

Development and the Private Sector

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Consuming Interests

EDITED BY
DEBORAH EADE AND JOHN SAYER


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Development and the Private Sector: Consuming Interests

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Preface

DEBORAH EADE

The relationship between the private sector and development has not been far from the public eye since some of the earliest global campaigns denounced the aggressive or irresponsible marketing strategies of some of the pharmaceutical and agrochemical corporate giants throughout the world's poorest countries. These campaigns and their calls for consumer boycotts coalesced from the 1960s onward into transnational coalitions such as Consumers International (CI), the International Baby Food Action Network (IBFAN), Health Action International (HAI), and Pesticides Action Network (PAN), all of which are still very much alive and kicking today.¹ A number of codes of practice were also developed at that time, by the World Health Organization (WHO) in particular, in relation to the production and pricing of generic drugs and essential medicines, and to the marketing of harmful and addictive products such as tobacco and alcohol. Much of the focus of such initiatives in the 1970s and 1980s was on protecting the interests of consumers, especially those in the global South least able to protect themselves through, for instance, access to impartial—or, indeed, any—information about the drugs and pesticides for sale in their local markets. This was naturally followed by various fair-trade initiatives geared toward consumers in the North, ranging from products for which a new niche could be created on the supermarket shelves (such as coffee, tea, or chocolate) to promoting traditional craft items that could be sold through solidarity networks, charity shops, and stores specializing in handmade artifacts.

More recently, attention has turned to the social and environmental impact of transnational companies on the people in the countries in which their subsidiaries are based, or from which they purchase raw materials or source their products. The corporate social responsibility (CSR) movement has helped bring issues of labor rights and

environmental damage to consumers in rich countries, and create pressure on companies to smarten up their act. How successful these efforts have been in achieving real change either in consumer habits or in corporate practice is doubtful, but they have certainly raised the stakes for those companies whose products are at the more visible end of the market. At the same time, however, neoliberal policies have increasingly been associated with the privatization of public utilities and so-called public-private partnerships whereby for-profit private companies take on the delivery of an array of social services, from prison security to pensions and health insurance, from postal and telecommunications systems to residential homes for the elderly. The results of such hybrid partnerships have been mixed, and seem to depend on the capacity of citizens (now recast as “clients” or “customers”) to insist on comprehensive coverage of adequate quality. The obvious danger is that those who can afford to do so will opt out of a semi-privatized public system and choose their own supplier, and that the private contractors will gradually abandon (or, in some cases, never offer) any semblance of universal provision. In some cases, corporations and their shareholders have made phenomenal profits; in others, the quasi-privatized companies continue to depend on government handouts, though without the corresponding accountability expected of a publicly owned enterprise. It is paradoxical, therefore, that the Global Compact between the UN and the corporate sector should both underline the critical role of private enterprise in promoting (mal)development, and also give the appearance of conferring a clean—but seldom proven—bill of health on those companies choosing to participate in it.²

The private sector has, then, long been recognized as a key determinant of development, whether by facilitating or by undermining it. This book is a compilation drawn from an issue of the journal *Development in Practice*³ guest-edited by John Sayer. In Chapter 1, Sayer illustrates something of the range and complexity of concerns encompassed by the subject, from bread-and-butter campaign issues such as ethical codes, labor rights, and fair trade to popular responses to the privatization of essential services and the role of small and medium-sized enterprises (SMEs) in generating employment and contributing to economic growth. With contributions from scholars and practitioners from around the world, we trust that these selections and the annotated resources list will together offer something of interest both to readers for whom this is familiar terrain and to those who are newer to the subject.

NOTES

¹ Although innumerable new organizations have emerged in the wake of developments in information technology, these four have gained in strength over their 20–30 years' existence. For instance, CI was founded in 1960 as the International Organisation of Consumers' Unions (IOCU), and today has 250 member organizations in 115 countries, working together to defend the rights and concerns of consumers worldwide. IBFAN was founded in 1979 and now comprises 200 affiliated groups around the world dedicated to promoting healthy infant nutritional practices, particularly breastfeeding. PAN International was founded in 1982, and today encompasses more than 600 member organizations around the globe; its current focus is on the promotion of food security and information about the dangers of adopting genetically modified organisms (GMOs). Established at the May 1981 World Health Assembly, HAI also has a global network working for universal access to appropriate health care and the rational use of drugs; a major focus has been on essential medicines and generic drugs, areas in which it collaborates closely with WHO.

² The Alliance for a Corporate-Free UN is a global network of human rights, environmental, and development groups concerned about undue corporate influence on the UN. It supports UN initiatives to hold corporations accountable on issues of human rights, labor rights, and the environment. For more information, see www.earthrights.org. See also Bruno and Karliner (2002) for a critique of how corporate PR is enhanced by involvement with the UN without any obligation for the corporation to make fundamental changes in its behavior.

³ *Development in Practice* Vol. 15, nos. 3 and 4 (June 2005), published by Routledge, Taylor & Francis Group Ltd. on behalf of Oxfam GB. Summaries of all articles published in the journal are available free of charge in English, French, Portuguese, and Spanish at the journal's website, www.developmentinpractice.org.

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Abbreviations and Acronyms

AAMA	American Apparel Manufacturers Association
ADB	Asian Development Bank
AGOA	African Growth and Opportunity Act
ASMINDO	The Association of the Furniture Industry
ATPA	Andean Trade Preferences Act
BOP	Balance of Payments
BVQI	Independent Certification Body of Bureau Veritas
CAFTA	Central American Free-Trade Agreement
CAWN	Central American Women’s Network
CDD	Community Driven Development
CEP	Community Empowerment and Local Governance Project
CI	Consumers International
CSO	civil society organization
CSR	corporate social responsibility
EIRIS	Ethical Investment Research Service
ENTEL	National Telecommunications Enterprise
ETI	Ethical Trading Initiative
FDI	Foreign Direct Investment
FLA	Fair Labor Association
FSC	Forest Stewardship Council
FTA	Free-Trade Agreement
GMO	genetically modified organism
GMIES	<i>Grupo de Monitoreo Independiente de El Salvador</i> (Salvadoran Independent Monitoring Group)
HAI	Health Action International

IBFAN	International Baby Food Action Network
IDB	Inter-American Development Bank
IFI	International Financial Institution
ILO	International Labour Organization
IOCU	International Organisation of Consumers' Unions
ISEAL	Social and Environmental Accreditation and Labelling Alliance
ISO	International Organization for Standardization
ITDC	Intermediate Technology Development Group
JICA	Japan International Cooperation Agency
LDC	Least Developed Countries
LLC	Limited Liability Company
MFA	Multi-Fibre Arrangement
MSI	multi-stakeholder initiative
MSN	Maquila Solidarity Network
NGO	nongovernmental organization
PAN	Pesticides Action Network
PLC	Publicly Listed Company
PPSE	Privatized Public Service Enterprises
SAI	Social Accountability International
SAN	Sustainable Agriculture Network
SGS	Société Générale de Surveillance, an auditing company
SME	Small- and Medium-Sized Enterprise
SOE	State-Owned Enterprises
SRI	socially responsible investment
TFET	Trust Fund for East Timor
TNC	transnational corporation
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme

UNIDO	United Nations Industrial Development Organization
UNRISD	United Nations Research Institute for Social Development
US	United States
WHO	World Health Organization
WRAP	Worldwide Responsible Apparel Production
WRC	Workers' Rights Consortium
WSSD	World Summit on Sustainable Development
WTO	World Trade Organization