

## PUBLIC SECTOR WORKERS IN REINVENTION

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I WOULD LIKE TO BEGIN BY recapping the role of the public sector. I feel the need to do this because in this age of "reinventing government" there is a tendency to minimize and marginalize the role of democratic decision-making and public governance and to seek to substitute markets and market competition for democratic decision-making.

Markets have their uses, but they are not to be confused with democratic institutions. Markets might be useful in determining the price of goods, but they should never be used as mechanisms for determining our values as a community. Markets are oblivious to morals. They were never designed to be moral instruments. A market can and has existed in anything. To take an example from our own history, a slave market thrived on this continent for over 300 years. And this market did not collapse on its own. It took political intervention and armed resistance — in a communal assertion of values — to abolish slavery. Markets are no substitute for the democratic process.

In a democracy, it's "one person, one vote." In a democracy, the most humble and the distinguished citizens are formally equal. But in the marketplace, it's "one dollar, one vote," which, despite an appearance of neutrality, is an inherently unjust equation that privileges the rich at the

expense of the poor. In such statements as "let the market decide," promoted as principle by some reformers, the market disguises human agency, while serving the demands of the wealthy whose dollars shape the rules of the market. According to this "free market" ideology, government intervention is futile at best, and disruptive of the natural order at worst, and always unwelcome.

### A SENSE OF BELONGING

The elevation of markets as the sole arbiter of value deprives people of a sense of belonging to a community and to society. Instead, people feel isolated, which in turn leads to demoralization. If each of us is on our own, none of us can change very much, so we are forced to accept the way things are. No single individual can answer the big questions in our society. An individual can not opt for single-payer health care, or rapid transit, or address the problems in our public schools. So by default these problems become "unsolvable."

It's important for us as a society to get beyond the hyperbole of "government bashing" and recognize that public enterprise is not simply a "necessary evil" — a strange creature invented to pick up the various social and economic pieces that the private sector isn't interested in handling and

doesn't think it can make a profit from. Rather, like all democratic societies we must decide what issues, problems, and concerns are individual responsibilities and best dealt with by individuals — and what problems and concerns we must address collectively as a society as a whole.

In essence, public policy debates are about deciding (at any given point in time) where to draw the line, between public and private, and between individual and collective responsibility. To use an example:

Fire service throughout this country at the turn of the century was private — it was an individual responsibility. Those who could afford it, and those who had the most to lose in case of fire, financed private fire companies in their communities. The companies gave their patrons iron plaques which they could post on the outside of their buildings, to assure that in case of fire, the local fire service would know they were insured and act promptly. Of course, fire does not confine itself to purchasers of fire service.

### THE ONLY PROTECTION FOR ANYONE

And while the uninsured could engage in expedited negotiations with the fire service over fees when fire struck, fire spreads easily from the uninsured to the insured, and so it gradually dawned on the insured that the only protection for anyone in the community was to insure everyone. So, the insured sought to socialize the service, that is, extend fire service to everyone — through a universal, high quality, public system. Taxes, rather than private insurance fees, financed the universal system. And the universal system was cheaper, and more efficient for everyone. The quality was assured because rich and poor alike were

covered by the system. (There was no means-tested, second-class fire department for poor people.) Everyone could access the system as needed and everyone paid into the system through their taxes. Through the political process, the problem of fires was moved from the realm of individual concern to collective responsibility. Today, the need for universal fire service seems obvious.

Government has a distinct and important role in our society. It should not, and can not be "run like a business." Private firms seek to maximize their return on investment for their owners. They do not have an obligation to "non-stakeholders." For business, at least part of the game of private profit maximization is to seek to externalize expenses. That is, to pass on as much of the risks and costs of doing business to employees, the community, and even other firms. Every time a private firm is able to reduce employee benefits, lay off workers, gain a special tax break, or get a waiver in regulations — they pass on to the rest of us some of their costs of doing business.

Government can't work that way. Its job is not to create private profit — but rather to make the community more equitable, just, and improve the quality of life for all. Business can worry about being efficient (in creating private wealth), but government needs to worry about being effective and contributing to the common wealth. It can not play the shell game of externalizing costs, as all citizens and residents are "stakeholders" in a democratic society.

