Corporate Social Responsibility, Public-Private Partnerships and Human Development: Towards a New Agenda (and Beyond)

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The decade of the nineties saw a major shift in the understanding of the role of business in development. In the decolonization period, modernization approaches, including the phenomena of the “developmental state,” dominated. They viewed the state as the main agent of development and perceived disciplining business as one of the state’s key tasks. While most modernization projects in the Global South entailed the development a modern business sector, the underlying premise was that a strong state was required in order to harness business activity in the cause of development. The exercise of such control over the business sector was, in fact, one of the primary sources of the legitimacy of the state.

This view changed quite dramatically starting in the eighties. With the various fiscal and developmental crises in the Global South, as well as the rise of neo-liberalism (due in part to the various crises of capitalisms in the West), states began to be viewed as the problem rather than the solution (Evans, 1992). In this context, business, conversely, came to be portrayed as the major component of the solution to the problems created by state failure. This shift in worldview was both the cause and consequence of the tremendous rise in the power of business – including their increasing ‘organic’ linkages with states and international institutions and their ability to systematically enter policy processes – a change that was to have a profound impact on development.

While these major changes were occurring in the global economy, the discourse on development was also evolving, progressing from conventional development to sustainable development, through to human development and on to even more radical alternatives. Somewhat ironically, in its critical reflections on growth as the paradigm for development, this changing discourse was not always fully reflected on the changing nature of the relationship between business and state (and between private accumulation and public control) in the elaboration of its more progressive visions.

For its part, the institutional practice of development has also been somewhat oblivious to the implications of the changing relationship between business and state. It has largely focused on identifying and setting ‘goals’ in an effort to secure certain minimal thresholds, so as to avert full-fledged developmental and social crises. The Millenium Development Goals (MDGs) are a prime example of this strategy. Unfortunately, in adopting this practical and pragmatic line of attack it did has not fully considered how the rise in corporate capital might affect its more ‘pragmatic’ approach. Indeed, this pragmatic approach has not enjoyed much success at all. As consecutive Human Development Reports (HDRs) continue to point out, not only are the MDGs not being achieved, but several countries experienced development reversals during the nineties that are continuing on well into the new millennium. Still, the discourse on MDGs (and development in general) continues to pay little analytical attention to the relationship between state and business. Instead, analyses of state inefficiencies are increasingly used as normative justifications for the involvement of business in areas previously dominated by the state. Meanwhile, leading global initiatives such as the United Nations Global Compact (UNGC) claim that business is contributing substantially to development, an assertion apparently belied by the
growing resistance to corporate activity from increasing numbers of civil society actors around
the globe.

How, then, are we to interpret the institutional claims that corporations contribute to
‘development’ and fill in the gaps created by state failures? More specifically, how are we to
assess the role of the currently existing institutional mechanisms which claim to regulate the role
business plays in development? In this paper we investigate this problem by focusing on public-
private partnerships (PPPs), which have functioned as a key mechanism in institutionalizing the
role of business (and corporate capital in particular) in development. In Section I, we lay out a
conceptual map of four different types of PPPs: 1) neo-liberal; 2) corporate social responsibility
(CSR); 3) corporate accountability (CA) and; 4) social economy. In Section II, we investigate
possible criteria by which we might evaluate the different types of PPPs by examining different
paradigms of development. In particular, we highlight their understandings of social justice and
their conceptualizations of agency. Reflecting on these two dimensions reveals how the
dominant development paradigms have effectively displaced the problematization of corporate
capital – and more generally that of ‘structure’ and structural inequality – from the analysis of
development. We then propose an alternative understanding of development based on a different
model of social justice and agency. In Section III, drawing upon the previous discussion of
development theory, we offer a critical analysis of the prospects of the four different types of
PPPs contributing to ‘development’.

I. Conceptualizing and Categorizing PPPs

While business firms have long had different forms of contact with UN bodies, states and
their national development agencies and development NGOs, in recent years they have taken on
a much more prominent role with respect to the promotion of development. A key moment in
this process, of course, was the inauguration of the UN Global Compact in 2000. The notion of
public-private partnerships (PPPs) with business was further consolidated at the WSSD 2002 and
subsequent meetings were PPPs were recognized as a central mechanism for achieving the
WSSD goals. From the original announcement of the UNGC, however, there was been a
significant shift in emphasis with regard to partnerships. Whereas the UNGC initially had a
more limited focus on partnerships with business, especially large corporations, a greater stress
has come to be placed on multistakeholder partnerships (MSPs) or initiatives (MSIs), and the
role of small and medium firms (SMEs) has received more attention (Zammit, 2003).

In investigating business PPPs, our interest is not so much in examining the performance
of particular PPPs, but more in understanding the possible roles that PPPs might be suited to play
in the promotion of development, i.e., PPPs as a policy paradigm (Richter, 2004). In order to
take up this investigation it is, of course, necessary to categorize PPPs. One possible way of
doing this is by the specific type of activities in which they are involved (e.g., certifying bodies,
monitoring bodies, discussion fora, etc.). A slightly different approach would be to categorize
PPPs in terms of their broad areas of concern. Zadek and Radovich (2006), for example, suggest
the categories of service, resourcing and rule-setting. While both of these approaches are useful,
and we will draw upon them, for our purposes they are not entirely adequate. The problem is
that different sets of actors, with completely different agendas, may engage in the same specific
types of activities and the broader areas of concern, but on the basis of quite different
assumptions and for quite different purposes. In order to effectively evaluate these different
strategic purposes of PPPs, it is necessary to place partnerships in the larger context of the strategic goals, the basic assumptions about the regulation of business and the (albeit implicit) understandings of development that actors have. On this basis, we can distinguish four different types of business PPPs.

**Business PPPs** – The UNGC recognizes private sector development and FDI as an important partnership area. One of the key areas that has been highlighted for partnerships between government and business is the provision of service delivery, especially in such areas as water and electricity. The basic presupposition underlying these partnerships is that the private sector can increase the efficiency of service delivery that has traditionally been provided by the state. The motivation of corporations in participating in such arrangements is the standard one of generating profits. (Indeed, insofar as such industries are not characterized by competitive markets, there seems to be a strong potential not just to earn profits, but to generating monopoly profits – depending upon the regulatory conditions imposed by states). These characteristics allow such PPPs to be categorized as business. What is less clear about these PPPs is what actually defines them as “partnerships.” How, for example, do they differ from other business-government contracting/procurement relations? (Richter, 2004)

**Corporate Social Responsibility PPPs** – A second type of PPP can be distinguished based upon the assumptions that corporations have responsibilities to society (beyond generating profits for shareholders), but that it is most beneficial for society to have corporations fulfil (many of) these obligations through (primarily) voluntary arrangements. The rationale underlying the latter assumption is that a traditional state (command and control) regulatory approach will be less efficient in encouraging corporations to live up to these responsibilities and/or will impose too great a price in terms of adversely affecting the ability of corporations to generate wealth (and thereby create jobs and provide desired goods and services). This understanding of PPPs tends to downplay conflicts of interest and to assume that there are (almost) always win-win outcomes that can be attained in partnerships (Richter 2004). These PPPs can be categorized as CSR partnerships in that it is assumed that it should be the responsibility of corporations, not states, as to how they address the issues at hand (or not).

CSR PPPs can cover a wide range of areas, but they would generally fall under the categories of resourcing and rule-setting. Resourcing PPPs would cover such areas as small and medium-sized business development and community development programs and campaigns in such areas as health and education. Key programs and activities here would include employee volunteer programs, charitable donations, community development projects, etc. Rule-setting PPPs can cover a number of areas including environmental standards and labours standards, as well as a variety of issues related to governance, including accounting, auditing and reporting guidelines. Key activities and outputs here would include discussion fora, (voluntary) codes of conduct, certification schemes, etc.

