Putting Public in Public Services:
Research, Action and Equity in the Global South

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Introduction:
Public Enterprises and Development in Latin America and the World

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The reasons behind this book

The aim of this publication is to contribute new insights on the significance, performance and development contributions of public enterprises in Latin America and the world, with emphasis on state companies engaged in the provision of public services and in industrial policy. The contributors to this book discuss the relevance and validity of various theoretical assumptions and political arguments about these entities, based on the interpretation of specific experiences of state ownership and management in various sectors and national contexts.

The need for a publication of this type has been suggested from many different analytical perspectives. In a report published by the World Bank some years ago (Gómez-Ibáñez, 2007:5) it was noted that "unfortunately, there is less research on the alternatives to privatisation than on privatisation" and that "many of the studies of public enterprise reform involve firms in industrialised countries", with relatively little attention to state-owned enterprises in the South. More recently, and from a more radical position—explicitly critical of market reforms—other researchers have stressed the absence of useful concepts and evaluation criteria that could allow a more objective assessment and the meaningful comparison of experiences across different sectors and regions (McDonald and Ruiters, 2012).

In Latin America and other parts of the world, despite the massive privatisation programmes that have been implemented over the past four decades, the state still owns and manages a wide range of enterprises. In this context, there has been increasing debate about the role of government in development and the significance of state companies, the criteria and indicators needed to measure their performance, and the specific characteristics of governance within public entities. Moreover, the ongoing transformations in the global economy, in the context of one of the most severe crises in the history of the capitalist system, have also given fresh impetus to international academic and policy discussions on the meaning of development, the "developmental state" and possible options for industrial and social policy to overcome the crisis (see Fine, 2011).

The significance of public enterprises

The international debate on state intervention in the provision of goods and services is not new and has always been characterised by highly polarised theoretical and ideological viewpoints. In the 1990s, at the height of the *Washington Consensus* in Latin America and during the transition from "socialism" to neoliberalism in Eastern Europe, the hegemonic perspective held that state-owned enterprises (SOEs) were inherently inefficient and should be privatised. A few years ago, one of the world's most influential economists still insisted: "increasing evidence indicates that most public enterprises either do not contribute strongly to development or perform their public service functions ineffectively or inefficiently" (Rondinelli, 2008: 21).

In more recent times we have seen an increase in the number of authors that emphasise the positive aspects of state ownership and management and recognise the significance of public enterprises in fostering economic growth and social development. As another renowned international expert in development policy has noted, "despite popular perception, encouraged by the business media and contemporary conventional wisdom and rhetoric, SOEs can be efficient and well-run" (Chang, 2007:8). He goes on to add that "[t]his may sound like a trivial statement, but it is very important to start our discussion with this point, given the depth of prejudice against SOEs".

The importance of public enterprises has tended to be better appreciated in the aftermath of the global economic and financial crisis that erupted in 2008. Even the mainstream media, including publications traditionally very critical of the public sector such as *The Economist,* have recognised its growing significance. In a special report on "state capitalism" published in January 2012, the world's most prestigious business magazine warned its readers about the shift from a liberal capitalist model to alternative models centred around these kinds of companies. The detailed report published by *The Economist* underlined the existence of multiple state-owned or state-controlled companies that have a marked influence in shaping the global economy, including:

- thirteen of the largest oil firms, which between them control more than three-quarters of the world's oil reserves;
- the largest company active in the exploitation of natural gas, Gazprom of Russia;
- the world's biggest mobile phone company, China Mobile, with 600 million customers;
- one of the most profitable chemical companies in the world, Saudi Basic Industries Corporation, from Saudi Arabia;
- the third largest bank in Europe by market capitalisation, Sberbank of Russia;
- the third largest port operator in the world, Dubai Ports, based in the United Arab Emirates (UAE);
- the world's fastest-growing airline, at a rate of 20per cent annually, Emirates, also from the UAE.

