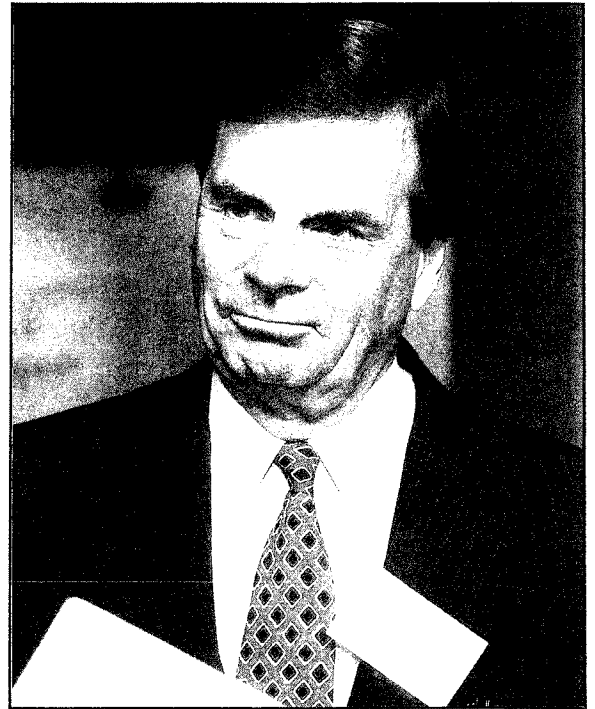


Carnegie Council Privatization Project

Reinventing Government: Public Employees' Perspectives



No. 21



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Reinventing Government: Public Employees' Perspectives

October 22, 1993

Gerald M. McEntee

Ladies and gentlemen of the Carnegie Council, members and guests, ever since the day that I was invited here I've been looking forward to giving this speech for a number of reasons. One is the distinguished work of the Council on Ethics and International Affairs. You've spoken out eloquently about the plight of refugees and the promotion of human rights, and today you're expanding your facilities and programs to meet the challenge of the post-Cold War world. I also appreciate this opportunity to address the Council's Privatization Project, and I want to underscore at this point the important distinction between

privatization in, say, the former Soviet Union, and contracting out in New York City and across the nation. You've already heard from the proponents of con-

tracting out like Dr. E. S. Savas of Baruch College; James Miller, President Reagan's Office of Management and Budget Director; John Giraudo, former General Counsel to President Reagan's Commission on Privatization; and former Yale University President, Benno Schmidt, who wants to privatize all of our public schools. It is quite some list of speakers. I'm therefore glad to be advised that the Carnegie Council itself in fact takes no position for or against the privatization of public services. However, you will probably not be surprised that I do take a position on the issue. And that's why I am here today.

Reinventing government is an issue that strikes to the very heart of our democratic system; to the faith we as a people have in government and its ability to meet our needs. How we resolve it could affect the quality of civic life and all our lives, for years to come. Do it right, and we go a long way toward restoring confidence in our institutions. Do it wrong, and we risk further erosion of public services, more public cynicism, and retreat. The stakes are that high. Our responsibility is clear. Those of us who have spent years working on this issue are indebted to President Clinton and Vice President Gore for

elevating it to the national agenda. Their report has raised the level of debate and brought a number of critical issues to public attention, and we agree with much of what they say. We also disagree with some, but most of all, we welcome the national debate. At AFSCME—our union—we have long believed in the need to change the way that government works and it's time to seize this opportunity and to do it now.

Let me begin by entertaining at least a hunch I've had the last few weeks. I'm no mind reader, never wanted to be, but if I had to guess, I'd venture to say some of

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you had a predictable response when you heard that I'd be speaking here today. I would think that you probably said you'd be hearing from the guy from the union who

represents the paper pushers, the bureaucrats, someone who sees the status quo as a gravy train and doesn't want any kind of change. If that's what you thought, let me assure you, I've heard that before; it doesn't surprise me; it's a common assumption; but it's all wrong. If you think public employees are just a bunch of lazy drones, you haven't seen too many in action. And if you think we oppose change, you should know this: we not only want to reinvent government, we literally want to turn it inside out. As president of this union, I've heard our people called a lot of things, and some I can't repeat in polite company. More often than not, but especially since Ronald Reagan took office, we've been portrayed as faceless, humorless bureaucrats who gum up government and take perverse pleasure in making simple things difficult. The public employees in our union are a varied lot who work hard, serve the public, carry out the laws and do it for little glory and professional gain. We take pride in our work and want to do a good job. We are no different from other Americans. Our members are frontline workers, not politically appointed managers, and our job is to translate the goals of public policy into actual services

you and I and the American people depend on. It's not our fault that politicians make laws which seem contradictory and nonsensical; that there is one agency to subsidize agricultural production, and another that pays farmers to limit their crops. Our role is to carry out the public will and to do it as well as we can.

