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September 1, 2009

Milagros Pereyra-Rojas  
LASA Executive Director  
416 Bellefield Hall  
University of Pittsburgh  
Pittsburgh, PA 15260

Re: "The Emergence of Civil-Society-Led Corporate Governance in Latin America: Building an Interdisciplinary Trans-regional Network of Researchers", OSP 200902774

Dear Dr. Pereyra-Rojas:

The University of Texas at Austin is pleased to submit the above referenced proposal prepared by Dr. Charles R. Hale of our Institute for Latin American Studies. This proposal has the approval of cognizant officials at The University.

For information relating to the technical portions of this project, you may contact Dr. Hale at [crhale@mail.utexas.edu](mailto:crhale@mail.utexas.edu) or 512-471-7530. Administrative and budgetary matters should be referred to Ms. Margaret Hoard, Senior Grants and Contracts Specialist, at [mhoard@austin.utexas.edu](mailto:mhoard@austin.utexas.edu) or 512-471-6288.

Award and post-award matters should be referred to the Office of Sponsored Projects, ATTN: Awards Department at [osp@austin.utexas.edu](mailto:osp@austin.utexas.edu) or 512-471-6424.

Sincerely,

A handwritten signature in black ink, appearing to read "Susan Wyatt Sedwick".

Susan Wyatt Sedwick  
Associate (Vice) President for Research  
Director, Office of Sponsored Projects

SS:mah

Enclosures

**Teresa Lozano Long Institute of Latin American Studies  
University of Texas at Austin  
Proposal for the FORD/LASA Special Projects Competition, Fifth Cycle**

**Title:** *The Emergence of Civil-Society-Led Corporate Governance in Latin America:  
Building an Interdisciplinary Trans-regional Network of Researchers*

**Submitted by:** Teresa Lozano Long Institute of Latin American Studies, University of Texas at Austin  
The Nucleo de Economia Socioambiental, Universidade de Sao Paulo

**Abstract:** Over the past two decades we have witnessed the emergence of powerful civil society-based efforts to create international standards for the social and environmental practices of both national and international corporations. There has been a surge in recent literature describing these processes across economics, political science, sociology, and international relations. The clearest manifestation of these processes can be seen in the growing importance of “market campaigns” by non-governmental organizations to challenge the social and environmental practices of leading industries, coupled with the adoption of “certification systems” such as the Forest Stewardship Council, Fair Trade Certified, and Certified Organic by thousands of companies in the region as responses to the civil society pressure. There have also emerged “Roundtables” on product sustainability, prominently led by Latin American groups, that bring civil society together with industry leaders to design improved social and environmental standards for the production of soy, palm oil, biofuels, and, even, meat and leather from the Amazon region.

This project is designed to launch a process, incubated by LASA, that will encourage further interdisciplinary and trans-regional research on these phenomena, lead to the creation of future panels at LASA congresses on them, and focus on the most important, policy-relevant and critically-needed research.

The requested resources, US\$12,500, will be used to develop a survey and report on academic researchers, research programs, and the state of the debate in Latin America, the Caribbean, Europe and the United States engaged with these processes, to organize a meeting of researchers from across the region focused on these processes, and to enrich a multi-disciplinary panel at LASA 2010 in Toronto focused on their relative potential, and their success to date, in the transformation of corporate practices. We expect these activities to contribute to the formation of a new, multi-disciplinary working group that will continue to focus on these themes in the future.

**Background.** The emergence of new processes of global governance of production led by civil society – and transcending those provided by the state – began to be recognized in the early years of this century by both economists and sociologists. Conroy<sup>1</sup> reflected on them in an early discussion paper; and Gereffi, et al.<sup>2</sup>, noted that advocacy-led market campaigns and certification processes “have arisen to govern firm behavior in a global space that has eluded the control of states and international organizations.” Cashore, et al.<sup>3</sup> provided path-breaking analysis within a political science framework in describing these processes of “governing through markets” with “non-state, market driven” governance processes. There followed a groundswell of inter-disciplinary academic research and publication that continues to grow every year. For example,