**Corporate Accountability PPPs** – A third type of PPP derives from a basic scepticism of CSR as a policy approach to regulating business activity. Critics of the CSR framework have included development NGOs, social movements, corporate watchdogs, labour organizations, academics and public policy institutes. They have several basic concerns. First, they do not think that many of the areas that the CSR approach wants to leave as voluntary (e.g., setting of labour and environmental standards and their enforcement) should be voluntary. Second, they are sceptical about the ability of corporations and CSR initiatives to effectively design and carry our programs to address these areas of concern. Third, there are major concerns about legitimacy. One the one hand, there are concerns about the legitimacy of particular partnerships
and how accountable they are to their purported beneficiaries (Zadek and Radovich, 2006). On the other hand, there are larger questions about how CSR can serve to legitimate a neo-liberal order – one that not only drastically restricts the ability of (democratic) governments to pursue alternative policy approaches (with different distributional implications), but is not even capable (or interested in) developing the basic policies (e.g., international anti-trust legislation) and institutions necessary to guarantee the benefits (e.g., increased efficiencies through competition) that serve as its primary justification (Bendell, 2003)

What such critics of the CSR approach have called for is the imposing of greater accountability on corporations or, as it is sometimes stated, bringing corporations under social control. This involves a move away from voluntary measures to a framework that ensures answerability, enforceability and applicability/universality (Newell, 2002; Utting, 2005). There are several key (rule-setting) areas where greater accountability is required, including: 1) the basic conditions under which business is done (e.g., environmental and labour standards); 2) corporate governance (e.g., including the issues of accounting, auditing and reporting, etc.); 3) business strategies (product selection and marketing, finance, profit strategies, etc.), and; 4) political involvement (lobbying activities, campaign financing, etc.).

Advocates of CA have proposed and enacted a variety of strategies and methods. Basic strategies have included the developing new legislation and buttressing and extending existing legislation to new areas; the use of national courts and the extension of these to the international realm; the use of existing international law and multilateral agreements and the enhancement of enforcement measures; the use of international courts; consumer and civil society pressure, and; engagement with corporations in PPPs (e.g., certification and monitoring programs). (Bendell 2003, Utting 2005)

**Alternative Business and Trade PPPs** – A fourth type of PPP that can potentially be distinguished is one in which the business actors primarily involved are social economy organizations (i.e., non-profits, not-for-profits and co-operatives). The goals of such PPPs would largely be to promote the development of the social economy, a form of production which is arguably inherently under social control and which is oriented towards promoting greater social control over the economy as a whole. More specific aims of this form of PPP would include the development of social economy enterprises (e.g., through community economic development corporations), the promotion of certification programs for goods produced by social economy actors, the promotion of alternative commodity chains (in which alternative business can gain increased value by either simplifying the commodity chain by eliminating non-social economy middlemen or moving up the commodity chain by and capturing more value for social economy actors), the development of education and research programs in support of social economy actors and the development of public policy proposal to help the creation of a more favourable regulatory environment for the social economy actors. Such PPPs could include a range of arenas of activity including the co-operative movement, the Fairtrade\(^1\) movement, land reform movements, the struggle of indigenous peoples for intellectual property rights over traditional knowledge, etc.

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\(^1\)“Fairtrade”\(^{TM}\) is a registered trademark of the Fairtrade Labelling Body International (FLO). It is the common way of referring to FLO certified fair trade products and the movement that is supportive of FLO.
II. Theoretical Approaches to Understanding Development

In order to assess the role of the different types of PPPs in development, we begin by offering some reflections on the notion of development, in particular the notion of human development, which is currently the dominant paradigm in the institutional practice of development. There are several concepts associated with human development that are currently in use, the most common being sustainable development, human development and sustainable human development. All of these notions emerged as responses to the environmental and human consequences of conventional development strategies that focused on economic growth. As these terms have different usages, a short note on their use, and our use of the term human development in particular, is in order.

Sustainable development was the earliest of these critiques. Popularized by the Brundtland Report, this notion was very quickly instrumentalized and mainstreamed as policy attention shifted from issues of poverty, justice and inequality to ‘environmental conservation.’ This initial shift was subsequently criticized by the policy community and grassroots actors, which led to a broadening out of the notion of sustainability. This more comprehensive notion of sustainability, which includes questions of justice and equity, has now come to be adopted by most sections of the policy community and relevant social actors.

As noted above, the human development paradigm was also developed as a critique of economic growth and, in particular, its neo-liberal resurgence in the eighties. Like sustainable development, the notion of human development has had narrower and broader connotations. The broader understanding of human development basically overlaps with the broader understanding of sustainable development above, as well as with the notion of sustainable human development. In this paper, we employ the term human development in this broader sense, unless otherwise indicated.

Since 1990 a narrow notion of the human development paradigm has served as the cornerstone of the development policy of UN agencies, most prominently perhaps in UNDP. The policy thrust of the human development paradigm was always to delineate ‘pragmatic’ and ‘practical’ approaches that could avert the developmental and social crises that were emerging in the wake of the upsurge neo-liberalism. The MDGs are perhaps the most high profile example of this practice.

One of the most problematic aspects of this instrumentalization of human development (including the MDGs and related efforts such as the UNGC) lies in its refusal to address the contradictions of corporate involvement in development. While various social movements against corporate power have attempted to redress these contradictions, efforts such as the UNGC have sought to institutionalise what are problematic relationships between business and development. The claim is that, with appropriate soft regulatory mechanisms in place and freed from strong state intervention, business can make substantial contributions to ‘development.’ At issue here, of course, is the very meaning of development and how we are to theorize the relationship between development and corporate power. This is what is attempted below.

Two main criteria are most useful for delineating notions of human development: social justice and agency. With regard to the former of these categories, Iris Young has suggested that it is useful to distinguish between a distributive paradigm of social justice and an enabling paradigm of justice.
The distributive paradigm defines social justice as the morally proper distribution of social benefits and burdens among society’s members. Paramount among these are wealth, income and other material resources. The distributive definition of justice often includes, however, non-material social goods such as rights, opportunity, power and self-respect (Young 1990: 16).

The primary normative basis of this distributive paradigm is the Rawlsian understanding of ‘background justice’ (Rawls 2001:10). From this perspective, social justice can be secured only by ensuring a ‘just background social framework’ of rights and responsibilities which determine the distribution of material and non-material resources amongst individuals and social groups. As critical theorists have argued, this focus on the distribution of rights and responsibilities tends to obscure the underlying structural/institutional contexts within which those distributions actually occur (Young 1990: 22).

By contrast, an enabling (or transformative) paradigm of social justice ascribes greater centrality to the structural/institutional context within which the distributions occur. In this, it takes a fundamentally different view of ‘structure’ than Rawls. While the Rawlsian paradigm sees ‘basic structure’ as the legal framework of rights, an enabling or transformative paradigm sees structures are expressions of underlying social relations. Social change, in order to be meaningful, therefore, must affect the realm of social relations. As social relations emanate at different levels and in different realms, structures must necessarily be conceptualised as complex entities encompassing different levels (the global political economy; the state; the local community; the family) and different realms of social relations (the division of labour; material production and reproduction; decision-making processes; norms/culture/values; and knowledge). Most importantly, the social relations which constitute structures are characterized by deep inequities in power. A transformative paradigm of social justice focuses on these power inequities (Mukherjee Reed, forthcoming).

Associated with these paradigms of social justice are specific assumptions about agency. It is useful to distinguish between three types of agents: the individual, institutions (including the state and corporations), and collective entities (such as communities, social movements, and other civil society organizations). As we will see below, conceptions of agency are quite central to our understandings of development and development policy and determine quite significantly how the contribution of respective agents to development can be viewed.

The Neo-liberal Approach

Neo-liberalism has a very limited notion of development that is equivalent to the development of free market capitalism and liberal democracy. The underlying notion of social justice here is derived from the equity and efficiency claims of the market as endorsed by neoclassical economics. In addition to these claims, neo-liberalism draws heavily from the critique of the state that articulated in the ‘rent-seeking’ hypotheses and which has come to dominate development debates since the eighties (Bhagwati 1982; Krueger 1974). In this framework, the role of business (and capitalism more generally) is not only to ensure efficiency, but to actively sever the interconnection between ‘politics’ and ‘development’. Such politicization, it argues, has been the greatest impediment to development because it has allowed states to extract ‘rents’ from society. The distributive outcomes that resulted form this rent-seeking state were ‘unfair’
because gains accrued only to those who could pay the ‘rents’ demanded by the state. Markets alone, when allowed to work freely, had the ability to generate ‘fair’ outcomes and displace the processes which generated rents (World Development Reports, various years).

