

27th International Congress of CIRIEC

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GENERAL CONCLUSIONS

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Ladies, Gentlemen,

Over a year ago, the members of the CIRIEC Praesidium finally chose the theme for our 27th Congress, "Innovation and Management". The choice - I believe - was wise at the time, but they clearly could not foresee the order of magnitude of the looming financial crisis.

It was only logical, then, that the financial crisis should suggest itself as the main theme of our congress. I have been attending our congresses for more than twenty years now, and this is the tenth time that I find myself marshalling the conclusions. The tone of this congress differs from all the others. The financial crisis has brought out the role of the State as guarantor of the continued existence of the financial system. It has revealed the flaw lines of regulation, overly anxious not to offend the markets. It has pointed the finger at the errors of management caused by incentive mechanisms, that is, systems of remuneration, that impel towards the taking of risks, to the growth (even if stunted) of figures and to the non-transparency of products placed on the market.

We spent the three days talking much more, at length and in depth, about the weaknesses of the market than those of public management. We certainly had the opportunity to compare notes about privatisations, such as those conducted in Japan in railways and mail services, but we also discussed the radical nationalisations decreed by the American government! The days when the methods of privatisation were the leitmotiv of encounters between leaders of public enterprises seem to be over. Our new President can even speak of a rebirth of the public economy and local enterprises. We further discussed methods of management and governance of social economy enterprises, without confining ourselves, as may perhaps have sometimes been the case until recently, to copying the methods of management of capital enterprises, while bearing in mind certain specificities.

The tenor of our 27th Congress is therefore different. It was set by the masterly hand of Joseph STIGLITZ. I shall run through some of his proposals:

- ⇒ He begins by mapping out the key roles of the State, the cooperatives, the mutual associations and non-profit organisations in our economies.
- ⇒ The asymmetries of information often prevent markets from functioning to the best of their capacities, to the extent that, if Adam SMITH's "hand" is "invisible", then it is because it does not exist. For the rest though, as far as Joseph Stiglitz is concerned, CEOs will more often than not have a vested interest in skewing information, opacity best serves their purposes.
- ⇒ Seeing the deep crisis of confidence that has seized us, Joseph Stiglitz calls for a healthier balance between State, Markets and social economy.
- ⇒ Joseph Stiglitz says that the State must shoulder its responsibilities, since the success of economies is broadly determined by the influence brought to bear by the public authorities.

- ⇒ The cooperative and mutual enterprises, the non-producers, are organisations less inclined to take advantage of asymmetries of information, their powers of negotiation.
- ⇒ Joseph Stiglitz also insists that economic democracy is conducive to greater innovation, transparency, fairness, quality and productivity.

We would all now accept that the financial crisis is in part due to unfortunate innovations and to inadequate forms of governance. It thus follows that not all innovations are good ideas. However, some of the responses to this crisis and to the other problems of our society and, in particular, the responses put forward by the public, cooperative and mutualist enterprises and associations choose the path of innovation and, of course, good management.

The transactions in plenary sessions and workshops alike brought out the main issues around management and innovation.

- ⇒ Sustainable development, in particular in its ecological and environmental dimension, calls for far-reaching innovations: technological, organisational and social innovations. The public authorities must assume and, in fact, are assuming, their responsibility in the matter: for example, public transport in Germany, the development of renewable energy in Andalusia or, again, the public management of the purification of industrial effluent, sewage and waste water in Wallonia.
- ⇒ In another workshop the speakers considered the extent to which the pressure of competition, financial imperatives, European law and demographic challenges cast doubt upon the national health and social services systems, be they in Spain, in Argentina, in Austria, in Germany or in Sweden. The public authorities, the mutual health insurers, the operators are impelled towards

innovation (in matters of services, methods of organisation and financing), and governance, macro and micro, is now in the throes of evolution.

- ⇒ The Corporate Social Responsibility is not an innovation as such for the enterprises of the public and social economy. It is part of their very nature. What is new, on the other hand, is the more explicit allowance for the environmental dimension; the will to associate the various interested parties such as in Spain; the publication of CSR reports; the use of marketing of the CSR that the public economy and social economy enterprises must accept in order to square up to the challenge of competition.
- ⇒ The networks, physical and human alike, form an important sector of activity for the public economy and for the social economy. The E.U. keeps to its policy of vertical disintegration of network sectors. It presses ahead with its policy of liberalisation, now targetting the social services, using the "softer" term "modernisation". This creates and fuels uncertainties for the operators, but the more so for the (local) public authorities. As has already been pointed out, these public authorities are not much involved in the decision-making processes at European level, even though they may sometimes have a direct responsibility in certain key sectors such as mains electricity distribution or the social services.

The capacity of public authorities, of public enterprises, of enterprises in the social economy, to innovate, to adapt their form of management to take account of the needs of our societies, to increase their effectiveness, to increase their transparency, is already a matter of record.

We were able to debate numerous relevant case histories in the course of these three days.

The innovation and creativity shown by the public economy and by the social economy spring in part from its ability to organise partnerships and networks, to

dialogue with other interested parties, to structure and to make solvent user demand, to turn the NICTs to good account the better to combine economic efficiency and democracy.

Ladies, Gentlemen,

In conclusion, across all the statements and debates, I believe that innovation and the new forms of governance, in the public economy and in the social economy, refer to their sense of responsibility. From the outset of our congress, Joseph Stiglitz reminded us of our responsibilities. It is up to us to give concrete form to our will to be just as efficient as capital enterprises while remaining true to our values and our objectives, to demonstrate our ability to unite all interested parties and - more particularly - workers for the attainment of the objects of the enterprise, to implement our will to shoulder our full responsibilities, measured against the General Interest.

Thank you all.