Raynolds, et al.<sup>4</sup> provided comprehensive analysis of the emergence of Fair Trade Certified™ processes in Brazil, Mexico, the Dominican Republic, and Bolivia. Cashore, et al.<sup>5</sup> examined the multi-disciplinary challenges and the significant impacts of Forest Stewardship Council certification on forest management practices in Mexico, Guatemala, Bolivia, Chile and Brazil. And Conroy<sup>6</sup> provided the background history and dynamics of this movement, with extensive reference to Latin America. More recently, Abramovay<sup>7</sup> has noted that global concerns over climate change has led to significant increases in civil society pressure on companies to mitigate their carbon footprints and to contribute more broadly to reducing greenhouse gas production. This overarching focus on carbon has come to compete with pressures for product-specific transformation in some industries and in some countries. Research on these topics in Latin America has been extensive, though underrepresented in LASA congresses and related activities.

This literature has produced a number of basic findings, which lay the foundation for the further research identified in this proposal. The main points include the following:

- In country after country in the Latin American and Caribbean region, there is a rapidly-emerging consciousness of new opportunities for transforming corporate social and environmental practices through civil society pressure, dialogue, and certification processes that are inherently transnational, but also intimately local.
- Small-scale, and often impoverished, Fair Trade Certified™ producers of honey and wine in Chile are receiving prices for their products in global markets that are far above the normal, cut-throat pricing offered by transnational buyers. This occurs through the mechanism of Fair Trade in Northern countries that provide a mechanism for altering the growing inequality in globalized markets. These processes also empower women workers on flower farms in Ecuador and Colombia, by requiring worker representation in decision-making, while providing extensive new sources of collective resources for local development through an additional “social premium” paid for the certified flowers in international markets.
- Indigenous peoples in Chile, Brazil, and Ecuador are endorsing Forest Stewardship Certification because it carries internationally-binding requirements for respecting indigenous rights of forest peoples and new venues and new mechanisms for disputing corporate practices, even under conditions where national governments are unable, or unwilling, to provide that protection.
- Campaigns by local civil society groups, supported by international NGOs, have produced a moratorium among major buyers of soy in Brazil who will not buy soy from areas where deforestation is rampant and a similar moratorium against purchases of beef products from sources where either deforestation or forced labor have been documented.
- New systems for certifying sustainable tourism have greatly improved the sustainability of touring in the Galapagos Islands such that more than 50% of the boats carrying tourists among the islands have transformed their practices toward those which are less damaging to the fragile Galapagos ecology than practices allowed under existing Ecuadorean government regulation.
- Consumers in the global North are generally willing to pay the price premiums needed by producers to implement improved social and environmental practices. These markets for products with “ethical

qualities” provide major motivation for change, even among the largest organizations of producers, and motivation for bringing these products to consumers, even in the largest retail chains.

- The rise of civil society influence through these mechanisms continues to spread across industrial sectors and among countries, with the movement of social and environmental “planning” from traditional governmental arenas into arenas where the constraints on corporate practices are more frequently generated by civil society, in tenuous collaboration with industry.

**The need for a more coherent and comprehensive approach.** Although the total body of literature in this arena has grown rapidly, it has been disparate, disconnected, and poorly disseminated. Dialogue across disciplines has been limited; connections across countries and regions have been almost non-existent. The spread of market campaigns in Latin America has not been documented as well as it has been in Europe and the U.S. And the exploration of many themes, such as the globalization of civil society and its impacts upon endogenous processes, has been hindered by the lack of cross-country comparison.

Similarly, historical reticence to focus Latin Americanist social science on analyses of the effective transformation of national and transnational corporations or on the emergence of corporate-led organizations in Latin America encouraging that transformation, such as the Instituto Ethos<sup>8</sup> or the Instituto Ares<sup>9</sup> in Brazil, has limited the scope of the Latin America-based scholarly discourse.

