

# *Recognizing the Value of the Public Service*

by

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## **SUMMARY of** *Recognizing the Value of the Public Service*

### **The public service:**

- implements political will;
- helps politicians make good decisions; and
- looks after government.

### **And in order to do so well, it must be:**

- highly responsive to political direction;
- dedicated to the public good;
- neutral; and
- stable.

### **A well run public service has the following strengths:**

- more public access to information;
- direct accountability to the public for explanations;
- public involvement in decision making;
- operations run in the public interest, rather than for private profit;
- responsiveness to new and emerging problems and emergencies;
- better value for money;
- higher and more reliable standards of service; and
- accumulated expertise and institutional memory.

### **The public service should be integrated, not fragmented, so it can avoid the following problems:**

- confusion, obscured accountability and reduced public participation;
- less political control;
- reduced capacity to make changes and deal with challenges;
- increased duplication and waste; and
- less informed and effective government.

### **These problems are not resolved by contracting out, which is:**

- hard to control;
- serves the interests of the contractor, not the public;
- risks corruption;
- gives a false sense of security; and
- weakens the public service.

*The public service should be respected for making democracy smarter and more effective.*

The public service is a central institution of our democracy. But increasingly, we are losing our understanding of its reason for being, its basic structure and its fundamental strengths.

This piece briefly reviews why this is happening, then tries to redress the balance. The perspective is that of the in-house legal counsel of a union that represents and advocates on behalf of public servants.

## **A) Why the public service is under-valued**

Across North America, the evolution of the private sector as an economic and political force has undermined the public sector and pushed elected decision-makers to seek private sector solutions to public policy problems. An expanding private sector service industry has lobbied intensively for opportunities to provide public services for profit. Private wealth accumulation, fueled by stock market booms, has led investors to seek and demand greater secure investment opportunities. At the same time, rising government debt (the growth of which has underwritten the growth of the private sector) has been used as a political rationale for scaling back the public sector. In Canada, private interests have conducted a long-term campaign to denigrate the public sector as mismanaged, wasteful, unnecessary, and out-of-date and to uphold the private sector as efficient, effective, and modern.

As a result, Ontario has elected a government determined to reduce the size of the public service, whether or not this is actually in the public interest. This government does not justify its actions by defending that which it takes apart. Nor does it authorize public servants, some of the most able defenders of their own institution, to engage in public debate.

In any case, the public service has lost some credibility. Those who extol the virtues of the state have overplayed their hand with vague moralistic arguments, while failing to ensure that the institution they praise is actually well run and providing good service.

There is a dearth of vocal public service supporters. Transitions create opportunities for commentators and consultants. The present transitional trend is from state to private sector. Those in favour of a transition are the ones who will most easily make money from it.

The final reason for not valuing the public service is a perennial one. We are all susceptible to downplaying the public interest, which is what the public service is charged to protect. We wish to advance our personal agendas. We may downplay the larger good, and any institution which seeks to serve it, when that suits our personal purposes. In a time when the personal good and personal economics are especially strong social values, the public good can feel irksome. Fuelling that sentiment serves many private interests.

These reasons combine in a difficult way for one particular participant in the debate – the union representing public servants.

If the union fails to acquiesce to the downsizing wishes of a democratically elected government, it will be seen as disloyal. It will be seen as misusing the rhetoric of “the public good” to protect an inefficient and overstaffed workforce. It will be perceived as

blocking the legitimate interests of private sector entities while it selfishly supports the interests of its members.

In other words, the union will be seen to be preventing others from making a profit while itself making a “profit” from a business that wouldn’t survive in the “free market.”

In this climate, it is difficult for the union of public servants to successfully participate in **any** discussion about the value of the public service.

Perhaps its best approach is multi-faceted. The union should:

- acknowledge that it will do what a union does: seek better wages, benefits and job security for its members. Be open about self-interest.
- talk about the public services that people need and want the most (health care payments, education curriculum, policing of pollution, etc.).
- Then, bring the two points together. It is not in the long-term interests of union members to be concerned solely with wages and benefits. They must also be concerned about the structural well-being, and the organizational success, of the public service. Public servants are in a good position to make that contribution. They have a knowledgeable perspective as experienced front-line public service providers. Public services are best provided by a workforce that is motivated to perform well, at least in part by appropriate compensation.

