

TEN PRINCIPLES OF SUSTAINABLE GOVERNMENT

*Transcript of remarks by
Thomas d'Aquino *
President and Chief Executive
Business Council on National Issues*

***Conference on Sustainable Government
Institute of Public Administration of Canada
University of Victoria***

March 24, 1994

** Notes on the speaker are attached*



GOVERNMENT SHOULD...

1. not try to do too much
2. put the customer first
3. be more results oriented
4. spend more wisely
5. be made to compete
6. embrace market principles
7. promote decentralization
8. be a technological leader
9. be a Triple A employer
10. anticipate and lead



"Government" today has a bad name and that is sad. Tax hungry, wasteful, purposeless, bloated, corrupt, self-indulgent -- these are but a few of the negative images associated with governments operating at all levels in our society.

If this is a common perception about the system, the actors in the system have not escaped being tarnished with the same brush. Politicians generally are not held in high regard -- nor, for that matter, are government officials.

What has brought all of this on? In responding, we should temper our observations with the recognition of a simple fact -- governments, and those who man them, throughout the centuries have rarely been popular -- at least not for long. So we should put grumbling about the shortcomings of government in the context in which governments are most often seen by cynical electorates with unrealistic expectations.

Against this backdrop, how might we characterize government in Canada today? By any international standard, I believe that Canadians are blessed with one of the finest "systems" of government in the world and with a public service cadre that is quite exceptional.

Our parliamentary form of government -- even with its imperfections -- works well and in my view is superior to virtually all other kinds of



democratic political organization. Our system of federalism, maligned by no small number of Canadians, has proven its worth many times over with its flexibility, its capacity to reflect various forms of cultural and linguistic diversity, and its ability to adapt to change.

Should one conclude from this rosy endorsement that government in Canada is healthy and strong? That it has escaped the many afflictions that are plaguing most governments around the world? I am afraid not.

Our single-most pressing problem surfaces when we ask the question that is being put to us at this conference today -- is government as we know it sustainable? Can government in Canada, as it is currently managed and funded, fulfil the needs and expectations of some 28 million Canadians preparing to enter the 21st century? The answer in my view is "no".

What evidence can I offer to support this conclusion? The list is long, but I will mention a few of the most disturbing examples. First, consider the appalling state of our public finances. Canada today is one of the most indebted countries in the world. The totality of government debt -- provincial and federal -- continues to grow faster than the economy. With so much of our debt held abroad, Canada's "economic sovereignty" increasingly is in the hands of foreigners. Ever-expanding interest payments on the debt are funnelling away precious resources



that are sorely needed elsewhere. Several provinces are near the end of the road in terms of being able to meet their financial obligations. Tax revenues, as a percentage of GDP, have reached an astounding 40 percent. And the underground economy is thriving.

Secondly, Canada today is one of the most over-governed countries in the world. The vast apparatus of public administration -- from school boards to the national government -- has given Canada's public sector one of the highest claims on GDP of any industrialized economy. We simply have too much government and too many public servants.

Thirdly, this enormous presence of government in our lives has led to bloated bureaucracies and to many of the problems inherent in so called "runaway government". Some of these problems are well known to us -- financial mismanagement, initiative-killing regulation, intergovernmental turf wars, duplication, waste. Perhaps the most damning manifestation of the breakdown of public administration is the increasingly apparent failure of governments to deliver effective programs and services at a reasonable cost. Canadians generally have a low regard for the quality and speed with which they are delivered. In some cases, the very relevance of these programs and services is questioned, and for good reason.



Fourthly, and equally disturbing, is that declining respect for the institutions of government has led -- tragically in my view -- to a debasement of those who serve in public office. The effect of this is to deter good people from entering public administration. I said a few minutes ago and I will repeat it now -- the calibre of our public service in Canada, measured against the best in the world, is very high and maintaining that quality is critical.

The declining respect for public institutions has led to yet another disturbing manifestation -- the erosion of the rule of law. Again by international standards, Canadians can be described generally as law-abiding and our respect for the rule of law has been an important source of national advantage. But of late this reputation of ours has been shaken. What better example than the vibrancy of the underground economy and the impunity with which some of its most active practitioners flaunt the law?