The examples listed above challenge the widespread belief in the intrinsically inefficient nature of public enterprises. Many influential economists, however, still trot out a very dubious statement made over a decade ago: “private companies are more efficient and more profitable than state-owned enterprises” (Megginson and Netter, 2001: 380). Nevertheless, a recently released meta-study (Mühlenkamp, 2013), based on a very large database, shows that there is no reason to believe that private enterprises are more efficient than public enterprises in general, and confirms that new and more detailed studies that compare the welfare consequences/effects of publicly and privately owned firms are still much needed.

Other researchers have recognised the difficulty posed by the coexistence of different definitions of “public enterprise” in attempting international comparisons (see Christiansen 2011). Recognising this limitation, and aiming to more accurately measure the importance of state-owned companies on a global scale, recent research commissioned by the Organisation for Economic Cooperation and Development (OECD) has analysed the degree of public ownership among the world’s 2,000 largest companies—those included in the *Forbes Global 2000* index—and their 330,000 subsidiaries (Kowalski et al., 2013). The study identified as public enterprises those where the state owns, directly or indirectly, more than 50 per cent of the shares at the national or subnational level. The findings are striking: more than 10 per cent of the world's largest companies (204 firms) in 37 different countries are state-owned or controlled, with a total value of sales amounting to US$ 3,600 billion in 2011. This turnover represents more than 10 per cent of the combined sales of all the Forbes Global 2000 and is equivalent to 6 per cent of the global GDP, exceeding the gross national product of countries such as Germany, France or the United Kingdom.

A quick review of the international empirical evidence enables an even clearer appraisal of the growing power of public enterprises in different economies around the world. The economic weight of the public sector varies considerably across countries. SOEs and state-controlled enterprises (SCEs) account for 80 per cent of the capitalisation of the stock market in China and over 60 per cent in Russia, but just under 35 per cent in Brazil (*The Economist*, 2012). In Latin America, while some major state companies emerged out of high-profile renationalisations, such as in Venezuela, Bolivia and Argentina, or through the establishment of new public enterprises, as in Ecuador, many pre-date the wave of privatisation in the 1990s.

The country where the power of public enterprises is most evident is China. At present, some of the world's biggest and most influential companies are owned or controlled by China's central government. Most of these enterprises were created in the 1950s, following the Soviet model, but since the mid-1980s the Chinese government has pushed through several reforms in their operations and management. As a result, today, "in many respects these companies look like multinational companies. Some are listed on overseas stock markets, and some feature prominently on lists of the world's largest corporations" (KPMG, 2013:1).

The real number—and economic and political weight—of Chinese SOEs and SCEs is not easy to estimate, but according to figures disclosed by the official news agency at the beginning of this decade the country had 144,700 companies owned or controlled by the state, excluding financial institutions (Xinhua, 2012). Their total assets were calculated to be 85.4 trillion yuan (US$ 13.6 trillion), and they were estimated to contribute 35 per cent of China's revenues and 43 per cent of China's total industrial and business. Most public enterprises belong to local authorities; even if those managed by the central government receive most of the attention. The centrally-managed firms are those controlled by the powerful State-Owned Assets Supervision and Administration Committee (SASAC; a mega holding company).

In the past two decades many Chinese companies have been privatised or have been forced to introduce new managerial mechanisms and comply with rules for regulation based on market liberalisation. However, these changes do not mean that the government is pulling out of the economy. On the contrary, the state continues to intervene and plays a very active and dynamic role in China's economic and social fabric, although not only based on the same methods of direct control and rigid state planning of earlier times (Breslin, 2012). Despite a series of recent press articles about the slowdown and lower economic performance of state companies, academic research provides evidence that Chinese public enterprises are in fact stronger than ever: although foreign-owned firms seem to be more productive than non-exporting firms, "exporting SOEs [continue to be] the most productive of all possible groupings of firms" (Elliott and Zhou, 2013:1).

