THE FUTURE OF
PUBLIC-PRIVATE PARTNERSHIPS

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REMARKS BY

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This conference is an important measure of how much both the idea and the fact of public-private partnerships has grown during the past several years.

It also is a testament to the role that the organizations sponsoring this conference have played in this growth: the New York City Partnership, the U.S. Conference of Mayors, the International Downtown Association, and the Academy of Political Science.

This conference provides all of us with a much-needed opportunity to examine the different types of partnership programs that exist, assess our efforts and look to the future, to see what we have done and what we still can do.

Public-private partnerships have now developed across a wide range of activities. Some involve enormous, multiple-sponsored undertakings, such as the revitalization of an entire downtown area. Others involve much smaller, more time-limited projects with a one-to-one relationship between a private partner and a nonprofit organization.

Examples of successful models abound.

Jobs for Connecticut's Future is a statewide public-private partnership that seeks to predict the impact of economic and technological change on Connecticut's employment opportunities. The results will help the state's education and training institutions develop programs to meet these projected job requirements.

The Neighborhood Reinvestment Corporation is another example of success. Begun in Pittsburgh in the early 1970's as Neighborhood Housing Services, it is now a national organization, with local branches all across the country. These branches combine Federal, state and local government investments with those of private financial institutions to revitalize scores of older and decaying neighborhoods.

PUBLIC-PRIVATE PARTNERSHIPS

When you look at the constellation of complex domestic problems this nation must address - poverty, hunger, homelessness, unemployment, public education - I think we have to agree that public-private partnerships will prove to be an inadequate vehicle upon which to depend. Public-private partnerships can help us find some innovative solutions to certain aspects of those problems. By drawing attention to problems, they can help us set the agenda. But they cannot by themselves solve major social problems, and we must not act as if they can.

I don't want to minimize the contributions that hundreds - indeed, thousands - of successful partnerships have made to the resolution of local problems. Rather, I want us - the members of the civic and business communities - to realize that even in their aggregate these successful partnerships do and will continue to fall far short of eliminating or even substantially reducing the problem areas upon which they are focused.

I know that nobody has actually said public-private partnerships were intended to be the answer to any national domestic problem. However, many people still have the impression that we don't have to worry so much about cutbacks in government funding and public responsibility because public-private partnerships will fill the void.

Thus, my concern revolves around the ambiguity of definition and lack of clarity regarding the roles and responsibilities of the public and private partners.

What is it we are trying to accomplish in a partnership? In pursuing these goals, who is responsible for what? More importantly, who should be responsible for what?

As I sort through these kinds of questions it seems to me we need to remember that the concept of public-private partnerships came into vogue at the same time limits on government spending and limits on government involvement in social programs started to become popular.

PUBLIC-PRIVATE PARTNERSHIPS

The New York City Job and Career Center, which was created by the New York City Partnership, opened last Friday. It draws together corporate leaders, the education community, community service organizations and government leaders so young people can explore job opportunities more vigorously and more directly.

In the field of public education, the growth of corporate involvement in all kinds of school-business partnerships is a strong indication of a change in how corporations see themselves in relationship to contemporary society. The rapid proliferation of these school-business partnerships suggests just how far the business world has came in recognizing that it cannot exist as an isolated island, walled off from the communities in which we are located.

Instead of defining institutional relationships in terms of the barriers and differences that keep them apart, more and more corporations more and more often are seeking to define their relationship to community institutions in terms of common goals and shared values.

Granted, it has been a long time coming, but the private sector is beginning to acknowledge that no community can prosper if its members, including corporations, local public institutions and nonprofit organizations have no contact with each other or have no common ground on which to meet together and to work together.

In that sense, all partnership programs are important. They provide the business community with a much-needed window on the world beyond our front doorstep.

But I am concerned that there may be a tendency on our part to overlook, down play or wish away some very serious shortcomings with the partnership concept. It is this issue that I wish to discuss this afternoon.

PUBLIC-PRIVATE PARTNERSHIPS

Proponents of cutbacks in government programs and services seized the partnership concept as evidence that government programs could be reduced without causing much harm, dislocation or hardship. People who opposed these reductions, on the other hand, beaten at the polls in various elections, grasped at the partnership concept as a way of preserving some services that otherwise might be lost.

There is no question in my mind that we all subscribed to a very good idea. The problem, I submit, is that we overstated its potential. And the danger is that by focusing so extensively on what is happening in the private sector, we tend to ignore what is happening, or not happening, in the public sector.

I want partnership programs to grow and flourish. But I do not want declining public support for public purposes to be the price we pay for private sector involvement. And it is up to us, as business and civic leaders, to use our influence and our energy to make sure this does not happen.

Let me use the issue of domestic hunger to briefly describe what I mean. Although this is not the most commonly cited example of a public--private partnership it does serve to highlight the issues we need to think about.

In the late 1960's and early 1970's the federal government mounted a sizeable attack on the problems of hunger and malnutrition in the United States. Through a combination of programs such as the Special Supplemental Food Program for Women, Infants and Children; Food Stamps, and School Meals, we had made considerable progress in eliminating some of the very tragic conditions

which existed in the late 1960's.

But in the past five years, the federal food assistance programs have been subjected to budget and regulatory pressures which have limited their capabilities. In this same time period the extent and nature of domestic hunger has reappeared and grown - it is once again a very serious problem.

In response to these reemerging conditions many major food companies have made magnificent contributions of food and assistance to Second Harvest and its member food banks around the country. Over the past six years, corporate donations of food to the Second Harvest network of food banks have grown from 2.5 million pounds to 100 million pounds.

