stock in private companies could not represent more than 30% of the total assets. It had been moved to 70%. Was that too much? A new governance system was established. In the end, the role of the board of directors was reconsidered and the independence of the members strengthened. The focus on third parties was changed for a reorientation and focusing on the institutional clients that were the core business. The Caisse looked for new models such as the Norwegian Petroleum Fund for examples of how to reorganize its activities. Managing by projects has become a tool of management. Above everything else, the team of managers was radically changed. Several managers who had allowed the CDP to achieve the impressive results before the crisis were considered obsolete and fired. The questions about the existence of the CDP have stopped. Other organizations from around the world now visit the CDP to learn lessons.

In 2008, at the height of the financial crisis, again la Caisse had again a disastrous year. The total assets went down by 35.2 billion (Canadian). The year before, the assets managed were of 227 billion (Morin and Megas, 2012: 92). According to Morin and Megas (2012: 100), between 1985 and until the nomination of Henri-Paul Rousseau as CEO in 2002, the Caisse had been able to both achieve good returns and contribute to economic development. Third-party asset-backed commercial paper that were not properly managed became a crucial element of the crisis (Morin and Megas, 2012: 103). In 2008, la Caisse lost 39.8 billions. The rate of return was of minus 25 while other retirement funds in Canada were at plus 18.4. The total assets went down from 155.4 billion to 120.1 including the new deposits. The previous worst year was

2002 at minus 9.57. It was poor management when for that year la Caisse was doing worst than anyone else on bonds, stock, etc. (Bérubé, 2009).

Governance

According to the Lesage speech of 1965, there were to be two essential principles in the governance of the CDPQ, independence of the management vis-à-vis the government and coordination of the operations with the overall economic policy of the state. This was to be achieved through the board of managers (Morin and Megas, 2012: 96). Lesage also said that no member of the board or their companies could borrow from the CDPQ. Until the 1980s, there were interlocking directorates for coordination but the practice stopped to be used since then (Bernier and Burlone, 2000). Policy coordination has been weak in general as discussed further. For the independence of la Caisse, it has always been debated.

As the first annual report indicates (page 4), the Board of Directors was comprised of seven members and three associate members. The board is chaired by the manager general. The vice-chairman is the President of the Quebec Pension Board. The other members were two senior civil servants, the president of a labour union and two representatives of the financial community, one English-speaking and the other one French-speaking. The associate members were the Deputy minister of Finance (the highest civil servant in the department) the employee in charge of Finance at Hydro-Québec at that time (later, Hydro-Québec's treasurer) and the vice-president of the Quebec Municipal Commission. There have been variations since then but the general idea has persisted.

In 1977, the Bill 97 (Chapter 62 of the laws of the province of Quebec) specifies that the board of directors is constituted of the CEO of the Caisse, the president of the Régie des rentes and 7 other members nominated for three years among whom are two officers of the government or the directors of a government agency, a representative of associations of employees and another to be chosen from among the directors of cooperative associations. The law specifies that no member of the board shall have an interest in a security business. The year after, the annual report presents that following the law the number of board members is now of 9 voting members and 3 non-voting (the civil servants and the president of the Commission municipale). For the first time, the employees of la Caisse are not civil servants and thus their salaries can be closer to the private sector. The law was changed again in 1987 to give more flexibility to la Caisse in its investment policy.

There is more to governance than the board of directors. "Government direction thus comes through an informal interpersonal path and by way of management and board appointments that insure compatibility of objectives." (Laux and Molot, 1988: 146). This summary is still accurate. Campeau was frequently on the phone with the minister of Finance (Arbour, 1993: 27). For

many critics of the Caisse, its autonomy remained controversial over time (Laux and Molot, 1988: 146). For some, more direction from government was necessary for improved economic development. The closest relation between the minister of Finance and the CEO of the Caisse could have been when Jacques Parizeau was minister and Jean Campeau was the head of the Caisse. Campeau who was maintained by the Liberals after 1985 had been a student of Parizeau at HEC in Montreal and had before entering the Caisse a career that prepared him well for the job. It was a time when “strategic” enterprises for the Quebec economy were targeted and board members replaced at the end of their terms.

