

Public enterprise, strategic tool of public policies

- CIRIEC's 31st international congress, Reims

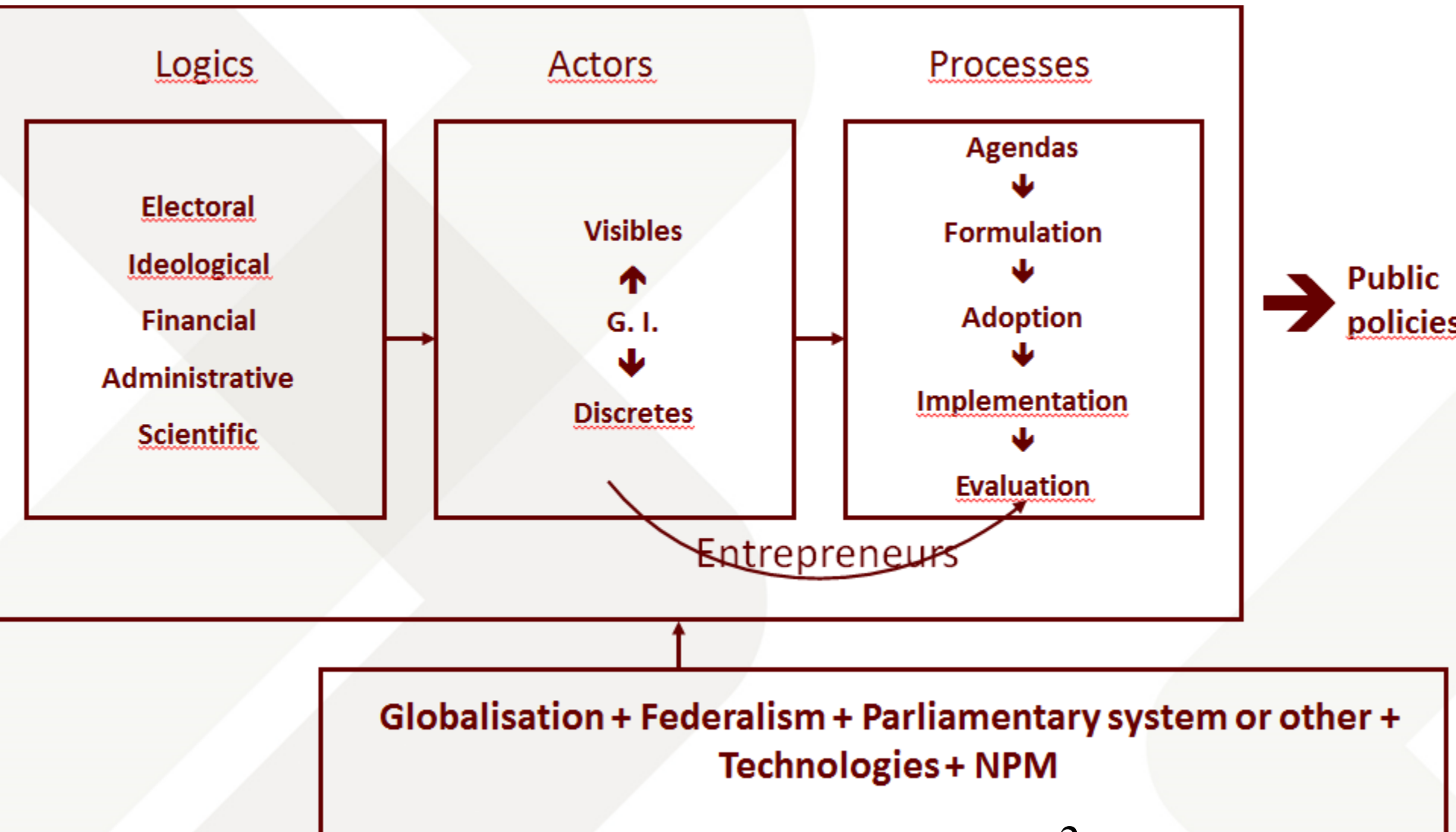
Presented by: Luc Bernier, Jarislowsky Chair in Public Sector Management, September 22, 2016



Introduction: Background of this presentation

- « The state has no business in business » Mrs Thatcher
- Since 2000 and more since 2008, public enterprises have been « rediscovered »
- The books of CIRIEC-France edited by Philippe Bance as a basis
- The books by CIRIEC international on public enterprises also
- The work of Massimo Florio and his network
- A partial explanation under friendly fire, is there an optimist in the room?
- The problem is not public enterprises, it is the way we look at them

A general model of policy analysis



And an « État stratégique »

- In the middle of all this, a strategy?
- Not a downsized state (Un État réduit)
- Should have maintained its policy capacity
- Should have an industrial policy ideally
- Should be able to build deals such as Gaz de France and Suez
- Could have a think tank, an APE, to coordinate the activities of public enterprises
- Again, a capacity for steering, not necessarily rowing

But there are limits to state capacities

- The complexity of the task
- The changing social trends
- The problem of coordination: « la politique énergétique d'un pays n'est jamais purement énergétique »
- The institutional mechanisms used in democracies to choose our leaders?
- Crises to solve or at least to face



