2 ‘With a Little Help From Our Friends’: Public–Private Partnerships as Institutions and Instruments
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Partnership has become a more common term in the analysis of public policy, and especially in areas such as economic development, technology transfer and urban management (Kernaghan 1993). As both the public and private sectors find their resources constrained and both their demands and opportunities growing, they have found themselves increasingly interdependent. They also find it useful to leverage one another and to develop partnership arrangements with actors in the other sector. Increasingly, neither the public nor the private sector appears capable of performing well without the involvement of the other. As we will point out below, there are a variety of definitional problems involved in the use of the term ‘partnership’. Those conceptual problems, however, certainly have not prevented actors in the real world from engaging in a variety of arrangements that they are quite sure constitute partnerships under any reasonable definition of that term.

This chapter will attempt to apply several conceptual lenses through which to understand the formation, perpetuation and nature of public–private partnerships. The emphasis of the chapter will be on those partnerships as they are manifested in local economic development, but many of the points should be applicable to partnerships when considered more generally. Although there is some tendency to look at partnerships (or any other comet that is blazing across the socio-political heavens) as a new and unique entity, I will be arguing that they can be understood as examples of other, more general, organizational phenomena. I will concentrate on partnerships as examples of institutions, as examples of organizations, and as examples of policy instruments, but other characterizations also could be applied readily.
The emergence of the partnership model is an important development in public life, but it should be understood in the context of other and more generic movements.

WHAT ARE PARTNERSHIPS?

As noted, it is not entirely clear just what we mean when we say ‘public–private partnership’. Even in the papers presented at the Hindâs conference there were a number of differences in what the authors understood to be a partnership. Most of the differences were matters of nuances and interpretation, but some were more fundamental. We probably cannot provide a definite and stipulative definition of a partnership here, in part because the ambiguity of the term has been valuable both for analytic and practical reasons. What we can do is to develop a set of characteristics that appear to be involved in most partnership arrangements and that also appear to be necessary to their formation and maintenance.

First, a partnership obviously involves two or more actors, at least one of which is public. We will be stressing below the normative problems that may arise from the inclusion of private actors in these arrangements, and in general much of the utility of partnerships arises from their integration of public and private actors. That having been said, some partnerships are essentially public–public, but may still have some characteristics of public–private interactions. For example, when one of the ‘public’ actors is largely autonomous from direct political control (special districts in the United States, for example), or is an organization that has as much or more of a market role than a strictly public sector orientation, or is itself quasi-governmental, then it may function as a private sector organization in a partnership.

A second defining characteristic of these partnerships is that each participant is a principal. By this I mean that each of the participants is capable of bargaining on its own behalf, rather than having to refer back to other sources of authority. Thus, to be effective, the participants in these arrangements must have a good deal of latitude for action. This autonomy will be especially difficult to come by for the public sector participants in a partnership, given that there are usually multiple levels of control and deliberation, and given further that if any public money is involved it will have to be made available through the normal budgetary process.¹ This criterion also implies that each of the actors involved is willing to make a stable organizational commitment to the partnership.