Over the years, this public enterprise has had to manage several deposits related to the activities of the Quebec state: car insurance for example. It has had over the years an excellent record on returns on investment on the assets it managed. This, until the technology bubble ended and September 11 created turmoil on the market. It undertook then a review of its governance, seriously considering changing the length of the mandate of its CEO and who is nominated on its board. It has returned to profitability over the last two years.

After the technology bubble crisis, the governance of the CDPQ was transformed. The model borrowed from the private sector developed for the Caisse in 2004 was to be generalized in 2006 to the other public enterprises in Quebec (Morin and Megas, 2012: 99; Bernier and Pelletier, 2008). The effective division between a president of the board and the CEO was suggested in 2002 by the then president and CEO, Jean-Claude Scraire. In 2002, the new structure of the board became effective with three committees: audit, human resources and risk management (later governance and ethics) when Henri-Paul Rousseau arrived as CEO. By 2004, two third of the directors were to be independent. When the disaster struck in 2008, members of the audit committee of the board complained that they knew nothing of the commercial papers (Couture, 2009). As Morin and Megas (2012: 111) have calculated, from 1985 until 2005, the percentage of board members coming from the government oscillated generally between 40 and 50 while board members from the private sector represented between 30 and 40 until 2007 when they climbed above 50%.

After years avoiding the issue, the question was raised in 2009 about the participation of the president of the cooperative movement Desjardins at the board of directors of la Caisse. Is it a conflict of interest (Desjardins, 2009)? The question was also asked about the president of the union movement who also is the president of the worker’s fund, le Fond de Solidarité. Some could see useful interlocking directorates to coordinate the activities of these organizations. Some of the potential investments could also interest the cooperative bank. At the same time, the minister of Finance asked for her deputy minister to be reintegrated on the board. The previous reform had omitted him in 2004. The independent members of the board are paid to participate. They have an annual compensation of 17,385 dollars. Committee chairs receive an additional 5,433 dollars and there are attendance fees. The total compensation

varies for an average of 33,209 dollars. It is not bad for the boards on Quebec public enterprises but far lower than in the private sector.

In theory, the CEO is selected according to a process that is in the law. In 2009, the choice of the new CEO was made more in the premier’s office than by the board (Cousineau, 2009C). Some have argued such as Sophie Cousineau (2009B) an economic columnist for the Montreal based newspaper *La Presse* that other candidates would have been better than the current CEO. He was selected after the president of the board was selected and with ties to the chief of staff of the prime minister with whom he had worked for the federal government. In 2009, former board members considered that the nomination of the new CEO was improvised (Desjardins, 2009). This said, the results thus far have been good.

Until the last decade, the CEO of the Caisse was nominated for ten years. Only Jean Campeau completed his term. Claude Prieur died while in charge and the others were removed after difficult years or in for the Delorme-Savard team, for political reasons. In 1990 for the first time, the CEO is not the president of the board. The experience lasted for four years. Now, in Quebec’s public enterprises, there is a president of the board of directors separate from the CEO. Before, it has been attempted at the Caisse with Delorme and Savard.

YEARS	PB	CEO
1966-1973		Claude Prieur
1973-1980		Marcel Cazavan
1980-1990		Jean Campeau
1990-1995	Jean-Claude Delorme	Guy Savard
1995-2002		Jean-Claude Scraire
2002-2008	Pierre Brunet (2005-2008)	Henri-Paul Rousseau
2008		Intérim Guay
2009-	Robert Tessier	Michael Sabia

Most of these presidents had experience in finance. The only one recruited from the inside was Scraire who had been working at la Caisse for 15 years before getting promoted. For a long time, salaries were quite low at la Caisse. Jean Campeau believed that these employees were “missionaries”. Lately, the top salary has climbed. Henri-Paul Rousseau was making around close to

two million per year with a very generous retirement plan to hide part of his income (Morin and Megas, 20012: 108). The authority to fix the income of the CEO has been delegated by the government to the board according to the 2004 law. The salaries of the top managers were also climbing quickly, closer to the market in the private sector. In 2009, after the crisis hit la Caisse, salaries were brought back down. The new CEO, Michael Sabia, was making half a million instead of Rousseau's salary and will not receive a pension plan as his predecessor (Morin and Megas, 2012: 109). When do you replace CEOs? According to the following table taken from the 2012 annual report, it is when you have financial difficulties. Delorme and Savard left after 1994, Scraire left after 2002 and Rousseau in 2008. The 1980s when the Caisse was interventionist was also clearly a time of excellent financial results. Cazavan was replaced by Campeau in 1980 because the government wanted a more proactive CDPQ. It also got a great financial performance with it.