The examples I have chosen -- public indebtedness, over-governance, bureaucratic gridlock, slowness in adapting to change, failure to deliver programs and services that have real value at a reasonable cost, declining respect for public institutions and officials, and the erosion of the rule of law -- together present a formidable challenge to Canadians and in particular to all of us who believe in excellence in government.



In attempting to come to terms with this challenge, I have identified ten principles that might guide us in the quest to restore respect and effectiveness to the institution of government. I will refer to each very briefly.

PRINCIPLE NUMBER 1

Government should not try to do too much.

One of the Achilles' heels of governments is the propensity of elected politicians and officials alike to want to take on every problem in sight - - in a very direct way. The result, as we are seeing, is that a great deal gets done rather badly.

Government must recognize its limitations. It should deliver programs and services that are essential, i.e. only those with clear public policy objectives and which cannot be delivered more effectively by the private sector. It should encourage the non-government sector to address other programs and services that are deemed to serve the public good. This can be done -- and is being done, for example, through public/private partnerships, through the mobilization of the voluntary sector, and in some other cases through outright privatization.



Much can be done as well between governments -- this often is referred to as "streamlining". The interaction between the federal and provincial governments offers much fertile ground for action. Currently, the federal Minister of Intergovernmental Affairs, Marcel Massé, is looking for economies by probing where the two levels of government overlap and by identifying areas of unnecessary duplication.

PRINCIPLE NUMBER 2

Government should put the customer first.

One of the greatest shortcomings of government is the failure to recognize its primordial responsibility -- to serve the needs of its citizens, its electors -- its customers.

How can government do this best?

- o By listening to the customer
- o By ensuring that public servants have contact with customers
- o By training officials to deal with customers
- o By putting the customer in the driver's seat
- o By constantly testing the value of a program or a service with the customer.

Successful businesses live or die by this code!



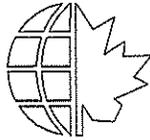
PRINCIPLE NUMBER 3

Government should be more results-oriented.

We all know that not everything that governments do can be measured. And yet, today, with tax levels being what they are, citizens are demanding to know more -- a great deal more, about the effects of certain decisions and the impact of expenditures.

Rather than resist this demand for results, politicians and officials alike should adopt a heightened sense of accountability -- and follow their actions and their expenditure outcomes -- assess them, and report on them.

Likewise, public servants who achieve results should be acknowledged and rewarded. Indeed, I would re-write the terms of reference of virtually every public servant in the land and base compensation and other rewards largely on two criteria -- delivering results and satisfying the customer!



PRINCIPLE NUMBER 4

Government should spend more wisely.

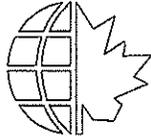
The notion of parliamentary control over the public purse lost any meaning a long time ago. Management of expenditure by politicians and their officials in recent years has proved to be disastrous. There is no shortage of ideas on how to instill discipline. These range from balanced budget amendments to the instilling of a "save" rather than "spend" culture among our senior managers.

PRINCIPLE NUMBER 5

Government should be made to compete.

Of all the albatrosses around the neck of governments, none weighs more heavily than that of monopoly. Monopoly, whether in the private sector or the public sector, protects inefficiency and inhibits change.

In no area of government is there a more urgent need for competition than in the provision of services. Competition here would result in better and cheaper services -- it would result in more innovation -- and it would lead to an improvement in the morale and sense of purpose of public employees.



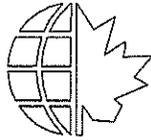
PRINCIPLE NUMBER 6

Government should embrace market principles.

Throughout most of our lifetimes, the role of government was understood primarily in the context of rules and sanctions, regulation, tax policy, grants, subsidies -- more generally described as the command and control mode.

Now governments in many parts of the world are beginning to become more entrepreneurial by "harnessing" market forces and market instruments to the advantage of public policy goals. This is not to say that market mechanisms always work. Many goods provided by governments are not traded in markets -- nor should they be.

But market mechanisms have many advantages over administrative mechanisms. They are de-centralized; they foster competition; they encourage customers to make choices; they respond quickly to rapid change; and they link resources directly to results.



PRINCIPLE NUMBER 7

Government should promote decentralization.