The other major Asian power, India, has also empowered several public entities that play a crucial role as catalysts for development, ensuring—among other functions—the financing of many small and medium companies. In recent years, the central government has also promoted the internationalisation of its SOEs by granting them greater autonomy to invest in foreign operations and engage in joint ventures. For instance Bharat Heavy Electricals Limited (BEHL) expanded its operations to several other national markets. Another example of the same trend has been the recent internationalisation of Oil and Natural Gas Corporation Limited (ONGC), with exploration and production projects in countries as diverse as Brazil, Burma, Cuba, China, Colombia, Iran, Iraq, Nigeria, Kazakhstan, Syria, Sudan, Uzbekistan and Vietnam (Hiscock, 2012).

In France, the State Assets Agency (*Agence des Participations de l'État*, APE) manages a large portfolio of strategic companies in the areas of defence, infrastructure, transport, energy, real estate and financial services. The main function of these enterprises is to promote economic growth. The composition and goals of the public enterprises are reviewed periodically to ensure they are aligned with the long-terms goals of France's industrial policy. The financial intermediary role played by what has been called the "shareholder state" *(l'État actionnaire)* via the *Société de Prise de Participation de l'État* (SPPE) has also ensured the availability of credit to rescue various ailing companies and contribute to economic recovery in times of crisis (APE, 2012).

In Singapore, public enterprises have been one of the main drivers of economic growth. Most of them are grouped within the state-owned conglomerate Temasek Holdings, which reports to the Ministry of Finance. The objectives of state enterprises and their role in Singapore's economic expansion have been synthesised in the published national growth strategy, which focuses on five themes: (1) transformation of the economy, (2) expansion of the middle class (3) innovation applied to the creation of new products and/or companies,

(4) deepening the comparative advantages of Singapore, and (5) focusing on "emerging champions" (Temasek, 2011).

Public enterprises also play an important role in a number of European countries, ranging from Italy, Austria, Belgium and the Netherlands to Poland, Slovenia and the Czech Republic. In Ireland, an independent evaluation published when the country was in the midst of a very acute economic crisis identified several core functions of state enterprises in the national economy (Forfás, 2010):

- Provision of essential infrastructure and public services that are critical for national development (e.g. energy, water, health, transport, waste management, telecommunications).
- Enhancing skills (including technical and managerial abilities) and entrepreneurship.
- Promotion of economic growth and social well-being in line with broader public policy objectives.
- Setting salary levels for certain professionals across the economy.
- Substantial investment in infrastructure provision and direct engagement in the implementation of Ireland's National Development Plan.
- Initiation of strategically important economic activities which the private sector has either failed to initiate or to operate on a sufficiently extensive scale.

In Latin America, as already noted, progressive governments have chosen to reverse some privatisations that had taken place in previous decades, under various forms of re-nationalisation of companies operating in industrial activities, the energy sector and public services. In the field of mining, notwithstanding changes in the ideological profile of the government during the past five decades, Chile has always maintained the very profitable National Copper Corporation (CODELCO) in state hands. Other countries, particularly Brazil and Uruguay, have deepened the process of recovery and strengthening of public enterprises—as further explained in the chapters dedicated to the Uruguayan state companies in this volume. At the same time, other countries in the region are re-discussing the nature and role of the public sector, as observed in current debates in Mexico about the future of the state monopoly in the energy sector and the possibility that the emblematic Petróleos Mexicanos (PEMEX) company associates with private capital, supposedly without relinquishing state ownership (Corona, 2012).

Previous studies have already highlighted the progress made in recent years in the management of state enterprises in Latin America. A recently published report by the Andean Development Corporation (Corporación Andina de Fomento, CAF) highlights the best practices of "good [public] corporate governance" in oil companies such as Petrobras in Brazil, the mining firm CODELCO in Chile, the energy companies ISAGEN and Public Enterprises of Medellín (EPM) in Colombia, the Panama Canal Authority, and the National Fund for Financing State-Controlled Entrepreneurial Activities (FONAFE) in Peru (Bernal et al., 2012).