### WHAT PUBLIC SECTOR DOES

But back to my main point: What does the Public Sector do? It

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- sets the conditions, to a large extent, for economic development;
- sustains political and social cohesion;
- is responsible for the legal and administrative environment in which private business activity takes place;
- affects production decisions and costs through regulatory controls, services, transfer payments, and tax credits;
- alters patterns of demand by redistributing income;
- is itself a large purchaser in the private economy and thereby affects overall resource allocation;
- influences national economic efficiency, the rate of technological and organizational innovation, the direction and speed of adjustment, and the cost to users of unpriced resources such as the environment.

In short, the mission of a public sector is (in the words of Harvard Kennedy School of Government colleague Mark Moore) to create public value. Someone must make the focus of their activity the whole commun-

ity, the collective, and the mission of equality and justice. Some entity must stand for the "commons," those things which we as a community hold in common — such as the environment, clean air and water, public safety, and education.

While recognizing the special social mission of government, there is, of course, a legitimate role for questioning how well we are organized to be effective in serving the collective needs of the community. That is, are we as a community getting the best value for our money invested in public enterprises?

It's important for us to recognize that many of the criticisms of government are valid:

- Public programs and services are sometimes provided ineffectively.
- Public funds are sometimes misspent.
- It can be frustrating for citizens when they try to obtain information about government programs.
- The delivery system for public services doesn't always allow government workers to be as helpful as they could be.
- There is often too much paperwork and red tape.
- The people who really need public services do sometimes have trouble obtaining them.

### REORGANIZE WORK IN PARTNERSHIP

But neither privatization nor contracting out will solve these problems and these actions may very well simply open the door to new problems in addition to existing ones. Rather, we need to reorganize the

work in partnership with the public sector unions to permit public sector workers to help solve these problems. The front line workers are victims of the system, not the culprits in the system. As anyone involved in high performance work organization will tell you, "Don't shoot the worker, involve the worker in changing the system!"

As just one small example of how poorly we support public sector workers in being effective in their jobs — look at our dismal investment in training for these workers. Most U.S. private sector employers spend a sum equal to between 3 - 6 percent of their total payroll on training. High performance workplaces spend between 10 - 15 percent. In the public sector, it's less than one percent.

Today, we face two models for change. I refer to them as the "high road" and the "low road." The "low road" is a short-term solution that undermines the long-term effectiveness of government. It's the public sector's contribution to the destructive race to the bottom taking place in the U.S. economy. It is purely fiscal-driven, based on objectives of decreasing program costs through reducing labor costs and benefits and the level of service. It's about reducing the role of the public sector overall in the economy. And it is about increasing management's flexibility, to appoint, deploy, classify, regulate, terminate front-line workers — undermining work security and spreading fear. It's essentially a strategy that blames the workers, and leads to demoralization of the

workers, and open warfare between the city and its unions.

The other path is "the high road." It is centered around the desire to enhance effectiveness of the public

employees, forgetting that the employees have already spoken on their preferred method of representation by forming unions. So, a necessary step in the development of any partnership must be what I call "mutual assured existence." No one is going to enter a partnership and take the risks of change without assurances that the goal of the partnership is not to eliminate one of the contracting parties. Management and elected officials must recognize the union, and not simply individual employees, as the contracting partner in any redesign or reorganization scheme.

Mutual respect and trust, so necessary for major organizational change, must be built up over time. But it starts by including the union as a full partner from the very beginning stages of the discussion of the need for change. Partnerships that attempt to do an end-run around the union and talk directly to employees, undermine trust, and show no respect for the employees' own organizations. Further, the union can be a valuable partner in reorganizing work. It can help break down management resistance to change. And it can become the institutional transmission belt for innovation and new approaches — in a constantly changing political sea.

Mr. Mayor, and residents of San Francisco, the best way to predict the future is to create it. I would recommend you take the high road and create a prosperous and equitable future through the high-road strategy in partnership with your public employees and their unions.

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sector and maintaining and even increasing public sector employment levels. It's about increasing the accountability and responsiveness of the public sector — by work reorganization in partnership with the unions. And it's about decreasing management's rights and giving front-line workers authority to use their expertise and knowledge of the job to improve the effectiveness of the services they deliver. It is a public sector equivalent to the high performance workplaces of the private sector, and it's even more likely to be achieved in the public sector because public sector workers are both consumers and producers of government services and therefore have an interest in improving the effectiveness of these services.

**TO TAKE THE HIGH ROAD**

But what do we need to do in order to take the high road? While there is much discussion about "partnerships" in the public sector, partnership tends to be posed in terms of an alliance between management and