These normative political underpinnings suggest that the private sector (corporations and private civil society associations) are the most important agents of development. Their role is two-fold, to generate economic growth and to contain the extension of state power. The state’s role on the other hand, is to ensure the smooth functioning of the market and the institutions of liberal democracy. In envisioning such a minimalist role for the state, the neo-liberal paradigm parts company with the earlier modernization approach, which assigned a fairly major role to the state, including a role as a regulator between private and public interests.

As is well-known, the implementation of neo-liberalism saw the disproportionate rise of corporate power, on the one hand, and the withdrawal of the state, on the other. The consequences of these developments were not beneficial for the majority in the Global South and, as a result, have been met with widespread social resistance since the mid-eighties. The paradigm of human development was a response to this crisis. While much of the existing literature treats human development as an undifferentiated concept, we distinguish three distinct conceptions of human development: a) as the enhancement of opportunity, capability and freedom (the capability approach); b) as redistribution and reduction of inequality (the human face approach), and; c) as the reconfiguration of the matrices of social power (the social power approach).

**The Capabilities Approach**

Situated within a liberal normative and epistemological framework, the *capability approach* is also the approach that most intimately informs the strategies of major development organizations such as the UNDP, and has emerged as the dominant approach within the human development paradigm. The core ideas of the approach are: universalism; a liberal and pluralist notion of the state; the priority of individual freedoms; formal equality; emphasis on individual agency; and a vision of liberal capitalism as the appropriate context for human development. It rejects the neo-liberal view that development is the equivalent of ‘economic growth’. Rather, it argues that development consists in the development of human capability. The task of human development policy is to ensure that all citizens have the opportunity to develop a set of ‘basic capabilities’, most notably education, health, a living wage, and certain social, political and cultural rights (Haq 1990; HDR 1990:10; HDR 2004; Nussbaum 2000). Underlying this vision of human development is a distributive paradigm of social justice. Accordingly, its main concern is to establish a legal-institutional framework that defines the “morally proper distribution of social benefits and burdens” required for the development of basic capabilities. At issue here is what constitutes what constitutes ‘basic capabilities’. Sen (1997) suggests using Adam Smith’s criteria of a decent social minimum, i.e. the bundle of resources (material and non-material) which enable people to ‘appear in public without shame.’ He acknowledges that the exact criteria for what constitutes this threshold level of resources will differ from place to place. Nussabaum (2000) provides a more precise set of basic capabilities which she believes constitutes a ‘decent social minimum’ and which she claims should be universally acceptable.

From the policy perspective then, the main agents of this vision of human development are states and institutions. There is some tension in this formulation (especially in Sen) as to exactly how this agency role is to be fulfilled. Is the state (and/or relevant other institutions) actually to secure commodity bundles that help citizens acquire basic capabilities? Or are states...
only to ensure the enabling conditions for citizens to acquire such capabilities? For example, should states guarantee a minimum number of employment days for those living under a minimum income or should they encourage micro-credit programs which create a potential for employment? By and large, the capability approach appears to argue against direct provision of commodity bundles by the state beyond the desired social minimum. In so far as the provision of the ‘social minimum’ is concerned, it sees a role for the state which parts company with the neo-liberal vision. Its preference, however, is for political/economic/social arrangements that secure increased access to opportunities, rather than to commodities.

The capability approach leaves the role of corporations – and corporate capital – largely untheorized. It sees the market as the only institution that can ensure ‘freedom of exchange,’ but recognizes that the ‘freedom’ of markets can become constrained by several factors. These would include: “inadequate preparedness (of individuals) to engage fruitfully in markets; unconstrained concealment of information or unregulated use of activities that allow the powerful to capitalize on their asymmetric advantage.” (Sen 1997:142) The solution this situation lies, in this view, not in suppressing markets but in securing background conditions which reduce the potential for ‘asymmetric advantage’. Critical to such a solution is public action that provides basic capabilities, thus making people more capable of utilizing the market mechanism for enhancing their well-being. More gainful engagement in the market by more capable agents, in turn increases economic growth.

Two problems are immediately apparent here. First, this just and morally immensely more palatable route to economic growth is not necessarily compatible with the structural interests of corporate capital (which profits increasingly and systematically from war, disasters and disease and the commodification of essentials such as water and life-saving drugs). States are more often than not, willing partners in such projects and help create the enabling conditions under which such profit strategies are implemented. The real question then is to identify strategies which can make states act in the interest of human development and against corporate interests. This is perhaps the most fundamental challenge that neo-liberalism has unleashed for the Global South. The capability perspective offers little by way of answering this question.

Second, while the provision of basic capabilities may increase people’s ability to utilize markets better, it will not necessarily change the nature of the market and its propensity to generate ‘asymmetric advantage.’ Thus, human development as conceptualized here may help mediate the outcome of markets, but not alter the underlying conditions that engender the inequities. Sen (1997) refers to East Asia as an example where investment in basic capabilities enabled their populations to participate better in economic processes. However, these investment strategies were deployed by regimes where levels of state intervention were much higher than those normally associated with ‘liberal capitalism’.

The Human Face Approach

These broader questions of the role of the state and the nature of state intervention are paid greater analytical attention in the human face approach. This approach draws upon the broad epistemological framework of Keynesian institutionalism. It envisions a system of international relations comprising sovereign states which are able to undertake appropriate policies to fulfill the human development needs of their citizens. While it does not argue against globalization, it urges that the most vulnerable sections of the population must be protected from the shocks that globalization generates (Cornia, Stewart and Jolly, 1987; UNDP, 1999).
How can such protection be achieved? The human face perspective calls for a revival of the Keynesian model of global governance that globalization and structural adjustment policies had sought to dismantle. Such a return to the Keynesian model would enable national states to pursue development strategies with a greater degree of autonomy than the (neo-liberal) globalization model permits. These strategies would include extensive social protection and social security, compensatory programs for the poor, and targeted social policy as required for the protection of vulnerable groups. At the international level, they call for the democratization of international institutions, social auditing of multinational corporations, a greater emphasis on CSR, debt forgiveness and fairer rules of trade (UNDP, 1996; 1999).

While the human face approach focuses more on the structural context of development, it nonetheless remains confined within a distributive paradigm of social justice rather than a transformative paradigm. The more problematic element of this approach is its notion of agency. It urges states and international institutions to act in ways that contradict their structural interests, especially as these interests have come to be defined in the neo-liberal era. In doing this, it places a great degree of reliance on voluntarism and moral appeal (UN 2002; Sachs 2005). Is it realistic to expect states to act on such a basis? More likely, it would seem, the goals of development, as defined by the human face perspective, can be achieved only if social power can be mobilized in ways that are capable of altering, albeit gradually, these interests in a fundamental fashion.

**The Social Power Approach**

This is the point of departure of the social power approach. This perspective draws upon the various traditions within social theory which see power, as structured through social relations, as the primary determinant of development. Human development from this perspective is not defined as a decent social minimum or protection from economic shocks, but as involving a reconfiguration of the matrices of social power. Here we are conceptualizing social power as distinct from economic power and political power, the latter including both state power and power exercised through formal civil society organizations (Friedmann, 1992). In one sense such a distinction is artificial, in that all these forms of power operate simultaneously and often overlap and contradict each other. The distinction is important, however, in recognizing the specific need to understand the nature of agency “from below”, i.e., agency exercised by actors who do not typically have access to the other bases of power, including in organized sectors of civil society.