At the global level, the debate around the significance and prospects of public enterprises is very much alive. In parallel to the expansion of the state in many countries, elsewhere privatisation has returned to the political agenda with great force. The industrialised countries that make up the Organisation for Economic Cooperation and Development (OECD) had already gone through a first wave of privatisations in the 1990s. Currently, these countries are facing a new privatisation drive. In the context of the austerity policies, privatisation is affecting sectors intrinsically at the core of the welfare state, for example, hospitals and health care, social services, health care programs for children and youth, prisons, etc. The return of privatisation is particularly visible in the countries of the Mediterranean area, where the combined pressure of the agencies that make up the so-called "troika"—the European Commission, the European Central Bank and the International Monetary Fund—is imposing on the Southern European governments privatisation programmes very similar to those applied in Latin America in earlier decades as part of structural adjustment programmes (Zacune, 2013).

Beyond the return of privatisation policies in Europe, throughout the world SOEs and SCEs are listed among the largest and fastest-growing companies, with real capacity to compete with private corporations at national, regional and global levels. Analysts and policymakers hostile to the state have lucidly perceived their increasing importance, demanding the imposition of new barriers to prevent their expansion. In the framework of negotiations of a new generation of international agreements to liberalise trade and secure greater protection for foreign investment—such as the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP)—the advocates of the market have called for more stringent conditions for the operations of public enterprises (Heather and Wolff, 2012; Khor, 2013).

Recently, the famous economist Nouriel Roubini (2013), internationally known as "the guru of the crisis'', analysing the economic indicators of Brazil, Russia, India, China and South Africa (the so-called BRICS) has also argued that the model of "state capitalism" based on strong public enterprises had helped to foster the development of "emerging economies", but that nowadays state intervention would hinder productivity gains and be one of the main reasons for the current economic slowdown. Other analysts have retorted that this type of argument shows a marked ideological bias and ignores the potential of state enterprises for revitalising the world economy, considering the fact that they represent 19 of the 100 largest companies in the world and 28 of the top 100 in the so-called "emerging markets" (Rebossio, 2013).

Public enterprises and development in contemporary Uruguay

The new economic dynamism of the state is particularly visible in Latin America. Five of the ten largest firms in the region—all of them oil companies—are SOEs or SCEs: Brazil's Petrobras and Petrobras Distribuidora (1 and 6, respectively), Venezuela's PDVSA (2), Mexico's PEMEX (3), and Colombia's Ecopetrol (8). A state-owned or state-controlled enterprise is also at the top of the national ranking of companies in most countries of the region (*América Economía*, 2013).

Within the Latin American context, Uruguay stands out in terms of good governance in the public sector. For most of its history, this small Southern Cone nation has rarely made headlines in international news, but has recently gained global fame after *The Economist* selected the "modest yet bold, liberal and fun-loving" Uruguay as the "country of the year" for 2013, in recognition of a series of "path-breaking reforms that do not merely improve a single nation but, if emulated, might benefit the world" (2013:7). Such reforms allude to a package of progressive legislation around sensitive issues such as abortion, gay rights, and the government-regulated sale of marijuana, but could have also referred to the country's long tradition of efficient, innovative and socially-oriented state companies.

At the opening session of an international seminar held in Montevideo in October 2012—jointly organised by TNI and the Uruguayan government—the Minister of Industry, Energy and Mining, Roberto Kreimerman, argued that "public companies are an opportunity for national progress because they enable innovation and development in various sectors". He stated that "these companies were originally created with a political vision quite similar to that promoted by the current progressive government: to secure the provision of strategic services and be a strong enabler of national development". From the perspective of the Uruguayan government, public companies "should function well, be efficient, innovative, offering high quality and productivity; but being state companies they must also catalyse economic development and social inclusion". Further, according to Kreimerman, the Uruguayan government "believe[s] that public enterprises, besides their key role in areas such as telecommunications, water and energy, should be a tool for social cohesion within the framework of a long-term national project".