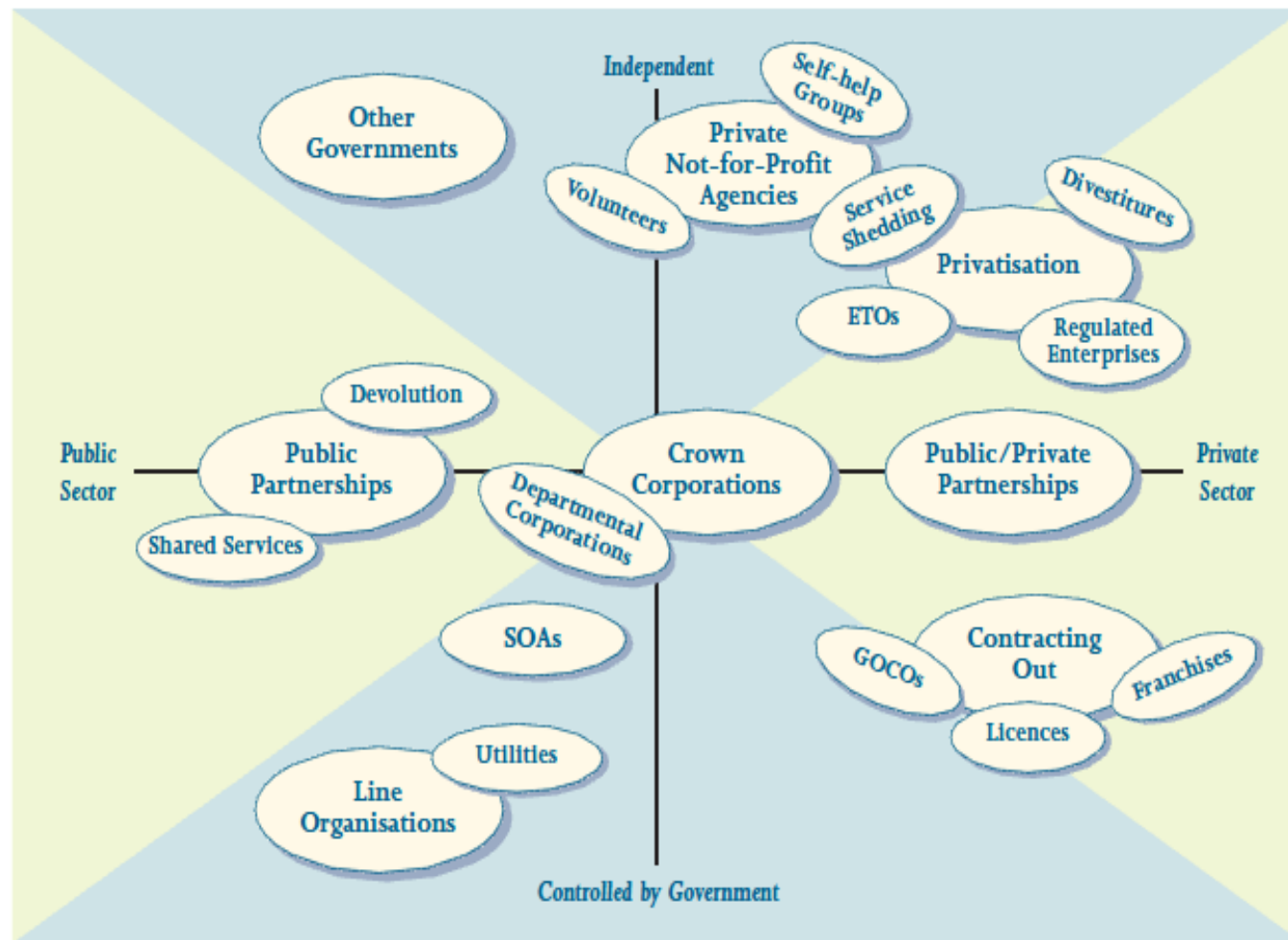
Nevertheless, there should be

- Un État stratégique
 - An economic or industrial policy to implement
 - If not, why not privatize?
-
- The problem is not the public enterprises, it might be the lack of policy.
 - Not everywhere but certainly where I come from

A state-owned enterprise is or should be

- An organization with a technological core
- An organization with a sub-system to protect the core from the environment (a buffer)
- A strategic plan
- An internalized mission or a policy to implement
- There is the law, but more important there is an organizational culture
- It is one option among others

Figure 2: Delivery Options



From the policy to the instrument

- There are governance mechanisms to relate them: There is a board of directors, often a regulatory body or a few but in an « arm's length » relation there is the length of the arm.
- There might be a holding structure that makes things more difficult to understand
- There is a commercial activity in the way of policies
- « A distant relationship is more suitable for entrepreneurial autonomy » Rentsch and Finger
- It might not work in theory but it works in practice: the Stadtwerke Köln or the New York and New Jersey Port Authority or Hydro-Québec or our other cases we studied

What do we find also?

- In the US, public ownership without public policy
- In Canada, a state having various policies imposed on public enterprises far away from European states tradition
- International activities that might escape policy objectives
- We can hope that public enterprises will do what their technological core lead them to do
- Can we hope for more than temporary policies? What is the span of attention of governments?
- Hybrid organizations with complex missions
- **And if having the structure is having the strategy?**

And so

- In a multiple institutional logics perspective, we cannot expect more policy rationality
- And hope that their governance will keep them in their policy role
- It is satisfying (cf Herbert Simon), not maximizing
- It is not to say that we cannot do better in research, there is a new science being built by CIRIEC's scientific commission (the coming handbook)
- We don't need less state, we need more of a better state and if it is the État stratège, let it be.