## **B) The crucial elements of the public service**

When I talk about the public service in this piece, I am referring to the central institution which bears that name: those who are employed as public servants, as direct employees of government. However, many, if not most, of the positive attributes to be discussed are shared by the “broader public service” – public services provided by persons other than public servants (like municipal police, Canada Post, hospitals, etc.).

The employees of government have three obvious functions, and one traditional attribute.

**The first function is implementation of political will.** This comes into clearest focus during governmental transition. The newly-elected government can directly command the public service to carry out its policies. It does not need to pass new statutes or regulations or negotiate new contracts. It can simply give orders to the public service, within reason and legality. The public service can be ordered to produce new statutes and regulations which will direct the activities of the broader public service, and others. The public service can also be told to take new approaches for those services it delivers directly. When the public service carries out these orders, it is carrying out its primary function: enabler, amplifier and facilitator of democracy.

This function, on its own, simply produces a standing public service army for the implementation of political will. On reflection, this is not sufficient support for democracy. The “government of the day” is actually a small group of elected politicians and aides. This small group has a finite capacity, in a number of senses: a finite capacity to make decisions, there being only so many topics that the group can turn its mind to productively; a finite capacity to think decisions through, there being little time to conduct the in-depth consideration needed to arrive at thoughtful solutions; and a finite

capacity of knowledge, there being only so much background expertise about the crucial issues.

**The second function of the public service is that of advisor.** To assist the government of the day in arriving at good decisions on many complicated issues, it should be the obligation of the public service to “speak the truth to power.” The public service must be able to tell the politicians what they **need** to hear, not just what they **want** to hear. Public servants should bring a full perspective forward, including those points the politicians downplay to sharpen their political agenda. Of course, once a decision is made, democracy requires the public service to carry it out. But while decisions are being contemplated, it is the duty of the public service to enrich those decisions. This is the function of informing democracy.

**Finally, there is the function of caretaker.** While a government is formulating policy in one area, or many areas, a myriad of issues will arise in even more areas not under close attention. Those issues may be large and waiting their turn in line, or they may be too small to ever come to the full attention of the government. There will be issues on which there is no real governmental direction as yet, or on which the governmental direction is not sufficiently detailed. Nonetheless, they must be addressed. The most notable examples are during election campaigns or during the early part of a government’s mandate. During these periods, and at many other times, we must rely on the public service to be the caretaker for democracy. In sum, the public service needs to perform the functions of enabling democracy, informing democracy and taking care for democracy.

To ensure these functions are done well, all democratic societies have given their public service a very traditional attribute: the public service should be guided by the goal of forwarding the “public good,” doing that which is for the good of society as a whole. This is a vague concept, but it is the best available guiding principle. As the old line goes, “democracy is a lousy system, but all the alternatives are worse.” The alternative here, of course, is the selective service of private interests. Any such guiding principle would simply confirm the views of cynics.

A secondary part of this attribute is the principle of “neutrality.” The public service is not to take sides in the debate between political parties. It is not to become politicized. It is to serve every government of the day with the same dispassion. Neutrality is part of the best mind set for providing informed advice. It is also necessary to allow the enabling function to be done well. Political wishes are most likely to be carried through successfully if the minority (or majority) who didn’t vote for the current government feel that partisanship is not influencing the implementation of government decisions. Finally, neutrality is crucial to the caretaking function. Citizens are more likely to trust unbiased caretakers.

The public service must be stable if it is to serve the public good with neutrality. There must be some degree of permanence. Public servants must believe they will not lose their jobs if they “speak the truth to power.” Job security allows public servants to develop the expertise and perspective to give good advice, and to be able to perform the caretaker role in an experienced and calm fashion.

So, the public service:

- enables democracy;

- informs democracy;
- takes care for democracy;

And in order to do so well, it must be:

- highly responsive to political direction;
- dedicated to the public good;
- neutral; and
- stable.

## **C) Strengths of the public service:**

These strengths are best evidenced by a public service that is well managed and service conscious. This piece rejects the argument that the public service is less likely to be well run than other methods of service delivery.

The private sector has much to learn about good management and service consciousness. So does the public service. Improvements to the operation of the public service should be ongoing. As the Honourable Jim Anderton, Deputy Prime Minister of New Zealand, said October 3, 2001 in a speech entitled Lessons of Privatization: “The public sector cannot be successful where it attempts merely to stand still and administer. It needs to be accountable, innovative and adaptable. It needs to make good investment decisions, have clear objectives and it needs to meet the market.” In the case of the public sector, “meeting the market means meeting the needs of the wider public who owns it.”

