



Ministerial Symposium on the Future of Public Services

Executive Summary



POLITICS AND THE REFORM OF GOVERNMENTS: MINISTERS LOOK AT THE FUTURE OF PUBLIC SERVICES

At the March, 1996, Ministerial Symposium on the Future Of Public Services, Ministers from OECD countries who are responsible for public management came together for the first time. For one and one half days, they were challenged to discuss public management from the point of view of political leaders. They responded by addressing it as a changing process, a part of democratic government and a key element in sustaining strong economies. They were interested in the techniques of public management and in the experiences Member countries have had with reform efforts. But they were also concerned about such broader issues as the costs and the benefits of public consultation, mobilising public support, and dealing with special interest groups. The participants found that they shared a broad but clear set of issues.

This document summarises the issues and conclusions of the Symposium.

The focus of the Symposium was in contrast to the way public management has been seen in the past. For many years, the OECD countries have viewed it as a matter of designing administrative structures to carry out public programmes efficiently, of faithfully executing laws and regulations, of responding responsibly to political leaders, or some combination of these. Reflecting this, the Public Management

Service (PUMA) of the OECD, which was established in 1990, has focused its specific activities on policy and decision processes, management of resources (human as well as financial) the use of regulatory powers and the techniques for carrying out policies, such as market-type mechanisms, and regulation.

Data gathered by PUMA on public management developments in Member countries made it clear that many countries were not merely moving boxes around in the organisational charts. The role of government was changing and major shifts were underway. Member countries were reforming their governments because of concerns about economic performance, the changing needs or demands of citizens and institutions, and a decline in confidence in government. The reforms seemed to be oriented to the future, rather than reflecting past dogma. As a result, the programme of the Symposium, which was formulated by a Preparatory Group of Public Management Committee members, was designed to stimulate discussion of key issues of governance. It was hoped that the programme would encourage Ministers to share experiences, discuss reform alternatives now under consideration, and debate the future role of government and how to fulfil it. The Ministers were urged to consider new relationships among democratically elected bodies, ministries and government agencies, private profit-making and not-for-profit enterprises, interest groups, the media and citizens.



Chair of the Symposium, **Hon Alice M. Rivlin** United States,
Director, Office of Management and Budget
Vice-Chair of the Symposium, **Jan Nygren**, Sweden,
Minister of Co-ordination, Prime Minister's Office

The Chair of the Symposium was Alice M. Rivlin, Director of the Office of Management and Budget, Executive Office of the President, United States. She reflected this broad view of public management in her closing statement, stating that "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."

Almost all Member countries reported that they have undertaken public management reform and many see reform as a continuing process. Delegates were surprised at the degree to which they shared this experience. The Chair stressed this point in her statement emphasising that "We are not alone". She noted seven ways in which OECD countries have responded to pressures for change in the role and structure of government:

- **Decentralisation of authority within governmental units and devolution of responsibilities to**

- lower levels of government (for example, municipalities);
- 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 or 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.

Participants clearly recognised the opportunities presented by expanded world trades and the development of international financial markets. However, they also felt public management was constrained by globalisation of the economy. Their countries have fewer options because of the financial pressures from the world economy. They often are forced to react quickly, hampering traditional consent procedures. Countries have found themselves seeking new tools to achieve public policy purposes, since the old ones are too expensive, ineffective, or both.

The Symposium provided a relatively unstructured forum to encourage ministers to share personal views and experiences on public management topics within the framework of three broad themes. **The first session considered how governments are coping with the new demands placed on them.** Ministers discussed such questions as how, in the current environment, democratic countries decide on the proper scope of government activity, and how, in the context of fiscal austerity, they find new answers to the question of what constitutes proper public expenditures. The ministers recognised the necessity of improving service delivery, treating citizens more like customers and devolving more authority to lower levels of government, independent units of government, or non-governmental entities. But they were unwilling to concede the more traditional responsibilities of the state, i.e. as protector of the general interest, and the keeper of law and order, as the champion of fairness and equity, and as the caretaker for disadvantaged or handicapped citizens. On the contrary, defining how best to strengthen the ability to perform these functions of government was a central challenge. Jack Waterford, Editor of the *Canberra Times*, in summing up the first session quoted a delegate who said: "the box marked 'public interest' always needs close attention."