Centralization, concentration, hierarchy, layering -- all connote rigidity, constipation, gridlock and for this reason private sector concepts such as "re-engineering" are being looked at and applied within the public sector in many parts of the world.

We all know the virtues of decentralization -- decentralized institutions are more responsive to change; problems are best dealt with by front line workers who are closest to them; decentralization leads to improved worker empowerment, to higher morale and to greater productivity.

PRINCIPLE NUMBER 8

Government should be a technological leader.

Government in Canada today to a large extent still bears the stamp of another age -- when centralized institutions served by large bureaucracies were indispensable.



Today, information technology, instant communications, and educational advancement has made the "old style" of government obsolete. Our knowledge-based society demands something different.

Government in Canada must stop paying lip service to this reality and move with much greater speed in implementing the new technologies. And public servants must be trained to use the tools.

The result? Smaller government to be sure! But one that is vastly more effective in carrying out its central purpose.

PRINCIPLE NUMBER 9

Government should be a Triple A employer.

Good government -- effective government requires excellent recruits -- and excellent recruits eventually become exceptional managers. In the past, the Canadian public service was able to attract from among the brightest and the best of our young people.

This now is beginning to change as government comes under increasing attack and public service morale continues to decline.



Reversing this trend surely must be a top priority. To attract the brightest and the best, the work must be challenging and relevant -- and public servants must be well-rewarded and compensated -- not with lifetime sinecures -- but within an appropriate performance-based system that promotes excellence.

PRINCIPLE NUMBER 10

Government should anticipate and lead.

My greatest, single disappointment with government today can be summed up in six words -- "lack of vision" and "abdication of leadership".

Someone terribly wise once said that the primary role of government must be to explain the future to the present electors. We all know that this is easier said than done.

But here we can do better -- much better. How many Canadians today are aware of what changes in demography will do to their social security arrangements 15 years from now? Or how many Canadians a decade ago were made to understand the real implications of deficit spending?



Ten Principles of Sustainable Government

I conclude on the leadership question. I realize that it is now trendy to down play leadership and to push the idea of team effort.

This is a trend I support. But let's not get carried away. Intelligent leadership -- motivational leadership -- sensitive leadership -- honest leadership -- remains an essential element of good government.

CONCLUSION

Chairman -- the ten Principles I have outlined in the briefest of terms will lead to smaller government, no doubt -- but to much stronger, effective, credible and relevant government.

I propose that we get on with applying these principles and restore new life into an institution that, when it is working at its best, is, in the words of the philosopher Edmund Burke, the best contrivance of human wisdom.

Notes on the Speaker

Thomas d'Aquino is President and Chief Executive of the Business Council on National Issues (BCNI), an organization composed of 150 chief executives of major enterprises in Canada.

Formed in 1976, the Business Council is the senior voice of Canadian business on public policy issues in Canada and internationally. A non-partisan and not-for-profit organization, member companies administer in excess of \$1 trillion in assets, have a yearly turnover of more than \$400 billion and are responsible for a significant majority of Canadian investment and exports.

Mr. d'Aquino is a native of British Columbia. He was educated at the Universities of British Columbia, Queen's and London (University College and the London School of Economics and Political Science). He holds B.A., LL.B., and LL.M. degrees and is a member of the British Columbia bar.

Mr. d'Aquino's career combines experience in government, business and the law. He has served as a Special Assistant to the Prime Minister of Canada, as a London and Paris-based management consultant on strategic business problems, and as a lawyer specializing in trade and international business. As an Adjunct Professor of Law, he also has lectured on the law of international business transactions, trade and the regulation of multinational enterprises.

In the public policy arena, Mr. d'Aquino has been heavily engaged over a twenty year period in competition, international trade, fiscal, taxation and environmental issues and problems of governmental organization. He is the co-author of Parliamentary Government in Canada (Methuen 1983) and several of his articles on government organization have been published in scholarly journals.

Mr. d'Aquino has been referred to as one of Canada's foremost policy strategists and most effective business ambassadors abroad. He leads the Business Council's Global Strategy Initiative and is active in a number of international organizations. He is the author of numerous publications, a regular commentator on Canadian radio and television, and a frequent speaker on platforms in North America, Europe and Asia Pacific.