The Caisse's overall return – 1966-2012

(for periods ended December 31)

Year	Overall return (in %)	Total assets under management (in millions of dollars) ¹	Year	Overall return (in %)	Total assets under management (in millions of dollars) ¹
1966	6.4	179	1990	0.5	37,304
1967	(1.2)	383	1991	17.2	42,061
1968	4.4	653	1992	4.5	42,370
1969	(4.4)	866	1993	19.4	48,022
1970	12.8	1,321	1994	(2.1)	46,491
1971	14.1	1,783	1995	18.2	52,899
1972	10.8	2,312	1996	15.6	61,533
1973	3.4	2,895	1997	13.0	70,959
1974	(5.6)	3,168	1998	10.2	86,695
1975	12.5	3,949	1999	16.5	106,003
1976	18.3	5,210	2000	6.2	124,708
1977	10.9	6,448	2001	(5.0)	131,657
1978	9.9	7,910	2002	(9.6)	129,673
1979	7.2	9,254	2003	15.2	139,209
1980	9.9	10,965	2004	12.2	175,518
1981	(1.9)	11,448	2005	14.7	216,153
1982	32.8	16,110	2006	14.6	236,953
1983	17.0	19,004	2007	5.6	257,745
1984	10.1	20,785	2008	(25.0)	220,424
1985	24.0	25,243	2009	10.0	201,245
1986	13.5	28,080	2010	13.6	199,130
1987	4.7	28,914	2011	4.0	204,178
1988	10.5	31,798	2012	9.6	259,136
1989	16.9	37,493			

¹ Since 1993, the Caisse has recorded its investments and other related assets and liabilities at market value. Previously, investments were recorded at cost, at amortized cost, or at the amount determined by the equity method. Total assets from 1966 to 1992 inclusively have been adjusted to reflect this change in accounting method.

Officially, the « ministère de tutelle », the ministry responsible for la Caisse is Finance. But as one of the higher civil servants we interviewed said: “They don't have problems with the department, they go directly to the office of the prime minister.” As for Hydro-Quebec, la Caisse is too important for the prime

minister not to be informed of what is going on there. It is part of the arm's length relation. The informal discussions have varied over time. Some prime ministers such as Robert Bourassa spent hours every day on the phone and often with the CEO of the Caisse.

La Caisse and coordination. Is there a modèle québécois?

For Laux and Molot (1988: 145-146), early on it could be argued that the public enterprises in Quebec constituted a network. La Caisse invested in joined projects with other state-owned enterprises. The control of Domtar, the giant pulp and paper company was achieved with the SGF. Investments in Gaz métropolitain was done jointly with another public enterprise, Soquip. The Caisse was holding bonds and mortgages and sometimes took minority equity shares. It was still a fiduciary agent and an underwriter of the established public sector. Improved coordination among the Caisse, the SGF and the SDI that was to become Investissement Québec was required to improve state direction over Quebec's economic development. For Brooks and Tanguay quoted by Laux and Molot, there was only a broad coincidence between la Caisse investments and government policy.

The CDPQ's activities are completed by other public enterprises: la Société générale de financement and Investissement Québec. In addition to these agencies, there are in Quebec's social economy sector, the credit union movement Desjardins and workers union financial arms: Fonds de solidarité and Fondation. Together they constitute a complementary network of financial institutions (Bernier *et al.*, 2003). There are partnerships between la Caisse and Desjardins for small and medium-sized enterprises.

How strongly are they coordinated is more open for debate but there is convergence in their actions. For Hanin (2005), using the theory of institutional complementarities of Bruno Amable, the answer is yes. Being an active shareholder allows to receive information useful to improve the profitability of la Caisse. The public enterprises are supposed to have specialized missions that do not overlap. For various reasons, the SGF and Investissement Québec have been merged resulting in better coordination and the Quebec government is currently considering transforming it in a development bank. It could be argued that the overall system or model is a way to defend the general interesting an era where governance is shared between the state and various groups in society (Bernier *et al.*, 2003: 339).