The second session covered the provision of public services in an environment of strong media influence, single-issue interest groups, and rapid increases in the amount of information available and the speed with which it is transmitted. Ministers discussed citizen involvement and forms of consultation, as well the relationships between government officials and interest groups. The Vice-Chair, Jan Nygren, Minister of Co-ordination in Sweden, noted that information technology has its benefits but also exacerbates problems. On the one hand it can provide useful feedback from citizens and provide new, low cost ways of communicating. On the other, it can greatly increase the opportunities for the individuals or groups to confront political leaders, and may provide a volume of response the true significance of which is hard to understand.

In summarising the second session, Bernard Pêcheur, a member of the Council of State of France, captured what he called "the growing tensions" in public management. He noted that ministers saw that "modernisation of the administration is itself a source of major contradictions for political authorities, since improving the level of service to users paradoxically often makes the latter more demanding and hence ultimately less satisfied." He outlined four directions in which ministers were searching for ways to overcome these contradictions: more active communications with the public, more effective and balanced dealings with pressure groups, strengthening of ethical frameworks for public officials, and broad, open and fair public discussions of policy issues.

The third session considered how to seek solutions to long-range problems in a world that often demands immediate action. The ministers discussed ways of changing the process of decision making to reflect more adequately such long range forces as globalisation, demography, and the need for investment in infrastructure and human capital. Jodie Allen, Editor of the Outlook Section of the Washington Post, noted that ministers face difficulties trying to build consensus around policies that often offer few or no new benefits and require short-term sacrifices. And yet, she pointed out, despite these difficulties, virtually every OECD country reported that they were in the midst of long-range reforms or actively planning them.

Ministers also discussed a Statement on the Outlook for the Future of Governance entitled "Uncertainty is the Price of Freedom" at a dinner session. This Statement was prepared by a small, diverse panel of experts that was chaired by the Secretary-General. The paper stated that because of increasing uncertainties ahead, there is a need to improve our governing capacities on a continuing basis: how decisions are taken; how public services are delivered; how government relates to civil society; and, what institutions are needed to ensure public authorities are able to think strategically. While the scope of the Outlook Statement precluded reaching conclusions by the end of the evening, there was no doubt that the Statement posed questions that were central to the concerns of the participants.

A striking feature of the Symposium was that in the very short period of time available the Ministers sorted out the fundamental nature of modern public management reform. They saw it as not a set of simple formula solutions, but rather as a set of complex dilemmas. Summing up the Symposium, the Chair noted eight of these beginning with 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 exists, she said, between the desirability of flexibility and experimentation on the one hand and the problems of avoiding politically embarrassing mistakes on the other. Similarly, the advantages of consultation and consensus development are accompanied by the danger of becoming captive to narrow interest groups, and may not be feasible because of the necessity for rapid decision-making often forced by external economic events. It was also noted that the potential of media as a means of communicating with the public posed the threat of media as an undue policy influence. Countries also need to balance the advantages of information technology in terms of service delivery and the availability of public information with the right of citizens to privacy, and the possible development of unrealistic expectations for governmental response. In terms of fiscal policy, the Chair pointed out that there can be a conflict between deficit reduction in the name of future growth and the need for public investment in human capital, infrastructure and research and development. Similarly, while

countries favour increasing local responsibility (devolution), they often express concern about how best to compensate subordinate levels of government for unequal local resources.



left to right:

Eric Tomas Belgium, Secretary of State,
Deputy to the Minister-President
of the Government of the Brussels-Capital Region
André Flahaut Belgium,
Federal Minister for the Civil Service

Finally the Chair recalled the recurring theme of the need to serve citizens as customers, while not neglecting the disadvantaged or vulnerable who may not be able to speak up as customers. **The Symposium revealed a concept of public management that goes far beyond the analytic and administrative tools of administration. It involves also the way democratic governmental bodies function in a complex world economy, and how they balance out the competing and contradictory demands of citizens. It was not an academic exercise. Ministers approached these issues as part of their every-day experiences and in terms of concrete problems that needed to be resolved.**

GOVERNMENTS, GOVERNANCE, AND PUBLIC MANAGEMENT

The Public Management Service recognises "government" as having two distinct meanings. Broadly speaking, governments are the democratically elected legislative bodies and the administrative and regulatory institutions they direct. However, in a parliamentary system, the government is also the ruling unit, which may consist of members of the majority party or of a coalition of members of several parties.

The term "governance" is used extensively in English, but often is not precisely defined. There is no single French word that carries the same connotation, although the word itself is beginning to appear in French language documents in Canada. In the OECD context, it is defined in terms of relationships, and thus includes more than public administration and the institutions, methods and instruments of governing. It also encompasses the set of relationships between governments and citizens, acting as both individuals and as part of or through institutions, e.g. political parties, productive enterprises, special interest groups, and the media.