Some critical research questions that have not been covered well, to date, include three areas on which the research supported by this proposal would focus. For each of these areas, a lead researcher is identified who would be invited to do this work if the grant is approved:

1. Socio-political dynamics (Prof. Charles R. Hale, Anthropology, University of Texas at Austin)
  - What is the nature, and the impact, of the relations of power between producers participating in civil-society-led certification systems and the national and international NGOs who advocate for them and serve on their boards of directors?
  - To what extent does the introduction of premium pricing and other social and economic benefits from participation in certification systems generate social tensions between those with access and those without?
2. Broader governance questions (Prof. Benjamin Cashore, Government, Yale University)
  - To what extent does the growth of these civil-society-led programs undermine the legitimacy of the state and its ability to regulate national and transnational enterprises?
  - Who is empowered and who is excluded when international voluntary certification replaces national regulation as the basis for control over national and transnational corporations?
3. International relations concerns (Dr. Michael E. Conroy, Economics – Retired, Univ. of Texas at Austin)
  - UNCTAD has argued that these new systems of corporate governance privilege production in the global North and undermine the growth opportunities for production in the global South where the more stringent social and environmental requirements may undercut some dimensions of “comparative advantage.” Is this in fact the case?
4. Socio-economic dynamics (Prof. Ricardo Abramavoy, Economics, Universidade de Sao Paulo)

- From the corporate perspective, under what conditions are these civil-society-led governance processes a “win-win” opportunity, and under what conditions are they simply additional cost that the corporation is basically forced to pay, due to political pressure?
- What are the socio-economic welfare effects of these forms of civil-society-led governance?

**The proposal.** The FORD/LASA special project initiative provides an excellent opportunity to begin a trans-regional process for addressing these important research questions. With a FORD/LASA grant, researchers affiliated with LLILAS and NESA would:

1. Undertake a comprehensive survey of research programs, scholars, NGOs and others of interest who are engaged (either as activists or as researchers) in these forms of civil-society-led corporate accountability and to generate, from that survey, a “state-of-the-art” overview of the field for public distribution in electronic form. The survey would encompass LASA member scholars and other academic researchers; researchers in organizations in Latin America, the Caribbean, Europe, and North America participating in these processes or writing about them; and national and intergovernmental agencies with a history of engagement. It would lead to a comprehensive annotated bibliography and summary discussion of research trends and gaps.
2. Organize a three-day workshop on “*Civil-Society-Led Corporate Governance in Latin America: Critical Research Issues and Opportunities for Collaboration*” designed to bring together some of the leading researchers in this field. The workshop will have three principal objectives:
  - a. To present and discuss the draft “state-of-the-art” survey research findings;
  - b. To present key research findings and agendas in relation to the three critical research areas described above: socio-political dynamics, governance issues, and international relations concerns;
  - c. To design and launch a Working Group that would carry forward collaboration between LLILAS and NESA in this area, and in addition, would work with LASA to help revitalize the role of economic analysis in inter-disciplinary research on these themes;

The workshop will take place in either Austin TX, Sao Paulo SP, or at a more central location, depending on the geographic distribution of the participants. Travel support will be offered to key researchers from throughout the region. Each participant will be requested to supply, in advance of the meeting, a brief review of recent research in his or her field related to the core themes. And each will be asked to write a brief reflection paper after the workshop. All of these and other results of the workshop will be placed on the Latin American Network Information Center website: <http://lanic.utexas.edu>.

**Consultants.** The development of this proposal has been led by:

- Professor Ricardo Abramovay, Professor Titular, Faculdade de Economia, e Diretor, Nucleo de Economia Socioambiental (NESA), at the Universidade de Sao Paulo. Professor Abramovay is a distinguished professor of Economic Sociology, member of Brazilian CNPq (National Research Council on Science and Technology) and former Chair of the Economics Department.
- Dr. Michael E. Conroy, Professor of Economics (Retired) from the Department of Economics at the University of Texas at Austin, visiting researcher at NESA/USP with FAPESP support, former Associate

Director of LLILAS (1989-1993), former Associate Chairman of the Economics Department at the University of Texas, ex-member of the LASA Executive Council (1992-94), and Program Director for the 1991 LASA Congress (Washington DC).