Regulation

The new more active profile that was backed by an increasing capital was not well accepted in English-Canada in the early 1980s. The Caisse's request for membership of the board of directors of Canadian Pacific in which la Caisse had a nine percent holding was rejected by the president of the company. The federal government convinced by him that a national company should not be controlled by a provincial enterprise introduced what is known as bill S-31: An Act to Limit Shareholding in Certain Corporations. The specific prohibition was that no government shall hold or beneficiary own more than ten per cent of the shares. The federal government could but not the provinces (Laux and Molot, 1988: 149). A particularity was that, contrary to the tradition, the bill was initiated in the Senate instead of the House of Commons and thus effective immediately. For Brooks and Tanguay (1985: 113), it was clearly the request but the Caisse for representation on the board of Canadian Pacific, then the largest private company in Canada that prompted the bill, a federal bill that targeted a single public enterprise owned by a Canadian province. If it had become a law, la Caisse could have pleaded discriminatory treatment (Brooks and Tanguay, 1985: 115). "A richer explanation sees S-31 as resulting from a confluence of corporate and state interests. For corporations, the Bill provided a bulwark against provincial government influence in profitable, nationally significant firms. For the federal government, S-31 promised to curb provincial government investment strategies, enhance federal control over such strategies, and strengthen federal jurisdiction over transportation. In this alliance, corporations were defending themselves against threatening provincial interventions while Ottawa was once again on the offensive in its continuing struggle with the provinces." (Tupper, 1983: 19). For Tupper (1983: 29), Bill S-31 was "a mixture, par excellence, of bad politics and inadequate economics." He adds that it was paternalistic and that it was an offensive against province-building. Tupper (1983: 7) quotes a ruling from the Quebec Superior Court that the Caisse is immune from certain provisions of Canada Business Corporations Act but has to obey the Ontario Securities Commission regulations.

Other elements concerning the governance or the regulation of la Caisse has to do with the role of the Auditor General. Since 2006, the Auditor general has an increased role concerning the public enterprises in Quebec (see Bernier and Pelletier, 2008). In 2004, during the parliamentary commission on the new law, he had complained that the new law did not increase his power over la Caisse. Several restrictions were initially applied to the Caisse investment policy. For equity investments, "the fund could not hold more than 30 per cent of any single corporation's equity, nor could it invest more than 30 per cent of its total assets in common shares." (Brooks and Tanguay, 1985: 104-5). In other words, the Caisse was not to become a holding company. These controls have been diminished by changes to the law of la Caisse. The other controls such as

parliamentary commissions (standing committees), obligations on strategic plans, annuals reports, etc. are normalized in Quebec (Bernier and Pelletier).

Conclusions and lessons learned

In an early evaluation, Fournier (1978) considered that la Caisse surpassed expectations regarding the yield of its investments, doing better than most other pension funds. For its economic policy function, its greatest success was in reducing the government's dependence on the financial syndicate and in stabilizing Quebec's capital markets in time of crisis (Brooks and Tanguay, 1985: 106). For Fournier, the Caisse was too autonomous from the government to participate into coordinated economic policy. For business leaders surveyed in 1984, la Caisse was not sufficiently independent of the Quebec government (Côté and Courville, 1984). The prime minister of Canada expressed concerns about the Caisse (Brooks and Tanguay, 1985: 112).