In contrast to other forms of power, social power emanates from the local level and has different “bases” than economic power and political power. Friedmann (1992) identifies eight bases of social power: defensible life space; surplus time; knowledge and skills; appropriate information; social organization; social networks; instruments of work and livelihood; and financial resources. Social power is determined by the levels of access to and control over these “bases.” Levels of social power, in turn, determine the access of the poor and marginalized to political power, while it is through the mobilization of political power that social change is materialised.
Figure 1: Bases of Social Power

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<th>Type of Power</th>
<th>Bases of Power</th>
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<tr>
<td>Political power</td>
<td>• state&lt;br&gt;• civil society&lt;br&gt;ability to alter incentive structures of specific social groups – and thereby intergroup relations; in particular, it is able to define and condition the access of groups to the bases from which their power emanates&lt;br&gt;access to formal democratic mechanisms; civil disobedience; and informal mechanisms of protest; media</td>
</tr>
<tr>
<td>Economic power</td>
<td>• ability to condition people’s livelihood possibilities through control over, and access to, economic resources</td>
</tr>
<tr>
<td>Social power</td>
<td>• defensible life space&lt;br&gt;• surplus time&lt;br&gt;• knowledge and skills&lt;br&gt;• appropriate information&lt;br&gt;• social organization&lt;br&gt;• social networks&lt;br&gt;• instruments of work and livelihood&lt;br&gt;• financial resources</td>
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Empowerment in this framework is constituted by the increase in access to these bases of social power. Now, how does this increase in access materialize? One can think of two possible trajectories. The first is the one suggested by the capability/human face approaches, whereby human development must first be achieved through official policy (i.e., “from above”) in order to increase access. The second is a trajectory “from below,” whereby communities attempt to increase their access to the bases of social power through collective public action. Focusing on the second, one can advance a conceptualisation of human development as the processes through which actors mobilize social and/or political power to transform social structures and the relationships which constitute them. In this understanding, human development cannot be instrumentally reduced to more limited goals which can be achieved without structural change.

Thus, the goal in this approach is not primarily distributive justice, although that it is also a desirable outcome. Rather, the goal is to transform structures that inhibit justice. The task of human development is not simply to ‘access’ basic services, but to foster more fundamental changes such as the redistribution of productive resources (e.g., land), the decommodification of basic needs (e.g., water, education, etc.) and, most importantly, the creation of alternative structures and social relations.

This means that it is not sufficient merely to ‘regulate’ corporations, especially through voluntary action. It is indeed necessary to hold them accountable, but even more important, there is a need to create economic structures that provide alternatives to the corporate economy. We point to one such alternative below in our discussion of the social economy below. There is no inherent contradiction between the logic of the market and the logic of the social economy. It is just that the latter does not simply take the logic of the market as predominant, but subjects it to social control (through broad based and active participation in the processes of decision-making). While the capability approach argues that agents lack the capability to participate, and hence the need for policies that develop that capability, the social power approach would argue that such participation is necessary to direct state policies towards better policy. Indeed, the social power perspective would disagree that the state’s role in development is merely to provide a social minimum, but to mediate between the conflicting interests in development to ensure just developmental outcomes. This demand is reflected in many political struggles in recent times, especially those against corporate power or state power such as the water wars in Bolivia, the Right to Information Campaign in India, or the global Fairtrade movement. (History would seem
to indicate that states do not typically mediate conflicts of interests fairly if the marginalized are not mobilized.

III. INVESTIGATING AND EVALUATING PPPs

The discussion above was premised upon the importance of defining development in order to evaluate the potential contributions PPPs. There we argued for the need to understand development as requiring not only changes in the distribution of resources, but more fundamental changes in social relations across a variety of different realms. The following section now draws upon that discussion to evaluate the prospects for different types of PPPs contributing to development.

Business PPPs

Empirical evidence about the human development of PPPs motivated by the neo-liberal concern for efficiency is rather uneven. Broadly speaking, most independent research carried out either by research organizations or civil society groups concur that the impact of PPPs has at best been ‘mixed’. A bulk of evidence points to important negative effects of PPPs, and the involvement of large corporations in general, in critical areas such as health and education. Many argue that proper management of PPPs is of prime importance in realising potential efficiency gains (World Bank 2004). However, what appears key is not so much the management of the PPPs themselves, but the strategies through which these efficiency gains are to be achieved.

For instance, the use of user fees in health services which are included in all national Poverty Reduction Strategy Papers, is widely acknowledged to have decreased access to health care. This has disproportionately affected vulnerable groups such as children. In 2004, the World Health Organization (WHO) estimated that each year 178 million people would suffer financial catastrophe as a result of paying for healthcare, while a further 104 million people would be forced into poverty (WHO 2004:2). In Zimbabwe, which made significant health gains during the 1980s, the introduction of user fees led to a 12 per cent decline in the total percentage of children receiving BCG vaccination and a 14 per cent fall in the percentage receiving the polio vaccine. Falling attendance at health clinic facilities across the country was accompanied by a resurgence of childhood diseases. Both the infant mortality rate, which had been halved during the 1980s and the child mortality rate began to rise again. In Vietnam, likewise known for its achievements in sustaining low infant and maternal mortality rates in the pre-liberalisation period, the introduction of user fees has led to greatly increased inequality in access to health care between rich and poor families. Half of poor households with a family member needing medical care are now forced to borrow money or sell livestock to meet the ensuing expenses, with chronic illness leading to severe indebtedness (Save the Children, 2001; 2005).

The neo-liberal claim, as we know is to the contrary: that the use of such pricing mechanisms are capable of solving many inequities we see in the Global South. For example, in Lima, a poor family pays over twenty times a middle income family, even when it uses one-sixth as much water as the middle class family with a network connection (Webb, 2001). The proponents of public-private partnerships argue that the urban poor can gain network connections
which would reduce their cost for water. However, it remains debatable if the private sector would provide network connections and lower costs to the rural poor. As one study argues:

Public-private partnerships in the 1990s radically improved the efficiency of water supply delivery in Cartagena, Colombia and Córdoba, Argentina. Coverage and water quality improved, staff productivity increased, better pipe maintenance led to a dramatic fall in leakages, putting an end to shortages and cut offs…. The crucial issue of ability to pay remains unresolved. The private operator is reluctant to extend the network into poor households, sceptical of introducing a ‘payment culture.’ Will low-income residents benefit from cross-subsidisation through lower connection and standing charges and from a low tariff for minimum consumption? The public sector needs to resolve the question of ability to pay if the pro-poor element is to be a major feature of the partnership…. Within the PPP, the public sector is at a disadvantage and cannot negotiate a pro-poor strategy for several reasons. (id21, 2001)

One may well ask, however, who is to devise the appropriate strategies and take the necessary steps to ensure that corporations act in accordance with such a pro-poor strategy? The crucial point, as several studies point out, is that the possibility of efficiency gains of PPPs being translated into real development gains depends on the bargaining power of the public sector and/or civil society partners. In other words, this renders as absolutely central the question of agency and the nature of the public partners, the nature of the state and the relationship between the state and its citizens.

In cases where the state and civil society engage in a pro-active fashion, a different kind of ‘partnership’ might emerge. A recent study by the Transnational Institute and Corporate Europe Observatory, give us several examples of what it calls public-public partnerships – from Kerala, India, from Santa Cruz in Bolivia and from Recife, Brazil (Hoedeman, Kishimoto and Terhorst, 2005; Magdahl. et al., 2006). Three different types of institutional mechanisms are at work in these places, but all are motivated by the effort to engage the state and local communities more fully in the delivery of water, rather than to opt for private sector participation. In Santa Cruz, water services are managed by a cooperative Saguapac which reaches 80 percent of households and is said to be more efficient and transparent than the private company in La Paz. Every user in Santa Cruz is a member of Saguapac and is thus a co-owner with a voice and voting rights. In addition to the regular elections of board members, Saguapac also conducts bi-annual polls to evaluate where water and sanitation services need to be improved. A set of social tariffs (rather than user fees) are put in place to match people’s consumption needs and their ability to pay. The extraordinary performance of the cooperative has even attracted finance from the World Bank and the Inter-American Development Bank. In Kerala and Brazil problems of water scarcity were also solved through people’s initiatives (Magdahl et al., 2006).