The **Commission on Global Governance** has defined the term as the sum of the many ways individuals and institutions, public and private, manage their common affairs. It is a continuing process through

which conflicting or diverse interests may be accommodated and co-operative action may be taken. It includes formal institutions and regimes empowered to enforce compliance, as well as informal arrangements that people and institutions either have agreed to or perceive to be in their interest.

For the **World Bank**, governance consists of:

- **the form of political regime;**
- **the process by which authority is exercised and the management of a country's economic and social resources for development;**
- **the capacity of government to design, formulate and implement policies and discharge functions.**

"Public management" encompasses the broad range of techniques and strategies that are used to carry out the responsibilities assigned to governments. It includes, but goes beyond, the structure and administration of the public service. In contrast, the term "public administration" refers to the techniques by which government policies are carried out.

Welcoming Statement by Jean-Claude Paye, former Secretary-General of the OECD

It is both an honour and a pleasure for me to welcome you to the Symposium on the Future of Public Services. This is an unusual event, as it is the first time since the Public Management Committee was set up in 1990 that Ministers have come here to discuss issues of governance. The art of government has never been a simple one, and today it is perhaps becoming still more difficult. That is why OECD has concerned itself with public management.

The key task of the Organisation is to help the governments of its Member countries select the most appropriate policies, in virtually every sphere in which they intervene. In so doing, OECD cannot disregard the circumstances in which policy is devised and formulated, or the constraints with which the public authorities have to deal when implementing them. Issues of public management accordingly arise in every sector of the Organisation's work. They do not yield to purely technical or sectoral solutions, however, and require consideration of the political and institutional context in which they occur.

The changes under way in our economies and societies call for extensive changes in our conceptions of the role of government and the manner in which it should work.

The accelerating globalisation of the economy, coupled with the swift dissemination of technological change, is providing a strong and widespread stimulus to wealth creation. But it entails structural adjustments, often substantial ones. The difficulties that occur during the adjustment process may well induce public opinion in our Member countries to discount or underestimate the benefits of globalisation, judging it only by the immediate cost in terms of unemployment, inequality, exclusion and

uncertainty. Moreover, citizens may become sceptical of their governments' ability to help them tackle these changes. That is a particular danger because efforts to reduce budget deficits are also weakening the traditional forms of government intervention, in particular in terms of social protection.

A wide gap between what people expect from government and what they actually get is never a good thing. There is accordingly a need to strike a better balance between expectations and outcomes. That can be done by making expectations more realistic, but also -- and, I would say, especially -- by improving the outcomes. Public management itself thus needs to change, in order to promote more effectively the necessary changes in our economies and societies.



left to right:

Jean-Claude Paye OECD, former Secretary-General

Hon Alice M. Rivlin United States,
Chair of the Symposium

Derry Ormond OECD,
Head of the Public Management Service

The OECD Symposium in which you will be taking part today and tomorrow seeks to clarify a few facets of this challenge. I would briefly mention just three:

First, competitiveness. Constantly raising productivity is a particularly pressing requirement in a global economy, but too often it is examined from the standpoint of private sector output alone. Since the public and private sectors depend on each other, competitiveness is a joint concern shared by both sectors. The standard and efficiency of public services determine the quality and dynamics of the environment in which businesses operate, and that in a globalised economy is a key factor in locating productive activity. Public services, subject to increasingly stringent budget constraints, are taking up management practices drawn from the private sector. The very existence of some services and some expenditures needs to be reviewed in the light of their effects on the economy and on society. In short, concern with productivity, and concern with innovation, must now be prominent concerns for public management.

Second, public management has to match its political and social context. One reason that the OECD countries are proving such an attractive model for many others across the world is certainly that the model demonstrates the benefits which flow from mutual reinforcement of democracy and the market economy. Yet this model is far from uniform. The changes under

way in the world economy are generating new strains but also fresh opportunities, including new forms through which democracy can be expressed. The role of the media has expanded and is constantly changing. The role of pressure groups is by no means on the wane. The methods, and the pace, of public decision-making are being affected by sometimes contradictory influences related to political and social change.

Last, long-term vision. Government decision-makers, and most particularly political leaders, are confronted by a frequently awesome dilemma: dealing with immediate problems, and in some cases managing crises, without sacrificing the long-term for the short. How can these two contradictory imperatives be reconciled, so that immediate action is consistent with long-term vision?

Like other public institutions, the OECD has to be capable of adjustment. I am sure that your discussions will hold many lessons for the Organisation itself. They will broaden its understanding of how to make public management an integral part of its work on economic and social policies.

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