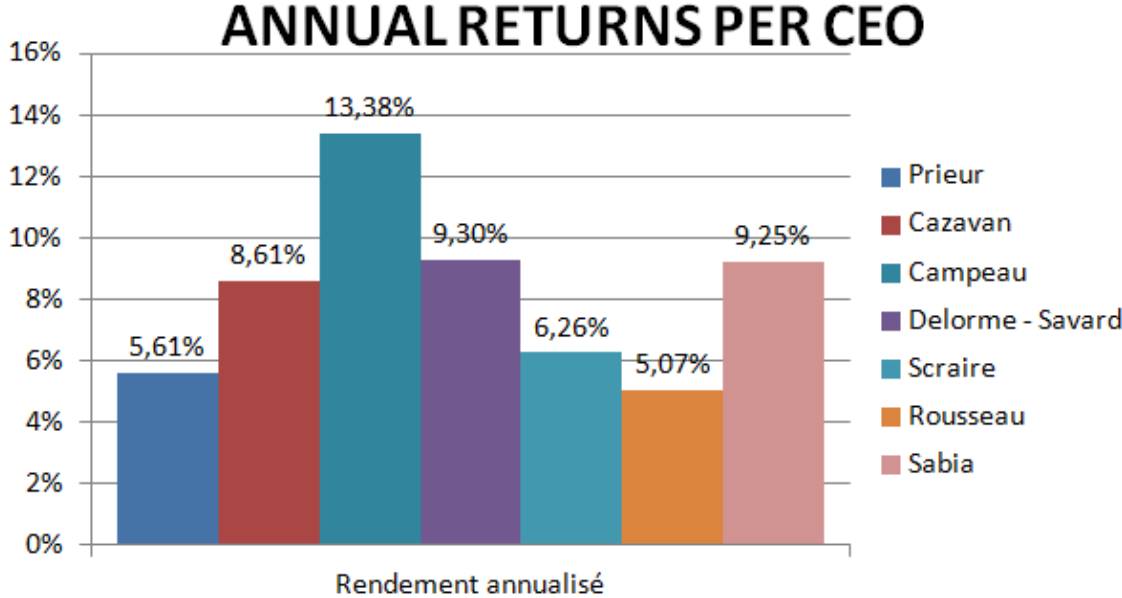
Pierre Arbour (1993) who managed the portfolio of la Caisse from 1967 until 1976 published a book to explain that la Caisse and the other public enterprises in Quebec have been failures. The positive result he saw was in the profitability mission. Most of his examples of poor decisions by public enterprises are in other institutions but he also covers the most publicized acquisitions by la Caisse that went wrong. He concludes (p. 112) that in all governments, all that could be privatized should be. Gagnon (1996) wrote an article to contradict the financial analysis done by Arbour as very bad science.

All this said, la Caisse has become the powerful instrument Jean Lesage dreamed of. It was that power that made the business community and the federal government so nervous in the early 1980s. By 2002, la Caisse had become a very complicated organization that the new president decided to simplify. Financially, la Caisse has been a success but the technology adventure and the very bad 2008 financial results make wonder if it was not managed by apprentice sorcerers. In the years between 2002 and 2008, la Caisse used very sophisticated policy instruments that backfired. The depositors were not pleased with the methods used (Dutrisac, 2009). But over the 1980s, clearly the years when the Caisse was more interventionist, it also got excellent financial results.

In Quebec where the French speaking workers were economically considered as second class citizens until the 1960s, the development of public enterprises was important to change who was in control of the economy. The Caisse first allowed the Quebec government to escape the colonialist control it had known until then. La Caisse was to have a role to "help stabilize and deepen the market for Quebec issues" and to loosen the control of the English-speaking financial establishment (Brooks and Tanguay, 1985: 104). Despite all the help from the Quebec government, French-speaking businessmen have remained very critical of its economic role (McRoberts, 1993: 361; Laux and Molot, 1988: 149). Is la Caisse too far or too close to political power? For Brooks (1987: 323), la Caisse had greater formal autonomy than the Alberta Heritage Fund. It could also have

been a more active stockholder but even a rather passive role made the private sector nervous. And in a sector not much discussed here, la Caisse has been doing very well at managing its portfolio of real estate.

In 2004, when the new law was voted, commentators, editorialists, analysts concluded that the mistakes of the past would now be avoided (see Pratte, 2004). It was true until 2008. La Caisse was also supposed to be more independent and thus further from political pressures. Also, the economic development mission disappeared. Profit was to be the new mission (Dutrisac, 2004). It failed because of poor risk management (Cousineau, 2009A). By 2008, la Caisse had become a manager of funds like the others. Rates of return and the market were the only rationale (Morin and Megas, 2012: 113). The changes to the governance of la Caisse over the years have not made possible to avoid the disasters of 2002 and 2008. The commercial paper crisis should have been avoided but the technology bubble and the 2008 crisis were beyond control for any financial organization. New coming presidents have been able to restore the profitability of la Caisse for a while. Before the 2002 disaster, under Jean-Claude Scraire, la Caisse had been very profitable. Under Rousseau after him, there were good years too before lightning struck again. But the Campeau years in the 1980s remain perhaps the most interesting years (Rouzier, 2008). One graph illustrates this conclusion.