CSR PPPs

The contribution of CSR PPPs to development has come under sharpe critique. In examining the limited nature of their contribution it is helpful for organizational purposes to follow the distinction of Zadek and Radovich between resourcing and rule-setting PPPs.
One critique of rule-setting PPPs is that they are not really directed at (human) development. For the most part they have a more negative focus on encouraging corporations to live up to generally accepted standards of business behaviour in such areas as environmental, labour and corporate governance practices (Jenkins, 2005).

A second concern about such PPPs is that they are very limited in scope (Klein, 2000; Bendell, 2004; Utting, 2005). The limited nature of their scope has at least two dimensions. On the one hand, it is often the case that only key, high profile sectors have come under scrutiny (e.g., the resource extraction sectors). On the other hand, attention does not extend to a full range of corporate activities. There is, for example, virtually no attention paid to the issue of corporate profit strategies and the political involvement of corporations.\(^2\)

A general assumption that accompanies CSR PPPs is that corporations will contribute to development through their regular business practices and, more specifically, through FDI (Zammit, 2003). The basic role of rule-setting by CSR PPPs then is understood to be: a) to substitute for states that are unable to mandate and/or enforce appropriate standards and/or; b) to provide a more efficient alternative to state regulation. These various assumptions tend to be problematic. First, there is very little evidence that CSR PPPs offer an effective alternative to state legislation is such areas as environmental and labour standards. It is even more problematic to assume that they can be trusted to regulate their own anti-competitive practices (Bendell, 2004). Moreover, even if corporations did operate in a more responsible manner, it is not clear that they would contribute to human development in any significant way. As Jenkins (2005) has argued, most corporate activity does not directly affect the least well off and, as a result, will have very little impact on key human development goals such as poverty reduction.

Resourcing PPPs are less susceptible to the claim that they do not directly target (human) development than rule-setting PPPs. Among resourcing PPPs can be included support for small business development and health care, social development and education projects and programs. The wide literature that is emerging with respect to the latter indicates that they have had a minimal effect. The reasons for this are many, including that a lack of expertise in development, a lack of long term commitment to projects and a failure to place projects in the context of a larger development plan. While corporations have sought to address some of these problems in recent years by partnering with development NGOS, there are other underlying problems that seem to continue to limit the prospects for success. These include the fact that such programs are often linked to the business interests of the firm. More specifically, they are frequently closely tied to public relations and cause related marketing ventures, as well as to appeasing influential local political leaders.

The same situation also holds frequently with regard to the promotion of small business development. Typically, there is a lack of long term commitment to projects, they are not integrated into larger business development program and are frequently chosen more for public relations and marketing considerations that the type of expertise that a company can bring to the area and/or the impact that they can be expected to have. A case in point here is corporate sponsorship of the Micro-credit Forum. Corporate sponsors such as Monsanto would seem to have little expertise to bring to the promotion of micro-credit, but clearly acknowledge that they have a strong business interest in being associated with such programs (Neff, 1997).

\(^2\) The Tata business group, India’s largest conglomerate, provides an interesting exception. In 2003, the group, in partnership with UNDP India, developed the Tata Index for Sustainability Human Development with the goal of incorporating “corporate social responsibility into the heart of the corporation’s activity and not view it merely as an appendage.” (Nadkarni, 2006: 248).
Underlying the problems of both the rule-setting and the resourcing PPPs is an even more fundamental problem, though. This has to do with the voluntary nature of these initiatives. Such voluntary arrangements presuppose either or both two premises: 1) firms either have the moral resources to put their own interests aside and do what is right and/or: 2) there are pragmatic reasons for corporations to act responsibly (the business case for CSR). With regard to the first of these two arguments, there seems to be little empirical evidence to support this claim. While anecdotal accounts of such behaviour are sometimes trumpeted, there are no serious studies that show that corporations systematically take ethical considerations into account in their decision-making processes.\(^3\) Zammit (2003: 140) is quite clear in her view on the limits of corporate altruism, stating that “companies will invest in CSR until the point at which the cost is no longer matched by the benefits.” Elsewhere we have offered an account of why it is generally unreasonable to expect corporations to operate on such a basis, based upon a critical theory understanding of discourse theory and systems theory (Mukherjee Reed and Reed, 1999).

With regard to the business case for CSR, two basic strategies have been applied to make this case. On the one hand, a variety of empirical studies have been undertaken to determine whether ethics “pays.” Such studies, which involve large (typically Fortune 500) companies, analyse whether socially responsible companies out compete their rivals according to standard financial measures. While some studies do find a positive correlation between CSR and performance, they have come under sharp attack on methodological grounds. Criticism range from studies being based upon CSR policies (as opposed to actual performance), through overly broad lists of CSR indicators (disproportionate numbers of which may be oriented towards their own employees) to a lack of independence of the researchers. In raising a sceptical voice about such studies, Zammit (2003) cites a report by the Co-operative Insurance Society/Forum for the Futures (2002: 29) which concludes that previous studies “provide no support for the view that CSR will make corporate financial outperformance possible.”

A second approach has relied more on case studies, on the basis of which more general arguments have been developed to commend the value of acting responsibly. Many of these studies focus on environmental responsibility and contend either that there are savings to be had by acting in an environmentally responsible manner and/or new markets can be developed and exploited (on the basis of new innovations or capturing ethical/green consumers). (Porter and van der Linde, 1995) One problem with such arguments is that they seem to be sui generis. There is no indication that these advantages are generally replicable across all or even most markets. Moreover, it is frequently the case that these advantages are only realizable with the help of government regulation, which serves to encourage companies to be first movers (Welford, 2003). Other arguments point to the advantages of improved productivity through better employee morale and concerns about risk management and costs saving due to decreases in adverse publicity. These arguments too tend to be limited in the scope of their applicability (Graham and Woods, 2006). A further problem with these arguments is that the same pragmatic logic that is supposed to encourage CSR would also lead corporations to attempt to develop the reputation of being responsible without actually being so (ethical washing), if that were more cost efficient option.

Unfortunately, one of the areas where CSR does seem to pay significant benefits is with respect to detracting attention away from harmful corporate practices and legitimating the neo-liberal order which sanctions these practices. As civil society groups have pointed out, the small

\(^3\) To the contrary, business and government officials frequently and clearly state that for self-regulation to work, it must be in the interest of business. See Graham and Woods (2006).
price that corporations who join the UNGC have to pay out for CSR programs is greatly outweighed by the benefits that they receive through the legitimation which such programs provide for neo-liberal economic and trade policies, as the case of Bayer illustrates. As Utting (2003) argues, the actions of corporations in such instances are inherently contradictory, for while they rush to endorse the principles of the Global Compact and the MDGs, at the same time they use their power in other fora to “lobby for macro-economic policies and conditionalities, linked to trade and investment liberalization, that can have negative developmental impacts.”

The discussion above suggests several broad areas for future research. First, there is a need to investigate those instances where CSR PPPs have been true partnerships (i.e., where civil society partners and the purported beneficiaries have been substantially involved in the decision making processes) and to determine the conditions that have allowed for such participation (and the results of such partnership). An important element here would be to look at the proclivity of corporations to become involved in PPPs that they (or others in their industry) have not initiated (and the conditions under which they agree to become involved). Second, there is a need to investigate instances where CSR PPPs have actually sought to address how core business practices might be reoriented to improve their development impact. An important element to look at here would be the ownership structure of businesses involved in such initiatives. Another important element to investigate would be the role of incentive structures. A third important area to investigate would be the possible roles of CSR PPPs in addressing “ethical washing” practices.

CA PPPs

The ability to evaluate CA initiatives is limited to a large degree by the fact that CA is still only an emerging force. Many of the initiatives exist only at the stage of proposals and campaigns. One of the more prominent areas of activity, however, may provide some insight into the potential and limitations of CA PPPs. This is the area of labour regulation and, more specifically, the “no sweat” movement.