From a similar viewpoint, the Dean of the School of Engineering of Uruguay's University of the Republic, Professor Héctor Cancela, added that "public enterprises should strengthen their role in cultural leadership" in terms of "managing quality standards and structuring logistics chains". He also highlighted the importance of these entities "in the formation of human capital and the development of new thematic options for academic degrees and the identification of new specialised areas for research in cooperation with the academia". This affirmation is very much in line with the key points of the presentation given by Richard Kozul-Wright, Director of the Unit on Economic Cooperation and Integration among Developing Countries at UNCTAD (the United Nations Conference on Trade and Development) at the Montevideo seminar, when he highlighted the need for "strong states, genuinely interested in playing an active role in industrial policy".

The historical significance of public enterprises in Uruguay's social and economic evolution had already been recognised in the opening session of the seminar by Professor Gerardo Caetano, from the University of the Republic. "The Uruguayan experience consists of an array of well-established public companies that have withstood the ravages of neoliberal privatisation that in other countries of the region had devastating effects on the structure and roles of the state", Caetano noted, recalling that "in Uruguay, for over 100 years, we have been engaged in a fruitful discussion on the weaknesses and strengths of the specific configuration of our public enterprises".

In short, considering the exchange of ideas that began at the Montevideo seminar and the contributions of the various authors of this book, we can conclude that public enterprises have a positive impact on national development at several levels: protection of natural resources, development of marginalised regions, delivery of essential services, foreign currency saving, job creation, scientific and technological innovation, establishing the material base that defines the sovereignty and the levels of equality and development of a country.

The contents and structure of this book

This publication is part of a broader process, the continuity of which is assured by the recent formation of the *Latin American Network of Public Enterprises and Development:* a new convergence of academic scholars, public enterprise managers, government officials and trade unionists from various countries in the region. The creation of the network was first discussed at the international seminar *Public Enterprises: Transformations, Challenges and Opportunities*—co-organised by the Transnational Institute (TNI), Uruguay's National Directorate for Industrial Development (DCI-MIEM) and the National Telecommunications Administration (ANTEL) in Montevideo in October 2012—and was concretised in a workshop held at the University of Costa Rica (UCR) in March 2013. The network subsequently organised a second international seminar in November 2013, at the National Autonomous University of Mexico (UNAM). The network is currently designing a regional research programme on public enterprises, and opening new channels of communication and cooperation among a diverse array of institutions and individuals active in this field.

More than 30 academic researchers, government officials, labour activists, managers and technical staff of state enterprises from Uruguay and other countries contributed to the Montevideo seminar. While the authors who contributed to this book have not agreed a common definition of *public enterprise*, they all refer, broadly, to organisations that are (1) owned or co-owned by government, (2) have a public policy mission, (3) enjoy certain budgetary autonomy, (4) exhibit managerial discretion, and (5) operate mainly in a market environment and for which (full) privatisation would be possible, but has not been adopted or planned by the government. This definition is based on the one proposed by the researchers coordinating *The Future of Public Enterprise* project (Florio et al., 2012: 2) conducted by the Centre for Research and Information on the Public, Social and Cooperative Economy (CIRIEC International). This definition excludes other types of public entities, such as departments or agencies that are part of the central or municipal government.

The book is composed of three sections and 15 chapters (including this introduction). The first part focuses on issues of theoretical and conceptual relevance. The second section includes various interpretations of the evolution and prospects of public enterprises in several countries of the Americas. The third and last part is focused on the concrete experiences of state enterprises in contemporary Uruguay.