In fact, public sector productivity has risen continually over the past two decades. (At the same time, the public sector has maintained a better record than the private sector as an equal opportunity employer.) Public servants are motivated, they exercise initiative and discretion, and they are receptive to innovation. Public services can and do change for the better.

Let us turn to the strengths of a good public service.

### **1) More public access to information:**

Questions in the House, Parliamentary Committees, the Ombudsman, Auditor-General, and Freedom of Information legislation are key channels for gaining information about the actions of government. They give the public openings to understand what government is doing and why. The public can use this information in any number of ways, including trying to change government policy.

Privatization closes avenues to pursue information about the issues. Private companies face no question period. Freedom of Information legislation often exempts private companies completely or for any “commercial secrets.” The Ombudsman and Auditor General are not welcome. Information may be available to shareholders and directors but not to citizens.

### **2) Direct accountability to the public for explanations:**

Accountability refers to the obligation of subordinates to account to their superiors for the performance of services. Public accountability, also referred to as democratic accountability, means that public officials, including politicians and public servants, are the people's representatives or trustees and are directly accountable to the public.

Ministerial responsibility is one of the most effective means for the public to get answers from public service providers. Opposition parties can question the "boss" of a Ministry in the Legislature and get explanations immediately. Other levels of government can be required to explain their actions through public meetings and their ongoing obligation to be available to the public.

Of course it can be frustrating to try to get explanations from government. But at least you have the right to them. The private sector can choose whether or not it wishes to explain itself.

### **3) Public involvement in decision-making:**

As an integral part of being responsible for the public good, the public service has a duty to value public participation in decision-making. A core feature of public service operations is consultation, asking the public "How are we doing?" "What do you want done?" and "How should we do it?" Only government can be relied on to place a central value on public participation in decision making.

### **4) Operations run in the public interest, rather than for private profit:**

Private companies have to admit their fundamental motivation is profit. They are structured and run to make money. By contrast, the public service is mandated to serve the public good above all. Indeed, Ministries can be required to pursue a range of public goods simultaneously (for example, maintaining the quality of the service while simultaneously ensuring its universality).

The negative consequences of running an operation for profit can be serious. The private provider may reduce costs by cutting quality (especially if the provider thinks the public regulator can't or won't monitor quality). The provider may be tempted to exploit customers who can be so treated. Low skill people may be hired to save on labour costs.

The full impact of cost cutting may not appear for some time. The profit motive can focus on "short term gain" at the expense of "long term pain." Anxious to maximize dividend income, private companies may be reluctant to undertake long-term planning, to invest in staff development and to spend money to maintain infrastructure.

The private sector is subject to what economists call the problem of "externalities." Market participants try to "externalize" costs and make others bear them. The classic example is pollution produced by industrial activity. The industry will pollute because it can avoid the full costs of cleaning up its mess. By contrast, the state can be required to worry about all of the private and social "costs" of its activities and to factor them in to its decisions. Its decisions may have less negative impact on the public good. (And it probably will pay to clean up the mess the private sector leaves behind.)

Another consequence of a business not being run in the public interest is a loss of public trust. Although not always trusted, government will, over the long term, be more

trusted than other parties to act in the public interest. The existence of trust leads to confidence in the services provided. That reduces worry and time spent by individuals in critically scrutinizing the service they receive.

Operations which are run for the public good, not profit, are more likely to maintain quality, to avoid exploiting customers, to hire skilled staff, to make long term investments in infrastructure, and to maintain trust in the service.

#### **5) Responsiveness to new and emerging problems and emergencies:**

Governments are the only parties that can be relied on to mobilize resources to deal with emergencies, and with new issues that have no obvious commercial attraction.

New threats will continue to arise and require response. Many threats will offer no profit incentive to the private sector. Government will have to exercise its capacity to introduce, implement, and enforce legislation and regulations to protect the public.

This will require government involvement in science and technology, monitoring, standard setting, program development, program implementation, benchmarking achievements and reporting to the public. Out of this involvement will come solutions to serious problems.

In addition to responding to long-term threats, the public service can be relied on to respond in an emergency. Operations can be changed and staff redeployed overnight. Think of the ice storm, of Walkerton's water, of the Sept. 11 terror attacks.