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4 As Corpwatch reports, Bayer signed onto the Global Compact at its founding meeting in July 2000. Bayer advertises its cooperation with the UN broadly, for example by printing an editorial by Secretary-General Kofi Annan in its "Sustainable Development Report." The company's website and Annual Report dedicate special section to the Global Compact. To document its commitment to the principles of the Compact the firm touts four examples: 1) its financial support for the Brazilian Abrinq Foundation for the Rights of the Child, which combats child labor; 2) donations of two pharmaceutical products against sleeping sickness to the World Health Organisation; 3) its efforts to control the spread of antibiotic resistance, and; 4) company training programs for Brazilian farm workers and small farmers teaching them to handle pesticides appropriately. In addition, Bayer provided medicines after earthquakes in India and El Salvador and donated one million dollars and fire-fighting equipment to relief organizations following the September 11th attack on the World Trade Center.

Bayer does not publish figures on its efforts to combat child labor in Brazil or its contributions to the WHO. The Coalition Against Bayer Dangers, however, has learned that these expenditures are less than $1 million each. At the same time as these comparatively modest contributions were made, the taxes Bayer paid declined from about $1 billion in 2000 to $132 million in 2001. The tax cuts added up to more than fifty times the company’s total philanthropic donations. Even assuming Bayer's donations all go to worthy causes, the public might be far better off foregoing Bayer's contributions in favor of their paying taxes. See [www.corpwatch.org](http://www.corpwatch.org).
There have been a number of PPPs engaged in attempts to regulate the apparel industry in recent years. The most prominent include: 1) the Worldwide Responsible Apparel Production (WRAP), an industry initiated program; 2) Social Accountability International (SAI), an NGO which administers SA 8000, a program based upon the ISO system; 3) the Fair Labor Association (FLA) which was initiated by the Clinton administration and brought together industry and other stakeholder groups; 4) the Workers Rights Consortium (WRC), which was founded by United Students Against Sweatshops along with unions and NGOs in the US who were suspicious of the FLA; 5) the UK-based Ethical Trading Initiative (ETI), which is an alliance of companies, labour unions, NGOs and the British government and; 6) the Netherlands-based Fair Wear Foundation (FWF), which was started by the Dutch Clean Clothes Foundation in collaboration with unions and retailers. All of these programs have codes of conduct (based upon core ILO standards), and five of the six have procedures for accrediting third party agencies to monitor compliance with their standards (the WRC being the only organization that does its own monitoring).

O’Rouke (2003) has suggested that these different initiatives can be placed on a spectrum from privatized through co-operative to socialized regulation. From our perspective, the first of the two initiatives, WRAP and SAI, would be best categorized as CSR PPPs. In the case of WRAP, this assessment is based upon a number of factors including a board that is dominated by private sector members, a very low level of transparency in its certification and monitoring programs, a lack of NGO and civil society participation in monitoring, close relations between firms and auditors, etc. SAI has come under similar criticisms with regard to being biased towards employers (in terms of its lack of transparency, its auditing practices, etc.). The remaining initiatives, however, would be categorized as CA PPPs, based upon greater transparency, more rigorous monitoring and reporting, greater participation by NGOs and civil society organizations, etc. It is important to highlight the fact that these organizations lie on a continuum and can move along it, it being suggested, for example, that the FLA has moved further away from the privatized (CSR) end of the spectrum in recent years (O’Rouke, 2006).

The success of these CA PPPs has been quite significant. This is probably most evident on college and university campuses, which have been a key locus of organizing efforts. In the US, a large number of colleges or universities are members of the FLA (over 190) and/or the WRC (over 150). Most of which have “no sweat” purchasing policies for their branded apparel merchandise. These efforts have forced most of the major apparel manufactures to meet basic ILO standards and submit to monitoring. There have also been important knock on effects. Local school boards are now becoming involved. As well, a rapidly increasing number of cities and municipalities are adopting purchasing policies with “no sweat” provisions (including major cities such as Los Angeles, Vancouver, Toronto). As a result of these and related efforts, millions of people have become aware of the problems of sweatshops (and have been able to take some tangible action through their purchasing choices).

CA PPPs in this (and other) area(s), however, are not beyond criticism. One of the most frequent concerns that have been raised involves their accountability or legitimacy. This issue relates not primarily to the organizational practices of these PPPs, but more significantly to their ability to incorporate Southern involvement. The concern here is not only that workers have not been as actively engaged as they should have, but that in some instances these initiatives have actually functioned to crowd out workers organizations and undercut other local accountability initiatives (Chompa, 2001). In response to the such complaints, these CA PPPs have begun to work more closely with local unions have tried to get workers to place a greater role in the
process of monitoring and significant progress seems to have been occurring in recent years (O’Rourke, 2006).

Another area of concern is enforceability, for while progress has been made, CA PPPs still have tremendous difficulties in getting retailers to live up to their agreements. A related issue is the question of the extent of the apparel market that these CA PPPs are able to bring under some form of accountability. While large retail chains have been signing on, the process is still voluntary. Other smaller retailers, with less public visibility, seem to have much less motivation to participate (Wells, 2004).

Both of these concerns clearly point to the issue of resources. One of the advantages of CA PPPs is that they bring in new resources (NGOs, consumers, social movements) that can be brought to bear on the regulation of corporations, beyond those of states. Still, CA PPPs are typically substantially under-resourced (in relationship to the demands of effective reporting, investigating, monitoring, etc.). To deal with this situation, these CA PPPs have not only begun to collaborate more closely, but they are developing what Utting (2005) has called articulated forms of regulation. This strategy involves combining different methods (and involving different actors) to increase the pressure on corporations to be accountable. One such important strategy is the development of legislation and other forms of hard regulation to support the efforts of certifying, monitoring and reporting programs.5

Beyond these concerns, however, a much more significant issue still has to be confronted. This is the fact that CA PPPs do not necessarily lead to any significant changes to the basic structure of corporate capitalism. As a movement, it does seek to constrain corporate capitalism by transforming the current neo-liberal form which it has taken. This is important in and of itself, of course, as this can substantially improve the lives of millions of people. The problem is that, if it only goes this far, then its contribution to human development remains somewhat palliative in nature. Thus, while it does alleviate to some degree the harshness of working conditions in factories in export-processing zones, it does little to stop the migration of rural inhabitants to these zones. A key limitation of this approach is that it does not provide positive alternative models of development which may provide people with alternative livelihood options. Rather it enables them to better integrate into a system that is not really aimed at development.

Still, to the degree that the CA movement can constrain corporate power, it can open up space for alternatives to emerge that more actively focus on the promotion of development. This is where CA PPPs involved in controlling the political influence of corporations are particularly important. An important question here is whether PPPs in this area can effectively incorporate and work with marginalized sectors in the South and the importance of their doing so. A closely related question is the degree to which such political mobilization in the South can be sustained without active engagement in alternative development practices. The answer to this question would have implications for the degree to which such CA PPPs would need to collaborate with social economy PPPs, in order to attain the own goals of restraining corporate power.

5 One example of such an effort was a factory disclosure proposal initiated by eTAG (a coalition of labour and NGOs in Canada of which the Maquila Solidarity Network serves as the secretary). The proposed regulation would have required companies to publicly disclose the names and addresses of the production facilities where their apparel products were made for sale in the Canadian market. The information have been posted on an existing government website (and the code number of the factory would be printed on the label of the apparel in question). Industry Canada rejected the proposal, citing opposition from the Conference Board of Canada. See http://www.maquilasolidarity.org/campaigns/disclosure/index.htm
The discussion above suggests several broad research questions which need to be explored. First, there is the need for empirical work to compare how CA strategies compare in their effectiveness with CSR strategies in the regulation of such areas as environmental and labour regulation, corporate governance issues and business strategies. Second, there is the question of what strategies and factors have been effective in imposing greater accountability on corporations. A number of questions arise in this context. One involves the factors which may move existing CSR initiatives further down the continuum into CA territory and, in particular, what factors may induce business to initiate or support such moves. Another question involves the importance of popular support for such initiatives and, more specifically, what factors inhibit or facilitate the mobilization of social power necessary for such support. A third question relates to the role of the state (and multilateral bodies) in these efforts and, in particular, what types of soft regulation have proven most effective.

