

“THANKS TO THE CONTRIBUTION OF...”
BANKING FOUNDATIONS: BETWEEN POLITICS AND POLICIES

ABSTRACT

Since the mid-1980's local public policies have been subject to a number of changes. Public administrations have increasingly become purchasers of services delivered by private organizations; *partnerships* and *contracting out* between public administrations and private bodies contributed to shaping forms of governance, public policies and local public services.

In the same period public-law credit institutions like the Casse di Risparmio underwent a privatization process focused on the keywords *competitiveness* and *competition*, as imposed by the European Union. Privatization involved the transformation of credit institutions into public limited companies. Banks were compelled to transfer their blocks of shares to dedicated bodies; after a long and difficult process lasted ten years they gave birth to banking foundations as we know them today. The latter are a private-law bodies with public purposes; they own banks' equity shares and focus on philanthropic activities supporting non-profit organizations' and bodies' projects.

Relations between administrations, mixed private/public undertakings, non-profit sector and associations in defining public policies were the subject of several researches, whereas the attention paid to banking foundations as private bodies intervening on public policies was scarce. Those private subjects are relevant because of their economic strength and because of the legitimation of the subsidiarity principle enhancing their role and their connection to the territory where they are active.

In his book *“The Strange Non-Death of Neoliberalism”* Colin Crouch underlined the risks connected with private and banks' power influencing public policies, but he also highlighted the opportunities relating to giving the citizens the possibility to influence private undertakings' initiatives. Taking into account the differences between private undertakings, banks and banking foundations, the objective of this paper is to analyze the role they can play in local governance, stressing how they can influence the definition of public policies and the shaping of local political coalitions. In order to accomplish this task it is necessary to understand if it is possible to discuss the role of banking foundations in general or if differences are to be detected among the philanthropic initiatives promoted by the different foundations. Even a single foundation can influence in different ways the shaping of policies, the participation of stakeholders and the public decision-making processes through the instruments available for distributing resources.

The first part of the paper (chap. 1 and 2) focuses on the description of how the banking foundations were born, the problems connected with their creation and the first sociological analysis dedicated to them. The first chapter starts with the general description of banking foundations in order to explain some aspects that will be dealt in more detail in the following chapters. Every paragraph of the second chapter begins with an analytical concept which is then applied to banking foundations in practical terms. The “keywords” studied in this chapter are governance, power and public; they represent the theoretical basis upon which research questions were raised and empirical research fields were identified.

The section dedicated to the empirical research begins in the third chapter, where the total amount of services delivered by two banking foundations (Compagnia di San Paolo, Fondazione Cassa di Risparmio di Torino) of Turin, Italy, is compared, as well as the two organizations' structure. This analysis showed that the two foundations had a different “public” impact on the city governance. The data were taken from the financial statements of the two organizations (2001-2009) published on the website of Associazione delle Casse di Risparmio.

The fourth and fifth chapter describe two projects promoted by Cariplo Foundation on “social cohesion” and “work inclusion of people with psychic disabilities”. Those projects helped to stress the different ways in which a banking foundation can act, the similar basic principles guiding their actions and the different results in the relation with beneficiaries and in the definition of local policies. The empirical sources used for those chapters are the interviews to representatives of the foundations' financing beneficiary bodies and several public documents relating to the projects.

The methods and the criteria used by banking foundations can offer unique chances for public

governance, changing its identity, creating organizational and social learning opportunities, etc. They can also promote privatization drifts, actions which were not subject to public discussion and the mere competition of beneficiaries to access resources.

In relation to banking foundations, the most appropriate term to be used seems to be *adhocracy*, rather than *post-democracy*. *Adhocracy* refers to the consideration of risks and opportunities connected with the “policies through projects” and the use of *ad hoc* instruments developed for every investment; *adhocracy* paves the way to the creation of professionals operating as intermediaries between organizations and policies, so that it is difficult to understand who they are working and talking for.

This study on banking foundations is a first analysis conducted to understand if *adhocracy*, literally power for this, is a power used to solve a collectively identified problem or if it reflects a specific organization's power on a specific problem; that specificity can result in the autoreferentiality of politics and in an exercise of power.