

24th International Congress of CIRIEC
Naples, 30th September – 2nd October 2002

“Renewal of welfare and general interest policies
Public institutions, Regulated Markets, Social economy”

The Congress proposed a debate organised along two main lines of discussion, one of a general and theoretical nature for the initial and final sessions and one of a more specific and pragmatic nature which focused particularly on national and local experiences in four major areas of the social economy (services of general economic interest: education and training; health, assistance and social security; environment).

An ambitious and very topical theme as the President of Ciriec International, Jacques Fournier and the Secretary General of Ciriec in Italy, Massimo Pinchera pointed out at the start of the Congress.

The Congress was opened with a welcome to delegates and those accompanying them given by the Mayor of Naples *Rosa Iervolino Russo*, who expressed her appreciation of the topics chosen by Ciriec and of the seriousness of its approach, and by the elected regional head of universities and scientific research, *Luigi Nicolais* who stood in for the President of the Region of Campania, Antonio Bassolino.

1. The general situation

It is useful to look at the historical context of the current crisis of the welfare state to demonstrate that its renewal is desirable while at the same time abandoning it is completely inadmissible and unrealistic. This was the historical contribution offered at the start of the works by the President of the Italian Ciriec *Francesco Paolo Casavola*, former President of the Constitutional Court, currently head of the Institute of the Italian Treccani Encyclopedia and professor at the university “Federico II” of Naples.

Nicole Questiaux, former Minister of Solidarity in the French government and currently Honorary Section President of the Council of State also offered a historical perspective. She invited us to reflect on the fact that the ideas of solidarity and the first initiatives in the field of mutual benefit societies were born in the societies of the 19th and early 20th centuries, hard competitive societies in the turmoil of sudden and profound technological change.

Neither the state nor the market are able to resolve all the problems of the economy and society and, according to *José Barea*, professor at the Autonomous University of Madrid and ex-minister in Spanish government, a third way must be found to remedy the failings of each.

In the light of the facts, the market too has disappointed, at least partly, those who advocate the privatisation of public and general interest services to guarantee efficiency. *Steve Thomas*, a professor at Greenwich University near London, presented a paper on the British case and on the electricity industry in particular.

According to *Anne Houtman*, Deputy Head of Cabinet in the President's Office of the European Commission, the socio-economic action of the European Union provides an example of a careful search for a balance between the demands of the free market and safeguarding the rights and interests of citizens.

If an already fully tried and tested model for a "third way" between the state and market exists, then it is that of co-operatives. On the last day of the Congress *Ivano Barberini*, President of the International Co-operative Alliance (ICA) and of the National League of Co-operatives and Mutual Benefit Societies (Italy).

The conviction that the principle of free competition must be placed under the control and regulation of governments lies at the basis of the action of the ver.di, the unified German trade union in the services sector. The objectives and activities of this union lay at the centre of the contribution made by its president, *Frank Bsirske*, member of the Management Committee of the EPSU, the European Federation of Public Services Unions.

2. Services of general economic interest

Market economy and social solidarity, the relative efficiency of public and private sector managers and control and regulation by the state, questions already at the centre of attention in the two plenary sessions, were also addressed in the first of the four workshops into which delegates were divided in the middle part of the Congress, which was on services of general economic interest.

According to *Giuseppe Bognetti* and *Lorenzo Robotti* professors at the universities of Milan and Ancona respectively, the intrinsic inefficiency of public enterprises, the underlying premise behind what is now a twenty year long process of privatisation, is not convincing from neither a theoretical nor an empirical viewpoint. Neo-classical theories are incapable of explaining the factors that have caused the waves of privatisations that have characterised all western economies in recent decades.

While planned economies have failed, hyper capitalism has also shown itself incapable of solving the problems of society. A new phase is therefore opening, according to the President of REVES (European Network of Cities and Regions for the Social Economy) *Jens Nilsson*, Mayor of Östersund and President of the Swedish Institute of Social Economy. It is a new phase based on partnerships between different actors (local authorities, social economies and the private sector) designed to ensure greater democratic participation and a more lasting welfare.