#### **6) Better value for money:**

Privatization of government functions often means higher bills for the taxpayer. The state can often engage in activities more economically than the private sector.

Direct government monitoring can control costs of goods and materials better than can trying to monitor them through contracts. An expert workforce can keep labour costs down as can the continuity of managers and staff. When a private sector entity goes out of business or loses a contract, the transition to a new provider is costly.

The public service has a lower cost for capital. Governments can borrow more cheaply because they can guarantee their loans and there is no uncertainty about their continued existence.

Private sector claims of injecting needed money are best understood by thinking of a mortgage. A private sector firm will agree to provide a service at lower initial cost, but greater long-term cost. The political advantage is that the long-term cost seems to disappear, "to go off book." It is moved out of taxes and into the private sector fee for the provision of the service. The cost is still ultimately paid by the same person, the taxpayer, and the costs may be higher because of the additional borrowing charges and the need to "turn a profit."

Even using the narrow measure of saving on labour costs, the evidence for private sector efficiency gains is inconclusive. Privatization is often justified by claims of private sector efficiency. These claims are rarely tested. They often mask savings achieved by reducing workforce wages and benefits.

All things considered, the public service is often better value for money. Efficiency should be measured in terms of Total Factor Productivity (TFP) rather than

just labour productivity. TFP tells us how efficiently all resources (land, labour and capital), are used, rather than simply whether labour costs were lowered.

### **7) Higher and more reliable standards of service:**

The government can and will impose service standards on the public service, even if those standards do not pay. The government does this in two ways: by imposing explicit requirements through program guidelines; and by relying on the organizational values of the public service itself.

The first method can also be applied to the private sector, but only awkwardly and indirectly, through regulations and service contracts.

The second method depends upon a permanent stable public service. It has an ethos of honesty, integrity and respect for the public. A public service which works to be of high quality will be greatly aided by the self-selection of its staff. They will join because they are idealists, because they want to serve their province.

This combination of institutional and personal values can be relied on to produce better service. For example, public servants take an oath of secrecy and they will safeguard the personal information of citizens.

Private sector employees may not be as reliable. This is not because they are bad people. It is because their employer does not share the ethos of public service values and because they are under shareholder and management pressure to create profits.

### **8) Accumulated expertise and institutional memory:**

Because the public service is permanent, it will retain knowledge. It will accumulate scientific and technical expertise. It will collect records on clients and others who need to be regulated. It will remember how matters were handled in the past; what worked and what didn't.

This knowledge is systematically stored in some cases, but other times it will be passed from public servant to public servant. In either case, it is retained for the public benefit.

Public servants are the repository of "specialized knowledge, historical experience, time-tested wisdom and...some degree of consensus of the public interest (which acts as a counterweight to short term expediency and opportunism)." (Wamsley et al. "The Public Administration and the Governance Process: Refocusing the American Dialogue" in R.C. Chandler (ed.), A Centennial History of the American Administrative State (London: Collier-Macmillan, 1987), p. 300).

## **D) Integration, not fragmentation:**

Government is a vertically integrated business.

Government policy is best developed with the benefit of implementation experience. It takes advantage of feedback from the front line public service providers. Government implementation is properly infused with government policy direction. Policy makers can directly tell front line public servants how to carry out programs. This

interconnection means realistic policies are developed, then carried out as planned. This supports democracy.

One of the most deceitful arguments against the public service is that government actually works best if it is taken apart. It goes like this: When you “decouple” or “unbundle” government, by separating out functions, then policy makers can concentrate on policy and implementors can concentrate on implementation. The policy makers can develop new laws and regulations and directions without getting tied up in the operational problems of implementing policies. Those charged with implementing policies, such as inspections, enforcement, abatement, patient care, etc., can get on with doing those tasks without being distracted by larger policy debates. Daily responsibilities won’t take time away from policy formulation and politics won’t unduly influence front-line provision of services.

The first answer is that these challenges are part of the stress of government, but can best be resolved within government. Well-equipped and fully-staffed policy divisions can make good policy within an active ministry. Public servants who run operations can be supported and not subjected to political interference.

But, there is an even stronger second answer. Fragmentation has many costs, which can be listed.

### **1) Confusion, obscured accountability, and less public participation:**

The problem with separate agencies, partnerships, contracts, etc. is that the arrangements become complex. It is less clear who is accountable to whom for what. Complex systems decrease the ability of citizens to understand the system, to get information and to access decision-makers.