The profit years that were to be Rousseau’s are not as good by far as the Campeau years when the Caisse was accused of intervening too much in the economy. A more sophisticated economic analysis would be necessary to test the lesson suggested here (see Wilmer, 2001 for example). Nevertheless, it could be argued that la Caisse de dépôt is an interesting example of a public enterprise doing well with a more complex mission than only profit. The public mission

years were more profitable than the poor risk management years of the maximisation thesis. Interesting lessons could also be learned from comparative studies of the Alberta Heritage Fund but also of Ontario's Teachers and Omers. What the case of la Caisse teaches us is that when the institution tried to focus on profit, it had poorer results than when it tried to fulfil its dual mandate. It is an interesting case of complex rationality.

References

- Arbour, Pierre (1993), *Québec Inc. et la tentation du dirigisme*, Montréal : L'Étincelle.
- Bernier, Luc, Bouchard, Marie et Benoît Lévesque (2003), "Attending to the general interest: new mechanisms for mediating between the individual, collective and general interest in Quebec", *Annals of Public and Cooperative Economics*, vol. 74, pages 321-347.
- Bernier, Luc and Nathalie Burlone (2000), « Les conseils d'administration des sociétés d'État québécoises à l'époque des privatisations », *Gestion*, vol. 24, pages 57-62.
- Bernier, Luc and Marie-Louise Pelletier (2008), « La gouvernance des sociétés d'État », *Canadian Journal of Administrative Law and Practice*, vol. 21, no 2, juillet, pages 151-192.
- Bérubé, Gérard (2009), « La maladie du gestionnaire », *Le Devoir*, Montreal, page A-1 and 8.
- Bourdeau, Réjean (2001), « La Caisse regroupe ses activités de gestion sous CDP Capital inc. », *La Presse*, Montreal, August 30, page D1.
- Brooks, Stephen (1987), "The State as Financier: a comparison of the Caisse de dépôt et placement du Québec and Alberta Heritage Savings Trust Fund", *Canadian Public Policy*, vol. 13, pages 318-329.
- Brooks, Stephen and A. Brian Tanguay (1985), "Quebec's Caisse de dépôt et placement: tool of nationalism?", *Canadian Public Administration*, vol. 28, pages 99-119.
- Caisse de dépôt et placement du Québec, *Annual Reports*, 1966 to 2012.
- Castonguay, Claude (2002), *La Caisse de dépôt et placement : Un succès au-delà des espoirs formulés à l'origine*. Troisième Grande conférence anniversaire de l'Institut de recherche en politiques publiques (IRPP), le mardi 7 mai, à Montréal, dans le cadre des célébrations entourant le 30ième anniversaire de la fondation de l'Institut.
- Côté, Marcel and Gaston Dussault (1995), *Claude Castonguay : architecte social et gestionnaire*, Ste-Foy : PUQ.
- Cousineau, Sophie (2009A), Repenser la Caisse, *La Presse*, Montreal, February 2009, page A-1.
- Cousineau, Sophie (2009B), Sabia à la Caisse : pincez-moi quelqu'un », *La Presse*, Montreal, March 13, blog.
- Cousineau, Sophie (2009C) « Mascarade : comprendre la nomination de Michael Sabia à la Caisse », *La Presse*, Montreal, March 17.
- Couture, Pierre (2009), « Si on avait su : le C.A. de la Caisse ignorait tout des placements dans les PCAA », *Le Soleil*, Québec, March 13, page 25.
- Desjardins, François (2009), Malaise autour du conseil de la Caisse de dépôt, *Le Devoir*, Montreal, March 18, page B-1.
- Dutrisac, Robert (2004), Nouvel objectif : le rendement optimal, *Le Devoir*, Montreal, November 2004, page A-1.
- Dutrisac, Robert (2009), « Les demi-vérités d'Henri-Paul Rousseau », *Le Devoir*, Montreal, May 23, page C-2.