It is the mission of GESQ (Quebec Group for Solidarity) to support solidarity and social economy and the enterprises that represent it. Its president *Gérald Larose*, professor at the university of Montreal reported on its activities.

An example of how public and private can combine in a mixed enterprise to improve the quality and efficiency of a service is to be seen at LVB, the Local Public Transport Provider of Leipzig. Its President and Chief Executive Officer *Wilhelm Georg Hanss*, who is also General Manager of the Municipal Distribution and Transport Corporation of the same city illustrated its activities.

Achille Diegenant, President of the Association for the co-ordination of the public electricity, gas and cable-television sector (INTER-REGIES) in Belgium, put forward the thesis that there is still an essential place and role for municipalised enterprises in the sector of general interest services.

3. Education and training

Three main lines of research were examined in the second workshop of the Congress which was dedicated to the problems of education and occupational training: training in the field of social economy and co-operatives, action by public institutions in the education and training sector, the contribution of educational institutions (and universities in particular) to the study of public sector economics.

The case for a virtual school of social economy was put by *Alberto García Müller*, professor at the Andes University in Venezuela.

The report by *Kadir Arici*, General Director of the Central Union of Turkish Agricultural Credit Co-operatives focused on the fundamental role of education and training in the development of the co-operative movement.

Mauricio Serva, professor at the Brazilian University of Paraná also held that basic education and lifelong occupational training were necessary preconditions for relaunching the social economy.

According to *Alice Copette*, Head of Unit for the “Application and dissemination of innovation” at Directorate General for Education and Culture - Vocational Training - of the European Commission, the creation of a space for lifelong education and training is a concrete objective of member countries.

Austria is one of those European countries in which public sector intervention after the Second World War was more decisive in establishing the lines of economic development. It is logical therefore that ample space is given to the subject of public sector economics in Austrian Universities, as emerged from the report given by *Gabriel Obermann*, professor at the University of Economics of Vienna and Director of the Institute of public sector economics.

4. Health, assistance and social security

The third workshop focused the attention of delegates on the welfare sector, which is perhaps that which is suffering most. It is also, however, the sector in which the so-called ‘third sector’ appears to be most innovative and promising.

The crisis of public sector health systems was addressed in general terms by *Guy Peeters*, the Secretary General of the National Union of Socialist Mutual Health Insurance Companies in Belgium.

There are still broad bands of the population in developing countries without any access to a decent standard of health care, as was highlighted by *José Maria Francisco Garriga*, Director of the Argentine Federation of Mutual Health Insurance Companies (FAMSA).

Huge opportunities for action are opening up for the co-operative movement in western countries, especially in specific sectors such as infant care and services for senior citizens. According to *Gun-Britt Martensson*, President of the Swedish National Federation of Housing Co-operatives (HSB), this is even true for a country like Sweden which boasts a tradition of a strong state presence in all welfare sectors.

Alexandre Krauss, Head of International Relations and *Damianos Varelis*, President at the Federation of Greek Health Mutuals (OATYE) spoke of the intense activity carried out by the international association of mutual benefit societies over the last decade.

The far reaching reform of care for the elderly introduced in Japan in 2000 was

analysed by *Masatomi Funaba*, professor at the Kobe University of Marketing and Distribution Sciences, in the Department of Commerce and *Kaori Saito*, Special lecturer at the University of Tokyokaseigakuin.

According to *Emerit Bono Martinez*, professor at the University of Valencia and ex-minister in the regional Valencia government, equal rights for citizens with regard to social protection constitutes an example of the type of challenge that the European Union is called upon to face over the next few years if it wishes to make concrete progress along the road to positive integration.

5. Environment

The strong ties which bind the concept of general interest and policies to protect the environment, the natural environment as an economic resource to be conserved, and the different attitudes of public and private sector enterprises towards the environment constituted the issues of interest that emerged from the debate in the fourth workshop of the Congress.

According to *Ignazio Musu*, professor at the Ca'Foscari University of Venice, environmental policies pursue the objective of safeguarding natural capital which constitutes one of the components of social capital.