From a strictly programmatic point of view this partnership has been outstanding. The corporate food donations have been generous and commendable; almost overnight an efficient and effective operation has been developed to collect and redistribute donated food products around the country.

But what about the public policy questions which are inherent in this example? Are we making a substantial impact on the overall problem? Can private sector donations of food replace cutbacks in federal food assistance programs? My answer is "no", and I think it is wishful thinking to suggest otherwise.

In the field of public education a recent proposal by Secretary of Education William Bennett provides another example.

Secretary Bennett wants to provide $600 worth of vouchers so low-income children who are not doing well in public schools can attend private schools. The issue in my judgement, however, is not how one feels about vouchers, although I think the voucher proposal is seriously misguided. The issue is that vouchers are being proposed as a way of dismantling Federal aid to education. They are being proposed as an alternative to the Title I program, now called Chapter I, at a time when the need for this program may be greater than at any time in its 20-year history.

What will happen to the public schools if such a proposal should be enacted? Are school business partnership programs going to provide the New York City schools with the $300 million it receives each year from the Title I program?

The answer, of course, is NO!

PUBLIC-PRIVATE PARTNERSHIPS

When corporations first started developing partnership programs several years ago, many of us said we did not want to become involved simply to let government off the hook. We said we did not want government using our involvement as an excuse to ignore its own responsibility. We said we did not want our programs to become a screen of voluntarism behind which an entire generation of young people, too many of them underprivileged, would be denied basic opportunity and justice.

The time has come for us to make good on that promise.

It is time for all of us to combine the knowledge we have gained with the resources already at our disposal and become active and organized advocates in behalf of an increased and more defined public role in such fields as education and hunger, employment, job training and community development; not a role that tries to recreate the approaches of the Sixties, but rather a role that prepares us
for the remainder of the Eighties and Nineties.

That means more than telling our corporate lobbyists to put in a good word for domestic social programs every now and then. It means more than sending an executive on a symbolic good will visit to Capitol Hill or asking an executive to testify at a public hearing.

It means organizing ourselves into a vigorous, active political force so that we can have a positive impact in helping this country complete its unfinished social agenda and develop strategies and programs to implement that agenda.

It means supporting candidates for elective office who share our views about the need to move this agenda forward. It means forming broad-based coalitions with other groups and organizations,to work on behalf of our long-range goals.

Dale Mann, a professor at Teachers College of Columbia University, pointed this out to us more than a year ago. Professor Mann studied school-business partnerships in 23 large cities. He found that the dollar value of the grants, goods and services the private sector provided in those cities was about $25 million a year. While that may sound like a lot of money, it is in fact only a miniscule fraction of the annual costs of operating these school systems.

Professor Mann's conclusion was that school leaders had to be far more systematic and thoughtful in developing programs that could leverage these marginal resources in order to achieve the widest possible results. And partnership programs as a whole, he said, could only achieve maximum results if they matured into long-term programs of political support.

"The most helpful results of school-business partnerships." Professor Mann said, "are those political coalitions aimed at major and permanent increases in financial support for public schools."

Some notable examples of what Professor Mann had in mind are the Business Roundtables in California and Minnesota and the Boston Compact. In California and Minnesota, roundtables not only have made it possible for business leadership to focus on public problems; they have also succeeded in Obtaining increased funding for public education from their state legislatures.

In Boston, the Boston Compact, formed in the wake of that city's problems with school desegregation, has produced strong working ties between individual schools and area industries.

Although Professor Mann addressed his remarks to school superintendents, the business community needs to hear his message as well. And Professor Mann's message is not limited just to school-business partnerships.

Many of us in the corporate world vigorously support public-private partnerships. But have we been as vigorous in opposing public policy decisions we knew would have an adverse impact on the institutions with which we are involved or associated? We have often said our partnerships programs were more than public relations gimmicks. But have we advocated public policy actions that would substantially improve the lives of the people with whom we are working in our partnership programs?

The point I want to make is this. In the long run, the success of our partnership programs will depend not so much on what happens within each individual program. It will depend upon the extent to which we are able to leverage our success in individual programs into support for major social initiatives.

Some months ago in an article in the Harvard Business Review, Fred Hechinger, education editor of the New York Times, wrote about this issue and the particular challenge it poses to that part of the business community active in its support of the public schools. "in the end", Hechinger wrote, "all these cooperative ventures will amount to little more than public relations unless the business community abandons this frequently schizophrenic posture; supporting the local schools while simultaneously instructing or at least permitting, its lobbyists to support cuts in state and federal expenditures for public education and such legislation as tax credits for parents whose children attend private schools."

"Common sense, " Hechinger said, "should show the futility of any corporate policy that gives to the local schools with one hand and yet takes away funds with the other."

PUBLIC-PRIVATE PARTNERSHIPS

In my opinion, the points Hechinger made with respect to school business partnerships should be applied to the whole spectrum of public-private partnerships. We cannot have one socialagenda for our partnership activities and another for our business activities. We need, instead, a vision of ourselves and our society 0 in which it is possible to be both responsible businessmen and women and responsible citizens.

In the final analysis, we are a society of interdependent institutions. Whether we knowit or not, the business community has a long-term stake in how we as a society handle the social problems of today. Public-private partnerships can be helpful. But if they are inadequate to the problems we have laid at their doorstep, we should not let ourselves be deluded by the glow of good press notices. Let's be hard-nosed in our appraisals, and become advocates in behalf of consistent public policies that will help us develop the best possible society.

I am convinced beyond any doubt that our nation's long-term success depends not so much on the business decisions we make today or tomorrow, but on the social policy we develop during the next decade.

Thank you.