### **2) Less political control, and reduced capacity to make changes and deal with challenges:**

Fragmentation reduces the political centre's administrative ability to steer the system – its capacity for governance. Separate institutions cannot be redirected as easily as an integrated ministry. “Strategic capacity is the capacity of the government or department to anticipate and plan for future changes in its environment, recast its objectives and programs accordingly, define and specify desired future outcomes, reallocate resources to achieve them, evaluate results and measure progress.” (Spirit of Reform, p. 53) When that capacity is lost, reduced or fragmented, government is less able to make needed changes or deal with new challenges.

### **3) Increased duplication and waste:**

Fragmentation leads to functional and jurisdictional overlap, otherwise known as duplication and waste. Where more than one institution has responsibility in an area, they can end up doing each other’s work, or engage in endless meetings to sort out the edges of their responsibilities. Governments should avoid multiplying organizations that must then struggle to coordinate with each other.

#### **4) Less informed and less effective government:**

When an activity is conducted directly by government, that activity results in direct feedback to government about the issues. Public policy is enriched by the continuing feedback between policy and operations, outputs and outcomes, and between front line service providers and politicians. When you break that link, then government policy becomes more ignorant.

It also becomes less effective. Small incremental changes in policy, informed by experience, can be far superior to radical policy making dependent on the policy maker's theoretical understanding. The best way to make changes, changes that stick, and are acceptable to the public, can be with careful policy shifts done by an integrated ministry. Disconnected edicts from the centre are less effective.

#### **E) Contracting out is not the answer:**

It has been claimed that fragmentation costs can be reduced if, instead of simply privatizing something, the government contracts out the service and retains contractual control.

Contracting out brings with it a series of specific problems. First, there is the specification problem. It is difficult to draw up a contract that adequately specifies the service required, particularly when the services are complex (e.g. corrections) and quality is difficult to measure. What specifications could possibly have foreseen the demands of the ice storm, Walkerton, or Sept. 11?

Second, there is the information flow problem. Secrecy about the workings of the company can handicap the government, who must observe it from the outside. The companies have the opportunity to misinform, present partial pictures, etc., and provide less service than the government intended when it made the contract.

Third, it is hard to keep the contracting process honest. Bids can involve conflicts of interest, particularly with the "revolving door" phenomenon of individuals cycling back and forth between government and industry.

Fourth, contracting out can provide a false sense of security. The government provides a veneer of public interest while the private sector company is not sufficiently regulated or controlled.

Fifth, attempts at contract monitoring (even successful ones) can be time consuming. Public resources are spent on monitoring the unsatisfactory provision of private services rather than on providing the services themselves. Tendering, contract enforcement and legal compliance become the focus rather than citizen satisfaction.

Finally, contracting-out has a negative effect on the public service itself. It involves a gradual and permanent transfer of the knowledge of how to provide the service from the client to the contractor. That knowledge can never be regained. Downsizing inevitably leads to the de-skilling of the public service.

Soon, there is problem of even maintaining sufficient knowledge within the public service to supervise contracting out. The government loses its capacity to supervise the way in which the public good is served, and the public good becomes private.

## F) Conclusion: respect for the public service:

The public service serves democracy. It makes democracy smarter, it makes it more effective, it makes it possible.

To do this, the public service must be responsive to political will, dedicated to the public good, neutral and stable.

It can then demonstrate its strengths of openness to the public, non-profit administration of operations, readiness to meet social challenges, better value for money, higher and more reliable standards and accumulated wisdom. It can offer fully integrated solutions and avoid such costs of fragmentation as confusion, loss of public input, reduced political control, weakness in the face of challenges, duplication and waste, comparative ignorance and ineffectiveness.

Any debate about the public service should be measured. It should not be implied that the public service is without value or values. To do so downgrades public servants and the democracy they serve.

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For those interested in reading more about these topics from a public service perspective, you can look at:

- Tait, John C., A Strong Foundation, Report of the Task Force on Public Service Values and Ethics <http://www.ccmd-ccg.gc.ca/pdfs/tait.pdf>
- Charih and Daniels, New Public Management and Public Administration in Canada, IPAC, 1997 (<http://www.ntl@ipaciapc.ca>)
- Schick, Allen, The Spirit of Reform: Managing the New Zealand State Sector in a Time of Change, <http://www.sscgovt.nz/Documents/Schickreport.pdf>

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