#### Principal Investigator

- Prof. Charles R. Hale is Professor of Anthropology at the University of Texas, Austin. He is author of *Resistance and Contradiction: Miskitu Indians and the Nicaraguan State, 1894-1987* (Stanford, 1994); co-editor (with Gustavo Palma y Clara Arenas) of *Racismo en Guatemala: Abriendo Debate sobre un Tema Tabú*; and co-editor (with Jeffrey Gould and Darío Euraque) of *Memorias del Mestizaje: Cultura y Política en Centroamérica, 1920 al Presente* (2004), and author of "Más que un indio..." *Racial Ambivalence and Neoliberal Multiculturalism in Guatemala* (SAR, 2006), published in translation by AVANCSO (2007). He is also editor of the volume, *Engaging Contradictions: Theory, Politics and Methods of Activist Scholarship* (UC Press), and author of numerous articles on identity politics, racism, neoliberalism and resistance among indigenous peoples of Latin America. He was President of the Latin American Studies Association, April 2006 through October 2007, and will begin a four year term as Director of the Teresa Lozano Long Institute of Latin American Studies in September 2009.

**Financial management and administration.** The financial administration of this grant, if approved, will be provided by LLILAS, the Lozano Long Institute of Latin American Studies at the University of Texas at Austin. For further information, please contact, Professor Charles R. Hale, Director of LLILAS: [crhale@utexas.edu](mailto:crhale@utexas.edu).

#### Budget

Research assistance	175 hrs @ \$20/hr	\$3,500.00
Workshop expenses		\$2,000.00
Travel expenses		\$7,000.00
TOTAL		\$12,500.00

<sup>1</sup> Michael E. Conroy, "Can Advocacy-Led Certification Systems Transform Global Corporate Practices? Evidence, and Some Theory," University of Massachusetts, Amherst, Political Economy Research Institute Discussion Papers, September 1, 2001; available at <http://www.peri.umass.edu/236/hash/2ebd8731b3/publication/64/>.

<sup>2</sup> Gary Gereffi, Ronie Garcia-Johnson, and Erika Sasser, "The NGO-Industrial Complex," *Foreign Policy*, July-August 2001, pp. 56-65.

<sup>3</sup> Benjamin Cashore, Graeme Auld, and Deanna Newsom, *Governing Through Markets: Forest Certification and the Emergence of Non-State Authority*, (New Haven, CT: Yale University Press, 2004).

<sup>4</sup> Laura Reynolds, Douglas Murray, and John Wilkinson, editors, *Fair Trade: The Challenges of Transforming Globalization*, (London, Routledge, 2007).

<sup>5</sup> Benjamin Cashore, Fred Gale, Errol Meidinger, and Deanna Newsom, editors, *Confronting Sustainability: Forest Certification in Developing and Transitioning Countries*, (New Haven, CT: Yale School of Forestry and Environmental Studies, Report Number 8, 2006).

<sup>6</sup> Michael E. Conroy, *Branded! How the 'Certification Revolution' Is Transforming Global Corporations*, (Vancouver: New Society Publishers, 2007).

<sup>7</sup> Cf. Ricardo Abramovay, *Biocombustíveis: A energia da controversia*, (Sao Paulo: SENAC, 2009)

<sup>8</sup> Instituto Ethos de Empresa e Responsabilidade Social is a Brazilian institution created in 1998 with the following mission: "To mobilize, sensitize, and assist companies to manage their business affairs in a form that is socially responsible, becoming partners in the construction of a sustainable and just society." Cf. [www1.ethos.org.br](http://www1.ethos.org.br).

<sup>9</sup> ARES - Instituto para o Agronegócio Responsável, is a non-profit organization that seeks to contribute to the development of sustainability, with emphasis on the agricultural and animal husbandry industries in Brazil through the generation and diffusion of knowledge and the construction of channels of permanent dialogue among all stakeholders. Cf. [www.institutoares.org.br](http://www.institutoares.org.br).