

The Place of Public Enterprises in Public Investment  
Strategies: Lessons Learned from Recent Quebec Experiences  
(to raise a few questions )

Par

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# The leverage of public investment to revitalize the economy

- « Every election, the road goes on » Sang Gilles Vignault
- Infrastructure to be improved
- Roads in ruins: construction has a great leverage effect
- Expertise to keep: bridge construction and the Ministry of Transport: who controls whom?
- Also the green fund(the carbon tax)
- COVID and vaccine production: a necessary return to the state



# Do we have a model or successive models (Benoît Lévesque) ?

- For those who have not yet read entirely the *Routledge Handbook of State-Owned Enterprises*?
- In Quebec, we had Crown corporations in the 1960s and economic policies a decade later (see Roland Parenteau)
- We do not have an Agence des participations de l'État
- We have ministries “de tutelle” (Energy for Hydro-Québec)
- We have a corporate governance framework since ENRON and others
- We have a diversified financial ecosystem
- A source of revenue for the state, these companies make profits
- What to remember? All this works in practice but not necessarily in theory

# How Canadians put water in their wine or not (relire Pierre Desproges)

- A country on a continent where the state has a particular background (review the role of the Tennessee Valley Authority)
- Alcohol has been sold by the state since American prohibition, except in Alberta, where the relatively recent privatization has not been very successful. (SAQ and LCBO in Ottawa/Gatineau)
- Water is distributed by cities, no delegation and rarely an invoice (review the work of Pierre Bauby by comparison)
- Water remains another nightmare for first nations
- In New York too the aqueduct is owned by the city and the water is impeccable for 90% of the population

# The financial ecosystem in Quebec

- The National Bank (\$ 344 m.)
- Desjardins, a coop (\$391 m.)
- Labour-sponsored funds
- And a whole network in responsible and solidarity finance
- Crown corporations (CDPQ, IQ and others)



# A word about la Caisse de dépôt et placement

- Empowerment away from Ames Securities and the Bank of Montreal in the 1960s, colonialist remnants
- The large financial reservoir for pensions, etc.
- Total assets under management of \$419.8 billion
- The REM after London airports and a train in Vancouver
- A very decent financial performance over time in general with one crisis per decade or almost
- How to pay your executives?



## A word about Investissement Québec

- The heir of the SGF: how to transform SMEs into large companies
- The grouping in a financial organization of what was a network
- The operational arm or lever
- The most reconfigured SOE
- Private financing, support instead of competition
- Minority stakes
- So also investments in a greater number of companies and reassured private investors and shareholder agreements

# A word also about Hydro-Québec since there is more to life than only finance

- Large water resources but an archaic private network until 1962
- During the bad years, 25% of investments in Quebec: state interventionism
- An export market in theory interesting but a change of structure questionable to go to the American market
- The battery of the northeast of the continent?
- The wind turbines were first left to the private or local and then... in co-investment
- Low cost of electricity hinders transition to new technologies
- Proof that the state can be effective





# Massimo Florio and knowledge generated by the public sector

- Accumulated knowledge on the management of the economy: the example of Uruguay applies to Quebec or the other way around
- These organizations have intellectual added value
- Scientific knowledge generated
- CERN, the research of atomic research that has led to breakthroughs in nuclear medicine
- Biomed Europe
- See also the Institut national d'optique au Québec

# When should we privatize or nationalize?

## Initially a successful privatization

From Boeing to the State to Bombardier with already a gift

Have or not have a strategy

Do your research yourself or not

A family that controls the company

Many, many public funds given to the private sector

A gift to Airbus

## A nice little plane



# To conclude, a few more questions

- Are European investment banks replacing Europe's liberalism (Mertens and Thiemann, 2019)? Crown corporations in Quebec?
- The companies given as examples here have an ability to lead the economy instead of simply correcting its deficiencies (Mazzucato and Semieniuk, 2017)
- Can a structure replace public policy or act as a policy?
- In other words, is the structure the strategy?
- An iteratively built model that creates sustainable management in addition to the necessary investment and reservoirs of knowledge
- A source of revenue for the state, these companies make profits
- Institutions remain, governments do not always,
- In a small society, a few large state-owned enterprises give capability