

**Talking points for Mr. Motter  
Expert Group Meeting  
2015 and 2016 ECOSOC Cycles  
UN Women Conference Room  
4-5 December 2014**

**Notes for presentation on “multi-stakeholder partnerships for delivering on the P15 development agenda**

I am drawing from IPU debates but this is **my own personal attempt to connect the dots** - this is an expert group meeting, after all; not a formal debate.

I will focus on the *broad* picture of partnerships as it applies to the **corporate sector**, which is most often the meaning of “private sector” in UN debates.

I look at the **politics** more than specific partnership models (which come in many shapes and forms) and at the **risks** implied by this concept of partnership. This is **not to deny many good examples** of public-private sector partnerships that do exist.

**My argument in a nutshell:** governments – executive and legislative branches combined – have grown too weak, while corporate power has grown dramatically in the last few decades. This makes for a very difficult partnership and we need to re-think the approach all around.

We all agree that **the aim of partnerships in a P15 era is to support “people-centered”** development for all (developed and developing). Let’s clarify what “people-centered” means as a way of understanding how partnerships may help.

There are **at least three meanings** of people-centered:

- Democracy: People must own decision-making through their representatives. *Citizens* are the main political actors. Governments and intl. organizations must be accountable to the people in the first instance;
- Human rights and social justice: people are the subject of development;
- A deeper and less appreciated meaning, even at the UN: people – and development – cannot be reduced to growth alone but must be more centered on *human well-being* in a deep sense where people are more than consumers or taxpayers, and more than productive assets, and where not all aspects of human interaction are commercialized (as a way to propel the economy forward).

**With this in mind: is the partnership with the corporate world *fit for this purpose*?**

At least two principles should govern any notion of partnership:

- The partners work in tandem toward a **common objective and for a common interest**;

- The partners respect each other's role and mandate, and ***the one with more power and authority should be in the lead.***

If we apply these principles to the government relationship with the corporate sector, it is clear that there is a problem:

- The corporate sector, which remains rooted for the most part in *developed* countries, has at least a **split alliance**: to the host country, but above all to shareholders at home (10% return minimum). *Developing countries are seen in the first instance as a market opportunity and only secondarily as a development project.*

This is **in contrast to governments whose main concern** is, or should be, for their own people and the common good (as opposed to private interests).

**There can be a *tension* then between the interests of the company and those of the country in which it does business.** In a globalized economy, the good of the company *need not* coincide with that of the nation.

- On the second principle of "partnership": it is in fact **wrong to assume that governments and parliaments have roughly the same status as private entities of any kind.**

In principle at least, this should not be the case; in practice, and *this is the problem*, governments and the public sector in general are **losing ground to the corporate sector. There has been an erosion of the public space by the private sector** (business and philanthropic). This is also possibly the case for the UN-corporate partnership.

**Evidence of this *shift and growing power imbalance* includes** (but not limited to):

- Corporate influence in **trade and investment agreements** that continue to grant freedoms to move capital/investments in and out of the country; **tax incentives and subsidies** that are exceedingly favorable; and all the way to the **right to sue the government** for pursuing policy it deems in the best interest of the country;
- **Concentration of assets and capital** to an unprecedented scale, which also makes is difficulty for governments to negotiate fair deals with the corporate sector - a few corporate giants combined are worth more than 100 countries' GDP (or about);
- **Expanding share in virtually all key sectors** – agricultural, manufacturing, services etc. - into fewer corporate hands, reducing room for real market competition. In agriculture, a mainstay for developing countries: "land grabbing" by large agribusiness at all-time high (Oxfam);
- Ability of corporations to **escape tax laws and to resist reforms** (tax havens and loopholes; unfair subsidies etc.) that would help raise government revenue, as well as ability **to bid governments down on corporate taxes**;
- In financial sector alone: **financial institutions are growing bigger** than before the 2008 crisis ("too big to fail" was not addressed because of influence)

- Etc.

Given this **concentration of power**, what are the risks associated with seeing corporations as **partners**?

I would speculate that the idea has its roots in **the political shift that took place in the early 80s**, which promoted the ideas of *a reduced role for government* in the social sector and in the management of the economy (e.g., *even ditching industrial policies*); the virtues of *market liberalization and deregulation*; as well as *fiscal discipline*.

As a result of this shift, the language of partnerships comes with **embedded messages**:

- That the **government is helpless** or at least unable, and so it must work with others, including by sub-contracting its own functions (regulation; services);
- That governments **cannot negotiate strict and binding rules of conduct** for the corporate sector and that a voluntary compliance system will suffice (human rights obligations etc.);
- That **markets are self-regulating**, requiring minimal government intervention, and that market-based solutions are almost always better at guaranteeing rights like water and food;
- That development must rely on **an export-led, profit-seeking competitive model**, with a resulting focus on economic growth as primary to human well-being;
- That **large business actors are in fact in the lead** of economic development, which often comes to the detriment of **SME** and the need for developing countries to nurture their own industrial base;
- That **only the private sector is responsible for job creation** as a key objective of development (also witnessed by the austerity policies which assume governments have no job creation role);
- That **unbridled competition** can be reconciled with global solidarity;
- That **ODA is becoming irrelevant** in the larger constellation of private finance, forgetting that ODA is critical to the public sector in many countries.

**These assumptions foreclose other possibilities in our *model* for development and in the role of government in general:**

- The need to **refocus the economic model on well-being** is downplayed (corporations inherently seek *consumption* growth and are lobbying for that);
- More **cooperative business models** and more access to **smaller players** are neglected (witness the disdain current toward industrial policies meant to support fledging industries that are owned by national actors);
- **Community based development models**, particularly in the agricultural sector;
- Low-cost public **policy reforms** such as the legal empowerment of the poor (giving them title to their property) which could help boost local productive investments;
- Increasing public expenditures for **social protection floors** that even some of the poorest countries can afford (and some have adopted)

- State support for a variety of **public goods** such as health, education, the environment, but also stable finance, Internet governance etc.

**IN CONCLUSION: as we enter the P15 era, we should reject the notion of a limited government role and a corresponding greater role for the private sector led by large corporations.**

Governments have simply been weakened, particularly as their authority to regulate and impose norms has been challenged, if not undermined.

As our president said recently: “Powerful interests are seeking *to capture our institutions*, resulting in fundamental rights being violated....Transparency and accountability are lacking at almost every level and in both public and private spheres.”

Reversing this trend will be difficult, but not impossible. *It is the only way to **establish true partnerships that work for the general interest and for all people.***

With **political will and corresponding institutional reforms**, governments can find their own resources and assert their own authority to fulfil their citizens’ aspirations. And parliamentarians, as the elected representatives of the people, will have a key role to play in legislation and budget, as well as government oversight.

Governments, and parliaments, must be open to the views of *all* people and *all* sectors, profit and non-profit, but must ultimately **retain their independence to govern and make laws and regulations that are best for the country.**

A good place to start is by establishing a **binding legal framework for the corporate sector** (as in the recent HRC resolution), but much more is needed to establish **rules** to make the partnership with these entities consistent with the new P15 agenda across the board.