- Forget, Claude E. ed. (1984), *La Caisse de dépôt et placement du Québec : sa mission, son impact et sa performance*, Toronto : CD Howe Institute.
- Fournier, Pierre (1978), *Les sociétés d'État et les objectifs économiques du Québec : une évaluation préliminaire*, Québec : Éditeur officiel.
- Gagnon, Jean-Marie (1996), « La Caisse sous le microscope », *Recherches sociographiques*, vol. 37, pages 131-145.
- Hanin, Frédéric (2005), *Fonds de pension du secteur public et modèles de développement au Canada ; une étude comparative de la CDPQ et du CPIBB*, Cahier de recherche du Crises ET0506, UQAM.
- Laberge, Mathieu, Joanis, Marcelin and François Vaillancourt (2009), « Caisse de dépôt et placement du Québec : le calme après la « tempête parfaite » ? in Joanis, Marcelin and Luc Godbout, eds, *Le Québec économique 2009 : le chemin parcouru depuis 40 ans*, Québec: PUL, pages 295-319.
- Laux, Jeanne Kirk and Maureen Appel Molot (1988), *State Capitalism: public enterprise in Canada*, Ithaca: Cornell University Press.
- Lévesque, Benoît, Malo, Marie-Claire et Ralph Rouzier (1997), « The Caisse de dépôt et placement du Québec and the Mouvement des Caisses populaires et d'économie Desjardins », *Annals of Public and Cooperative Economics*, vol. 68, pages 485-501.
- Maisonneuve, Pierre (1998), *Claude Castonguay: un artisan du Québec moderne*, Montréal : Novalis.
- McRoberts, Kenneth (1993), *Quebec: Social Change and Political Crisis*, Toronto: McClelland and Stewart.
- Morin, Danielle and Sarah Megas (2012), « Caisse de dépôt et placement du Québec : je me souviens... », *Canadian Public Administration*, vol. 55, pages 91-123.
- Pelletier, Mario (2009), *La Caisse dans tous ses États*. Montréal : Carte blanche.
- Pesando, James E. (1985), *An Economic Analysis of Government Investments Corporations, with attention to the Caisse de dépôt et placement du Québec and the Alberta Heritage Fund*, Discussion paper no 277, Economic Council of Canada.
- Pratte, André (2004), Une Caisse plus solide, *La Presse*, Montreal, December 16, page A-22.
- Puineault, Éric (2009), Que faire de la Caisse en temps de crise ?, Montréal : *Le Devoir*, 25 février, page A-9.
- Rouzier, Ralph (2008), *La Caisse de dépôt et placement du Québec : portrait d'une institution d'intérêt général (1965-2000)*, Paris : L'Harmattan.
- Simeon, Richard (2006), *Federal-provincial diplomacy*, Toronto: University of Toronto Press.
- Tupper, Allan (1983), *Bill S-31 and the Federalism of State Capitalism*, Discussion Paper 19, Institute of Intergovernmental Affairs, Queen's University.
- Vérificateur général du Québec (2003), Rapport du Vérificateur général à l'Assemblée nationale pour l'année 2002-2003, Rapport de vérification sur le projet de construction « Complexe CDP Capital ».

Vérificateur général du Québec (2003), Rapport du Vérificateur général à l'Assemblée nationale pour l'année 2002-2003, Rapport de vérification sur Montréal Mode inc. Et Montréal Mode Investissements inc.

Wilmer, Johan (2001), "Ownership, efficiency and political interference", *European Journal of Political Economy*, vol. 17, pages 723-748.

This yearly series of working papers (WP) aims to publish essentially works in English or in French resulting from the scientific network of CIRIEC and more specifically its working groups. The WP are submitted to a review process and are published under the responsibility of the President of the International Scientific Council, the president of the scientific Commissions or the working groups coordinators and of the editor of the CIRIEC international scientific journal, the *Annals of Public and Cooperative Economics*.

These contributions may be published afterwards in a scientific journal or book.

