



Ministerial Symposium on the Future of Public Services: Statement by the Chair



The first OECD meeting at the Ministerial level on public management has just concluded. It was a very important and path-breaking effort. We came together because we shared a sense that the OECD countries have similar concerns about how to govern effectively in the current national and world settings. During the last decade the commitment to democratic systems of government -- one of the basic values that OECD countries share -- has spread to many other countries of the world. Paradoxically, the practice of effective democratic governance is harder, not easier than it once was. This is partly because of globalisation of many issues, which requires that national policies take into consideration global responsibilities and commitments. But in addition, the communications and information revolutions have made governing more complex and challenging than ever before. Moreover, in spite of many reforms, delegates reported that government itself is being criticised in many of their countries as being wasteful, expensive and unresponsive to the demands of the citizens. The challenge of responding to these criticisms is complicated, many felt, by the need to protect the broad public interest. In this regard, they stressed the need to view individuals as citizens with rights and obligations as well as consumers of government services.

"We are not alone"

The world is changing -- and shrinking -- at an astonishing pace. Demographics, science and technology, dealing with the global information society and the demands for openness are profoundly altering the provision of service to the public. These developments are forcing, as well as enabling, changes in the structure and boundaries of government. There has long been a debate about the size of government, as well as whether to centralise or decentralise. Yet today -- we are in a different world. Something new is going on! We must now be willing to move in both directions - decentralising some functions while centralising other critical policy making responsibilities. Such changes are underway in all countries. In some, such structural change may be aimed at reducing the role and size of government. In others, it may be aimed at defending and enhancing the public sector.

As individual countries, we have learned over the past two days that "We are not alone!" Despite all of the differences of culture and governmental structure, we share much in common; similar pressures, extraordinarily similar responses, and many similar dilemmas. Most of our governments are facing pressures that are leading to changes in the structure and role of government itself. These pressures include, for example:

- globalisation -- global pressures to co-operate and compete in new ways;
- dissatisfaction -- ever rising expectations of citizens, and
- budget stringency -- the need to reduce deficits.

Equally startling to me and, I suspect, to many of my colleagues, countries are responding in remarkably similar ways, such as:

- decentralisation of authority within governmental units and devolution of responsibilities to lower levels of government (for example, municipalities);
- a re-examination of what government should both do and pay for, what it should pay for but not do, and what it should neither do nor pay for;
- downsizing the public service and the privatisation and corporatisation of activities;
- consideration of more cost-effective ways of delivering services, such as contracting out, market mechanisms, and user charges;
- customer orientation, including explicit quality standards for public services;
- benchmarking and measuring performance; and
- reforms designed to simplify regulation and reduce its costs.

Yet, despite all that we are doing or have done, we still face many common dilemmas. For example:

- the tension between decentralising and delegating service delivery (with its greater acceptance of risk-taking) and pressures for accountability to the taxpayer;
- a similar tension between the desirability for flexibility and experimentation on the one hand and the problems of avoiding politically embarrassing mistakes;
- the advantages of consultation and consensus development versus the danger of becoming captive to narrow interest groups and the necessity for rapid decision-making often forced by external economic events;
- the potential of media as a means of communicating with the public versus the threat of media as an undue policy influence;
- the need to serve citizens as customers on the one hand, while not neglecting the disadvantaged or vulnerable who may not be able to speak up as customers;
- increasing local responsibility (devolution) while compensating for unequal local resources;
- balancing the advantages of information technology in terms of service delivery and the availability of public information versus citizen privacy and unrealistic expectations for governmental response; and
- conflict between deficit reduction in the name of future growth and the need for public

investment in human capital, infrastructure and research and development.

The Symposium was a First Step

If we came together because of common concerns, we also came together in the hope of supporting each other in our search for solutions. One delegate suggested: "When you have no more money, you have to think!" This search is an important one. The OECD has operated since its inception on the assumption that strong and growing economies foster democratic rule and make social goals easier to achieve. However, as our deliberations over the past two days made clear, these relationships work in both directions. If strong economies make governance easier, effective governance in our democracies in turn strengthens economies and makes it easier to gain public support for those long-term economic policies that support growth, increase employment and reduce social costs. It follows that weak governments may foster weak economies.

Future Directions for the OECD

Our deliberations suggest that in many countries public management reform will be an important factor in renewing confidence in democratically elected governments. Each of us must draw on our individual country experiences to consider how best to strengthen governance. But this symposium leads us to conclude that we have much to learn from each other.

The quality and effectiveness of "governance" is crucial to national prosperity. Governance goes beyond the issue of public management to the more fundamental question of how in our modern society democracy can be adapted to help countries resolve the problems they are facing. In that regard, we urge the OECD and its Public Management Committee in particular to expand its attention to governance issues. Building on the report *Governance in Transition*, the Organisation should begin systematically setting an agenda of how governance can be strengthened in support of economic and social goals in Member countries. This would involve an explicit commitment to the idea that governance affects many of the substantive areas of concern to the OECD.

The Secretariat should develop a specific, focused workplan to guide this future effort. The plan should seek and select items for which OECD can add value and for which further, selective Ministerial meetings might be productive. This plan should also address cross-cutting issues which go beyond the Public Management Committee alone and require horizontal efforts (i.e., regulatory reform, and budgetary restructuring) and indicate where adjustments in OECD priorities or additional resources will be necessary.

The Public Management Committee should furthermore deepen its work on practical approaches to

particular aspects of public management reform, notably the creation of well-performing services in response to the needs of citizens. This could include attention to such areas as:

- **regulatory reform;**
- **public sector performance measures;**
- **benchmarking;**
- **development of interactive and other information technology;**
- **new budgetary concepts.**

Among many worthwhile suggestions, three areas in particular seem worth our attention and study:

Effective Policy-Making: Delegates discussed the problem of formulating and executing new policies in the current environment of interest group pressure and media influence. They stressed the importance of constructive consultation with stakeholders, transparency and openness, balanced participation of concerned parties, and more effective and active relationships with the media. There was a clear recognition that real change will not occur without political leadership, vision and a longer-term view, rather than ad hoc reactions.

Ethics: Delegates placed great emphasis on high ethical standards in government and public administration. The integrity of politicians and public servants is a critical ingredient in democratic society. Moves to greater competition and contractualisation, decentralisation and managerial discretion in public services have brought ethical issues to the fore. Standards need to be clearly defined and applied consistently. Dealing with interest groups and lobbies also raises ethical dilemmas. Delegates stressed the importance of avoiding conflicts of interest and capture by special interests, and of openness and transparency in dealings with interest groups.

Competition: Many delegates reported the increasing use of competition in the delivery of public services, including competition between public and private sector providers. Their experience indicates that competition has considerable potential to improve cost-effectiveness and service quality. This issue is also deserving of further OECD emphasis.

The early nineties witnessed a rapid expansion in the number of countries that are committed to a market economy and a democratic order, but they must govern without benefit of a long apprenticeship. The OECD should promote exchange between transition economies, developing countries and Members on governance and public management. I strongly encourage my fellow ministers who attended the symposium to urge national support of such efforts, and ensure that the OECD annual Ministerial meeting in May take account of our wishes.

Future Ministerial Meetings

The participants found this first meeting on public management at the ministerial level a good beginning. It is thus logical to consider what future activities might be important. A future Ministerial meeting focused explicitly on a few issues above could be of great interest and help to us all. In the interim, smaller meetings at the ministerial level, made up of countries with interest in, or experience with, a particular topic would provide a welcome opportunity to maintain the momentum of work on public management without absorbing an undue amount of resources in both the OECD and Member countries.

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