**Figure 2: PPPs, Approaches to Development and Globalization Agendas.**

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<th>Approach to Development</th>
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<th>Human Face</th>
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<td>Social Power</td>
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**Social Economy PPPs**

While it is not possible to investigate the record of a range of different social economy PPPs here, an examination of one of the more prominent PPPs, the Fair Labelling Organization International (FLO) can give a good indication of the potential of this form of PPPs, as well as the types of challenges that they face.

The origins and the organization of the Fairtrade movement are complex and somewhat contentious. Different authors will trace the roots of the movement back to different types of social movements, including the co-operative movement of the 19th century, post WWII ‘charity businesses’, solidarity trade, development trade, etc. (Gendron et al., forthcoming) It is generally acknowledged, however, that a key development in the movement was the introduction of certification of Fairtrade products. Max Havelaar, established in 1988 in the Netherlands, is generally recognized as the first Fairtrade labelling body. Max Havelaar soon spread to neighbouring European countries (Belgium, Switzerland, France) and also spawned similar bodies in other European countries (Germany Sweden, Austria, UK, Ireland, etc) and beyond (Canada, US, Japan).

In 1997, seventeen such national labelling initiatives (LIs) came together to form FLO in order to facilitate the development of common standards and certifying processes. Recently FLO split into two separate organizations, so as to separate these standard setting and certification functions. FLO International e.V. is the standard setting body and works with producer
organizations, trade bodies and other external experts in the promotion of Fairtrade. As part of
the recent split, FLO-Cert GmbH was established as a separate company to provide arms length
certification.

What defines FLO as a social economy PPP is its mandate to empower small producers
organizations by providing them with greater economic stability and independence, higher prices
for their products, and helping them to develop social infrastructure. FLO has two different sets
of standards which govern certification, generic standards and product specific standards. Under
the generic standards (which include minimum and progress standards) are listed four different
areas of standards covering production by small producers (social, economic, environmental and
labour). These include such requirements as: 1) the guarantee of a fair price; 2) a Fairtrade
premium which is to be invested in social development projects; 3) the organization of producers
into democratically controlled associations (co-operatives, etc.); 4) continual development of
producer organizations to help ensure the ability to export quality products; 5) the promotion of
sustainable production through the use of impact assessment, planning and monitoring
procedures; 6) a variety of core ILO labour standards. Product specific standards can add more
stringent requirements in any of these areas. They also establish trade standards for the product,
including what constitutes a fair price and the level of the Fairtrade premium.

The record of the Fairtrade movement so far has been very encouraging, most noticeably
in the Fairtrade coffee market, but not without problems. Starting from the early 1990s, there
was tremendous annual growth in the coffee market, averaging 20% or more, first in Europe and
latter in North America. Most of the sales, it should be noted, have occurred in the specialized
coffee sector. More recently, however, growth in the European market has started to drop off but
still remains positive. Despite this rapid growth, however, the supply of Fairtrade coffee greatly
exceeds the demand. Most small producers are only able to sell a small portion of their coffee as
Fairtrade, the rest ending up in the conventional market (and earning them a significantly lower
price). Generally, though, for those producers that have had success in the Fairtrade market, the
results have been very positive. They have not only included a substantial increase in income
(often over 50% or 100%), but important improvements in production methods and business
skills, which serve to make local producers much more competitive. These improvements
frequently come about through local co-operatives being organized into higher level co-
operatives, which provide services and training. In some instances these higher order co-
operatives play other roles, such as establishing themselves as community economic
development corporations to help diversify the local economy (van der Hoff, 2005).

Equally, if not more important than the direct economic benefits, participation in
Fairtrade has led to greater involvement in the local community, including support for
community development projects, efforts to diversify the local economy and increased political
involvement (van der Hoff, 2005; Warridel, 2002). While gains should certainly not be
exaggerated, there are some indications that participation can be particularly important for
women. Involvement in Fairtrade has encouraged many women to become more active in the
broader community. While the experience is quite mixed, involvement in Fairtrade has also
served to give women a greater role in economic decision-making, most notably in cases where
women have established their own Fairtrade co-operatives and products.6 Involvement in
Fairtrade seems to have had less effective so far in changing gender relations within the
family, though some advances are reported (Mayoux, 2001; Ronchi, 2002, Utting-Chamorro,

6 A women’s co-operative in Peru has formed recently and markets its certified Fair Trade products under
the brand Café Femenino. See http://www.opteo.com/Cafe_Fem/cafe_femenino.html
Not to be forgotten are the effects of the movement in the North, including increased awareness (and mobilization) of consumers around trade and development issues.

There is some ambiguity, however, in classifying FLO as a social economy PPP. There are two main problems on this front. The first of these has to do with the fact that FLO has different requirements with respect to the certification of small producers in the South and those businesses that it registers in the North to import, wholesale and retail Fairtrade products. More specifically, while the latter have to meet the various standards above, there is no requirement that they be democratically organized. Initially, in the certified Fairtrade coffee market, the biggest and earliest market to develop, most of the registered businesses were socially economy actors (co-operatives, NGOs, ethically motivated small businesses). More recently, however, a number of large corporations have entered the Fairtrade coffee market. Their entry into the market was spurred in large part by activists in the North, and agreed to by the LIs on the pragmatic assumption that their involvement could help to significantly increase the market for Fairtrade coffee. This happened first with large specialty chains like Starbucks, which introduced certified Fairtrade coffee in 2000. More recently two of the four major coffee giants (Nestlé and Kraft) have started to offer certified Fairtrade products. Many of the smaller registered companies have objected to the entry of these TNCs, both because they think it threatens the nature of the Fairtrade movement (as they do not believe that these corporations uphold the Fairtrade values) and, as explained below, for reasons of unfair competition. To the degree that these corporations have had to meet the other standard FLO criteria for certification and, insofar as the movement is primarily directed at helping Southern producers, it could still be argued that the FLO (at least in the Fairtrade coffee market) remains a social economy PPP.

A second ambiguity arises, however, with regard to other Fairtrade product markets. FLO only certifies coffee that is produced by small producers. It will not certify coffee produced on plantations. This is not the case with regard to other products, however, such as tea and bananas. In these markets, FLO does certify products that are produced on plantations. This requires FLO to have two different sets of generic standards, one which applies to small producers and one which applies to workers. It was clearly a pragmatic concern related to historical realities that motivated the decision by FLO to certify some products produced on plantations. FLO evaluated that it could not guarantee a supply of quality products in these markets, which have historically been dominated by production on large plantations, if it did not alter its standards regarding small producers. With these changes in its standards (as well registering TNCs), many have questioned whether FLO is altering its character as an alternative trade organization. Such a move clearly calls into question the nature of FLO as a social economy actor, for while it does require the organization of plantation workers in unions, this is quite a different arrangement from the organization of small producers in co-operatives.

The ambiguities above reflect the realities that confront social economy actors when they have to compete in markets with large TNCs, especially in agricultural commodity markets which have long been characterized by oligopolistic control. The question of whether to cooperate with large TNCs or to compete is not an easy one. In the case of Fairtrade, cooperation means incorporating corporate participation in the Fairtrade certifying and registering process, while competition means not only having to compete against traditional product markets, but against a range of new certification schemes. There are two clear dangers that accompany the decision by FLO to allow TNCs to participate in the Fairtrade market. On the one hand, there is the prospect that TNCs will try to use Fairtrade primarily for ethical branding purposes without any real commitment to the goals of Fairtrade (trade washing). What this
entails is TNCs like Starbucks purchasing only a small percentage of certified Fairtrade coffee (1-2% of its total sales in 2004), but branding itself (not its Fairtrade products) as a fair trade (and socially responsible) retailer. This is a strategy (backed up by other much less demanding social responsibility initiatives) which seems designed to confuse consumers, who often think that all of the coffee these retailers sell is Fairtrade. It is also a strategy which gives these TNCs a clear competitive cost advantage vis-à-vis small Northern importers and retailers, many of whom only sell Fairtrade coffee. Such small producers, are concerned that they will be forced out of the market over time (Fridell, forthcoming). On the other hand, there is the concern that participation of TNCs in Fairtrade will ultimately dilute certification standards. So far this has not occurred in the FLO certified Fairtrade coffee market (e.g., large corporations still must buy from small producers who are organized in co-operatives, provide long term contracts, etc.). It has, as noted above, happened in other product markets such as bananas and tea which are typically grown on plantations.