The first section begins with an extensive chapter by Massimo Florio, Professor of Economics at the University of Milan. Florio proposes a new research agenda on public enterprises in the current global scenario. Among other topics to be included in the agenda, the Italian researcher highlights the emergence of new models of public ownership in the energy sector, the current trends of re-municipalisation in the field of local public services, regulation and state ownership, the internationalisation of state enterprises, particularly in the telecommunications sector, the social benefits of a public monopoly as opposed to the unbundling of network industries, and the motivations of workers in public enterprises. Florio argues that some of these research issues are still nascent, but constitute the basis for future discussions that could help revitalise the role of state enterprises.

In the second chapter of the same section, Manuel Montes, Senior Advisor on Finance and Development at the South Centre, discusses the role of state enterprises in industrial policy. Based on a review of various experiences from Asia, Africa and Latin America, the Filipino analyst assesses the prospects for the emergence of "a new kind of efficient and competitive public company". He also identifies a number of threats to the role of the state and public enterprises arising from free trade agreements and new regulations for competition imposed by some international agencies and governments of the North on governments of the South.

The next chapter presents the preliminary results of several studies conducted by the international research network *Municipal Services Project* (MSP) in various countries of the world, focused on the *corporatisation* of public services. The MSP coordinator, David McDonald, Professor of Development Studies at Queens University, discusses the risk of perversion of the original nature of public enterprises through corporatisation. McDonald focuses on companies that are formally still owned by the state but whose management has internalised the logic of the private sector, via the adoption of a market rationality, an enhanced concern for market efficiency and profitability primarily focused on financial gains, with the subsequent deterioration of the public ethos.

In Chapter 5, Alfredo Schclarek Curutchet, Professor of Economics at the National University of Córdoba, presents the reasons that would justify the existence of state enterprises. He defends various theoretical arguments in favour of the direct intervention of state enterprises in the production cycle. The Argentine academic also highlights the need to "raise the level of debate and not fall into extreme conclusions and simplifications biased by prejudice and dogmatism" when discussing the various options for the reorganisation of public enterprises.

The last chapter of the theoretical and conceptual section is by Pedro Narbondo, Professor of Political Science at the University of the Republic. The Uruguayan researcher examines the complex web of relationships that link public enterprises with government officials and the "systemic efficiency" of the state, based on a critique of the neoliberal ideological foundations of the so-called *new public management* (NPM). Narbondo argues in favour of a greater role for the state in the design and implementation of development policies, via public enterprises. He highlights the importance of two factors: (1) the existence of company boards subordinated to the hierarchical chain of authority of the democratically elected government and (2) the availability of appropriately trained technical staff, able to work autonomously within the legal and technical limits indicated by the law.

The second section reviews a range of experiences of creation and expansion of state enterprises in different countries of the Americas. First, Guillermo Guajardo Soto, a Chilean academic based at the Centre for Interdisciplinary Research in Science and Humanities of the National Autonomous University of Mexico (UNAM), presents a historical account of the various factors that influenced the creation and subsequent consolidation of public enterprises in Latin America. Guajardo Soto analyses the tensions between regulation and intervention, focusing on the Mexican experience.

Chapter 8 describes the foundation and growth of public enterprises in Costa Rica, a nation with a long and rich tradition of social inclusion and economic development defined by a very strong presence of the state. Alberto Cortés Ramos, Professor of Political Science at the University of Costa Rica, also discusses the prospects of these companies and the threats posed by the continuity of the neoliberal project hegemonic in the current government. The author explains the paths towards the creation of a network of robust public institutions that followed the brief but decisive civil war of the year 1949. Over many decades, Costa Rica has built a development model that has positively differentiated it from all the other Central American countries.

The second section concludes with a chapter written by three Brazilian researchers on the process of internationalisation of the oil company Petrobras, one of the world's most successful state-controlled enterprises. Armando Dalla Costa, Huáscar Fialho Pessali and Sandra Cristina da Cunha Gonçalves, from the Federal University of Paraná, analyse the evolution of Petrobras as a positive example of a SCE from the South that has managed to become one of the major global players in the oil industry, including the leadership position in technological innovation for offshore exploration and production. The chapter also suggests many questions for further research about the real significance of state control within a framework of partial privatisation and extensive corporatisation of the firm, which could challenge the nature of SCEs as truly "public" enterprises.