The close ties that have existed, at least since the 1970's, between environmental policies and general interest services provided by public enterprises were examined with particular reference to Austria by *Wolfgang Lauber*, Deputy Head of Section, "Environment and Transport" at the Vienna Workers and Employees Chamber.

An example of the modernisation of an industry performed according to the principles of environmental conservation is provided by the Municipal Water Company of Berlin. *Christa Hecht*, a senior manager at the company reported on the experience.

One innovative financial instrument that has a positive effect on environmental policies is that of ethical funds. *Isabelle Bois de Ferré*, Financial Strategy Counsellor at the company Gaz de France spoke on the subject.

6. The round table

The Congress concluded its work with an interesting round table which stimulated reflection and debate on the future by calling on participants to define the basic functions and new roles that might be taken by public authorities in years to come.

Jacques Fournier, President of CIRIEC International and Honorary President of the French National Railway Corporation (SNCF) took the role of moderator and introduced the subject speaking of market inefficiencies and the relaunch of collective action. The following persons took part in the debate: *Gérard Delfau*, Senator and President of the French CIRIEC (the anti-globalisation movement as an expression of the need to participate and public power), *Benoît Lévesque*, professor at the University of Quebec in Montreal (UQAM) and Director of CRISES, Centre for Research on Social Innovations in the Social Economy, Enterprises and Unions (the “positive” welfare state oriented toward social investment instead of old fashioned welfare), *Alessandro Montebugnoli*, President of the Association “New Services” (means and organisational forms that welfare policies must employ), *Wilfried Räßle*, Speaker of the Board of Director, Municipal Enterprises of Cologne (SWK) and Member of the Board, Gas, Electricity and Water Company of Cologne (GEW) (municipal management of public services).

7. Conclusions

In drawing the conclusions of the Congress, the Director of CIRIEC *Bernard Thiry*, professor at the University of Liège, identified three main themes that emerged particularly clearly from the reports and written papers that were presented: the responsibility of public authorities for welfare and general interest; the duration of public policies; development in the distribution of responsibilities between different means of allocating resources and different organisational forms.

8. Discussion papers

In addition to the reports presented by speakers, eleven written papers were sent in to the secretariat of the Congress both on the general topics addressed in the plenary sessions and on the specific issues dealt with in the four workshops. More specifically written papers were received from: *Pierre Bauby*, Director of the Electricity Observatory and of the company *Electricité de France* on public action and general interest; *Rafael Chaves*, of the University of Valencia and *Antonia Ribas Bonet*, of the University of the Balearic Islands, on systematic transparency in non-profit organisations in Spain; again *Rafael Chaves* with *Antonia Sajardo-Moreno*, of the University of Valencia, on the new tendencies in

spanish non-profit organisations; *Juan del Pino Artacho* of the University of Malaga, Vice President of the Spanish Ciriec on the contribution of social economy enterprises to social well-being; *Manuel Fernández-Esquinas*, from the Institute of Social Studies of Andalusia on the possibility of choice in state schooling in Southern Spain; *Stefania Gabriele*, from the Institute of Economic Studies and Analysis (ISAE) and *Stefano Zolea*, from the Italian Region of Campania on the difficulties in interpreting PISA, the OECD programme for assessing the capacities of 15 year old pupils; *Emilio Galdeano Gómez*, of the University of Almeria on the economic impact of action designed to improve the quality of the environment on the added value of market gardening co-operatives in Andalusia; *Jean-Paul Giraud*, President of the *Sem et Europe* Committee on local mixed economy companies as a future solution for public-private partnerships; *Nicola Postiglione*, from the University of Salerno, Italy, on indicative planning in the third sector; *Stefano Sacconi*, editor in chief of the journal “*Rivista della cooperazione*”, on co-operatives and development strategies; *George Tseo*, from the University of Pennsylvania and *Hou Gui Sheng*, from the Qingdao Institute of Chemical Technology, on ownership of shares by employees and receipt of a share in the profits as a positive factor in the reform of public enterprises in China.