Eliminating the participation of TNCs in FT, however, does not eliminate the problems of TNCs. Fairtrade must still compete with TNCs, including in “ethical” markets. The problem is that there has been a proliferation of other certification schemes, especially in the coffee market, initiated by or developed in collaboration with large corporations. These second generation schemes, intentionally or unintentionally, have had a range of negative effects on the market for fair trade products, including: 1) confusing consumers about what Fairtrade is and blurring the lines between Fairtrade and non-Fairtrade products; 2) watering down standards; 3) shifting production towards plantations (in markets such as coffee where FLO only certifies small producers), and; 4) loading the costs of certification and compliance onto producers (with little or no premium paid). (Gibbon, 2004) These secondary certification schemes are best categorized as CSR PPPs and, unlike Fairtrade, are not directed at empowering local actors. Due to the resources of TNCs (financial and otherwise), these initiatives represent a major threat to FLO and the alternative trade movement.

The case of Fairtrade indicates both the potential of social economy PPPs to directly contribute to development, as well as their vulnerability. A major part of the vulnerability derives from the fact that the Fairtrade movement has to depend not only on the good will of consumers, but also their ability to understand the growing complexities of the market that have arisen due to the proliferation of second generation certification schemes, including deliberate efforts by TNCs to confuse consumers in order to maintain market share (and lower costs). The promotion of a water-downed, corporate-friendly version of fair trade whose primary function is to increase the competitiveness of small producers so that they can be integrated into regular markets threatens the radical vision of the fair trade movement. In order to counter such trends, advocates have adopted different strategies, including legislative approaches. Hearings and conferences have been held in the European Parliament with a view to investigating how trade and development policies can be changes so as to better support Fairtrade, as well as to investigate establishing legal fair trade standards. France has passed legislation establishing legal fair trade and initiatives are afoot in several other countries. FINE has also been involved in a range of advocacy work, including the development of a position paper for the 6th WTO Ministerial Conference in Hong Kong held last year. What these latter initiatives point to is the necessary and inevitable involvement of social economy PPPs in issues of corporate accountability. It is not possible for social economy PPPs to develop without directly confronting corporate power and the neo-liberal globalization agenda. In this endeavour they have a common cause with CA PPPs.
The discussion above suggests a number of research areas. The first of these involves the evaluation of the impact of Fairtrade and other social economy PPPs. Of particular concern here is the ability of standard impact assessment tools to capture the full range of impacts that are important from social power perspective. A second key area for research would be the full range of impacts that the activities of corporations and related CSR PPPs have had on the efforts to promote the social economy. This would include the problems related to incorporating corporate participation into the work of social economy PPPs, as well as their efforts to compete with and undermine social economy initiatives. A third area would involve the analysis of the role of consumers, social movements, CA PPPs and other actors in helping to control the activities of corporations and CSR PPPs which serve to undermine social economy initiatives. A final area of research relates to the larger macroeconomic problem of the regulation of the global economy and, in particular, the plight of agricultural commodity-dependent developing countries (Green 2005). Of specific concern here is whether there are lessons from the past, including better national and international co-ordination of commodity markets, which could be brought to bear in support of social economy initiatives.

IV. CONCLUSION – PPPS AND DEVELOPMENT

Discussions about the role of PPPs need to be grounded in several different theoretical discourses. On the one hand, there are normative theoretical discourses on development and the state. A well developed normative theoretical conception of development is necessary in order to ground what the goals of any such partnerships should be. In this paper we have provide the outlines of an argument for a conception of development as a reconfiguring of the matrices of social power. A normative political theory is required in order to understand the proper role of the state, corporations, multilateral bodies in policy making process. In this paper we have not been able to provide a normative political theory. The basic normative political issues regarding the role of PPPs, however, can be explained in terms of the lack of democratic legitimation of corporations (NGOs and the UN itself, it could be argued) and concerns that corporations exercise inordinate power not only with respect to individual policy decisions, but with regard to the establishment of the larger rules of the game at both the national and international levels. A fundamental concern here is that the use of PPPs not only helps individual corporations (in terms of public relations, cause-related marketing etc.), but that they serve to legitimize the existing neo-liberal public policy framework which favours the interests of corporations and does not hold them accountable. A closely related concern is the fact that partnerships (in particular the use of discussion fora) can, in effect, serve to place corporations (and even NGOs) on the same plane as democratically elected states in terms of policy making (Reinicke et al., 2000).

One the other hand, there are social science discourses about the nature of structure and agency which are important to problematize. Without a well grounded theoretical account of either, it will be difficult to understand the conditions and prospects for social change to occur. In this paper, we have not been able to offer a full-blown theoretical account of agency and structure and their interrelations. We have, however, tried to highlight the importance of problematizing the role of agency and identifying agents of social change in the promotion of development. We have done so in the context of an analysis which recognizes the structural power that corporations exercise.
On the basis of the analysis above, several conclusions follow regarding the potential roles of PPPs. The first of these involves the objective of PPPs. Numerous criticisms have arisen that the promotion of PPP’s through the UN has been done in a somewhat helter skelter fashion and without the establishment of well-ground criteria and procedures. Given the mandate (and limited resources) of the UN, there seems to be little justification for the UN to engage business corporations “in partnership” for any other reason that the promotion of development. The UN has a number of specialized bodies that are mandated to address issues of development. Partnerships should function in line with their mandates and on the basis of the work of these agencies with the governments of member states.

A second closely related conclusion involves business PPPs. It has been noted that the use of the term ‘partnership’ for virtually any relationship with the business (including standard business relationships) is to devalue the term partnership (Zammit, 2003). A closely related concern is that it provides legitimacy to corporations and serves to reinforce their (inordinate) political influence. In the case of business PPPs, these advantages accrue to corporations for virtually no cost. For these reasons, such business contracting relations with corporations should not be categorized as partnerships. We have argued above, that such relationships should probably not be undertaken in any event, for they are more likely to have a negative impact than contribute to development in a positive way.

A third conclusion involves CSR PPPs. We have argued above that CSR PPPs are unlikely to make substantial contributions to development. The basis for this assessment was grounded in assumptions about the logic of corporations and their limited powers to take considerations other than profit into account. This basic limitation leads corporations to: 1) want to maintain control over PPPs; 2) to use them in ways that contribute to their business success, and; 3) not to be engaged with them (or try to subvert them) if they do not function in their business interests. Under these conditions, the only circumstances in which CSR PPPs will contribute to development is when there is a natural congruence between business and societal interests or societal actors can (make a plausibly case to) impose costs on corporations that make their participation a rational choice in economic terms. Because of this logic, and the mandate to only develop partnerships that focus on development, it makes sense for the UN (and other development bodies) to engage in CSR PPPs to the degree that corporations are willing to submit to key conditions which help to ensure these partnerships will contribute to development including the limiting of corporate influence over public policy (Zammit, 2003). One important condition would be to make certain that PPPs activities are informed by and (ideally) integrated into national and local development strategies. Such an approach is increasingly proposed in the aid effectiveness debates, where, some authors argue that aid would be much more effective if it contributed to a locally designed and agreed upon development framework (Kanbur 1999).

Fourth, CA PPPs and social economy PPPs can play an important role in the promotion of development. In the case of CA PPPs the contribution comes primarily in the form of holding corporations accountable, a role which not only helps to ensure that the economic performance of corporations is more compatible with positive development outcomes, but which can contribute to opening up space so that governments, development agencies and civil society actors can more effectively pursue development policies and practices that not only address problems of distribution but social power. With respect to social economy PPPs, they have the potential to make important contributions to development by focusing directly on the core issue of empowering marginalized groups. CA and social economy PPPs should be seen as complementary in their efforts and should be the focus of any partnership program.
References