The contents of the working papers do not involve CIRIEC's responsibility but solely the author(s)' one.

The submissions are to be sent to CIRIEC, Université de Liège au Sart Tilman, Bât B33 (bte 6), BE-4000 Liège, Belgique.

Cette collection annuelle de Working Papers (WP) est destinée à accueillir essentiellement des travaux en français ou en anglais issus du réseau scientifique du CIRIEC et en particulier de ses groupes de travail. Les WP font l'objet d'une procédure d'évaluation et sont publiés sous la responsabilité du président du Conseil scientifique international, des présidents des Commissions scientifiques ou des coordinateurs des groupes de travail et de la rédactrice de la revue scientifique internationale du CIRIEC, les *Annales de l'économie publique, sociale et coopérative*.

Ces contributions peuvent faire l'objet d'une publication scientifique ultérieure.

Le contenu des WP n'engage en rien la responsabilité du CIRIEC mais uniquement celle du ou des auteurs.

Les soumissions sont à envoyer à l'adresse du CIRIEC, Université de Liège au Sart Tilman, Bât B33 (bte 6), BE-4000 Liège, Belgique.

Publications

- 2013/01 The Third Sector importance: General perspectives and analysis for Bulgaria
Julia DOITCHINOVA & Darina ZAIMOVA
- 2013/02 The transformation of Milan's city energy enterprise in a leading national industrial group
Laura DELPONTE, Maddalena SORRENTINO, Matteo TURRI, Daniela VANDONE
- 2013/03 La remunicipalisation de l'eau à Paris – Etude de cas
Pierre BAUBY, Mihaela M. SIMILIE
- 2013/04 Stadtwerke Köln: a market-based approach towards public service provision
Dorothea GREILING
- 2013/05 In Turbulent Waters: British Columbia Ferry Service Inc., 1985-2012
Malcolm G. BIRD
- 2013/06 The water and sanitation service provision in Peru
Gisella ARAGÓN & José Luis BONIFAZ
- 2013/07 La Caisse de dépôt et placement du Québec : straddling between two worlds
Luc BERNIER

CIRIEC (International Centre of Research and Information on the Public, Social and Cooperative Economy) is a non governmental international scientific organization.

Its **objectives** are to undertake and promote the collection of information, scientific research, and the publication of works on economic sectors and activities oriented towards the service of the general and collective interest: action by the State and the local and regional public authorities in economic fields (economic policy, regulation); public utilities; public and mixed enterprises at the national, regional and municipal levels; the so-called "social economy" (not-for-profit economy, cooperatives, mutuals, and non-profit organizations); etc.

In these fields CIRIEC seeks to offer information and opportunities for mutual enrichment to practitioners and academics and for promoting international action. It develops activities of interest for both managers and researchers.

Le CIRIEC (Centre International de Recherches et d'Information sur l'Economie Publique, Sociale et Coopérative) est une organisation scientifique internationale non gouvernementale.

Ses **objectifs** sont d'assurer et de promouvoir la collecte d'informations, la recherche scientifique et la publication de travaux concernant les secteurs économiques et les activités orientés vers le service de l'intérêt général et collectif : l'action de l'Etat et des pouvoirs publics régionaux et locaux dans les domaines économiques (politique économique, régulation) ; les services publics ; les entreprises publiques et mixtes aux niveaux national, régional et local ; l'économie sociale : coopératives, mutuelles et associations sans but lucratif ; etc.

Le CIRIEC a pour but de mettre à la disposition des praticiens et des scientifiques des informations concernant ces différents domaines, de leur fournir des occasions d'enrichissement mutuel et de promouvoir une action et une réflexion internationales. Il développe des activités qui intéressent tant les gestionnaires que les chercheurs scientifiques.



International Centre of Research and Information on the Public, Social and Cooperative Economy - aisbl
Centre international de Recherches et d'Information sur l'Economie Publique, Sociale et Coopérative - aisbl

Université de Liège au Sart-Tilman
Bât. B33 - bte 6
BE-4000 Liège (Belgium)

Tel. : +32 (0)4 366 27 46
Fax : +32 (0)4 366 29 58
E-mail : ciriec@ulg.ac.be
<http://www.ciriec.ulg.ac.be>