The third section focuses on the particular situation in Uruguay. Like the previous one, it also begins with a historical perspective. Magdalena Bertino, Professor of Economic History at the University of the Republic, offers an interpretation of the process of modernisation and reform of public enterprises. The main question addressed by Bertino is "what slowed the advance of privatisation of public enterprises in Uruguay, and why this happened". She explores the explanatory powers of several possible answers, looking at the historical roots of state companies, their social and economic functions, their financial results and the citizens' opposition to the neoliberal reforms, which according to her might have determined the atypical evolution of Uruguay as an "entrepreneurial state".

Alvaro Portillo, Professor of Urban Sociology at the University of the Republic, wrote the second chapter of the section on Uruguay. Portillo provides a political economy perspective on the process of state restructuring currently developing in Uruguay in the context a left-wing government. The author considers the broad range of public institutions involved, beyond the limited realm of public enterprises. The stated aim is to explain the meaning and scope of "the progressive policy changes promoted since 2005 in the organisation and governance of the public sphere, including the redefinition of the classic relationship of the state with society and the economy".

The board presidents of the top state-owned companies in Uruguay are the authors of the last four chapters. In chapter 12, the president of the host organisation of the international seminar of October 2012, Carolina Cosse, summarises the major achievements and challenges of ANTEL, the national telecommunications company that has positioned the country at the forefront of technological innovation in Latin America. Cosse also highlights the importance of preserving the *public* vision and mission of the company, in a context of strong competition with the two transnational corporations that have oligopolised the telecom sector throughout the region: the Spain-based Telefónica and the Mexico-based America Móvil (Carlos Slim). Despite the liberalisation of the national telecom market, the public enterprise continues to be the dominant company in Uruguay.

Chapter 13 is dedicated to presenting the changes, contributions to development and challenges of the National Water and Sanitation Company (OSE). The president of the board, Milton Machado, begins his chapter recalling the tenth anniversary of a historic event: on October 31, 2004, through a referendum, the Uruguayan citizenry passed a constitutional amendment that reaffirmed the exclusive provision of services by the state and established that access to water and sanitation is a basic human right.

Chapter 14 presents the experience of the National Administration of Fuels, Alcohol and Portland Cement (ANCAP). Raul Sendic, president of the energy company, describe the changes processed within Uruguay's largest enterprise in recent years, focusing the analysis on the process of implementation of the strategic plan approved in 2005. Sendic argues that the goal is to reposition ANCAP as a leading company in the region, based on the incorporation of advanced technology, expanding its business portfolio, modernising its governance and overcoming decades of disinvestment and decay.

Chapter 15 is devoted to a company that in 2012 celebrated its hundredth anniversary: the National Electricity Company, UTE. Its president, Gonzalo Casaravilla, describes the company's strategic plans and the great challenges that UTE expects to face in the coming years, with emphasis on the significance of retaining power generation and distribution in the hands of the state as an essential factor of development. Casaravilla highlights the role UTE is playing in the radical transformation of Uruguay's energy matrix, which will significantly contribute to the country becoming-by2015-the first in the world to satisfy more than 50 per cent of its energy needs from renewable sources (following a strategy agreed in 2010 by all political parties represented in parliament).

In discussing the importance of this specific type of enterprise we cannot ignore the concept of *public*, which should not be treated as antagonistic to the market, but as an idea that transcends it. Public companies require leadership and coordination, and therefore they should be viewed from a collective perspective. Organisations are the cornerstones of society, not the atomised and isolated individuals who take decisions based on market mechanisms. That has to be understood in its full magnitude because it forces us to change the way we think about the economy. Public enterprises represent the triumph of the logic of collective action, which is what determines the nature and quality of development processes.

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