We're the people who monitor 911 calls and direct emergency response teams, like the rescue workers of the World Trade Center bombing this year. We read library books to your kids, clean the bedpans when you're sick, repair the roads and subways, give comfort to people with AIDS, care for the mentally ill and risk our lives every day to keep rapists and murderers in jail. We work at every level—federal, state, and local and we do it at a time in this country of shrinking budgets and with multiplying demands of poverty, health, crime, unemployment, and immigration. We're neither faceless nor bureaucratic. Without public employees quietly doing their jobs, persevering day after day, our society would not function. Too often we think we're taken for granted.

Some of you might think that all of this is singing the praise of our members. But the truth is the entire reinventing government debate hinges on how we view government workers and how government works. If you see only the stereotype, the faceless bureaucrat whose only interest is protecting his job, it's understandable why you downsize government and contract out. It's easy to carry on a war against government if you demoralize and dehumanize government workers. But if you see us as we are, as frontline workers and as public servants dealing with countless social problems and shrinking resources,



Gerald McEntee speaking with Duncan Campbell-Smith, New York Bureau Chief, The Economist, at the Privatization Project lunch.

you understand that government cannot be reinvented without our active participation. And let me say something that may surprise you: when government doesn't work, we're as fed up with it as any other taxpayer. You might not think so when you've spent hours on line at the

“For years our union has been saying, listen to us, we deal with the public, we know what’s wrong, we want to work with you to fix it. And for years we’ve been told by most of our employers, ‘this is none of your business.’ For years we’ve wanted to negotiate greater worker involvement in designing and developing public service. We’ve wanted government to join the quality revolution sweeping private enterprise.”

Motor Vehicles Bureau trying to get your license, but of course we didn't design the management process that takes place.

Public employees are frustrated because we know from personal experiences why government doesn't work and how it can be made better. Day after day and year after year I hear one public employee after another describe the Rube Goldberg work conditions they are forced to put up with. In some agencies field offices are separated from headquarters by five or more organizational layers; in others there's a manager for every six or seven frontline workers—that was in Vice President Gore's report. Sanitation workers ask why collection routes are devised by politically appointed managers who have never been on a truck. Transportation workers wonder why routine requisition forms must sit for weeks on a manager's desk. Hospital workers can't understand why procedural rules force them to find a supervisor before cleaning an overflowing toilet.

It's especially difficult for the frontline workers whose job is to explain to the public what went wrong and why another form must be filled out. Why a repair took so long, or why a procedure that obstructs service delivery must be followed by the rules. For years our union has been saying, “listen to us, we deal with the public, we know what's wrong, we want to work with you to fix it.” And for years we've been told by most of our employers, “this is none of your business.” For years we've wanted to negotiate greater worker involvement in designing and developing public services. We've wanted government to join the quality revolution sweeping private enterprise. But for years we've been told to leave managing to the managers, that collective bargaining should be limited to wages, benefits and basic protections; that workers are there to follow, not lead. It is not we who have taken the adversarial approach—we have called for partnership. To our clerical workers it makes no sense to negotiate over the health impact of new technologies, but not even be included in choosing the computers that they work with

every day. To our correction officers it makes no sense to negotiate over safety rules, but not be included in developing the daily prison routine. We believe it makes no sense to keep frontline workers out of the decision process.

“By privatizing public services, we turn them over to a contractor accountable to no one, whose only loyalty is to the bottom line. So we must ask, do we really want to risk our ambulance services, our mass transit system with someone who might have to cut corners and cut payroll in order to stay in business? Do we really want to entrust our public services to the lowest bidder with an untrained and, more often than not, temporary work force?”

I have a couple of hypotheses as to why the public sector has yet to embrace worker empowerment and the high performance work place. One is that a lot of middle managers have a lot to lose if we train and empower frontline workers to make decisions. In almost every level of government, in almost every agency, there's what we call bureaucratic bulge. Bureaucratic bulge is the layer upon layer of administrative fat that is created by top management. In a recent Brookings Institution report on how best to reinvent government, the authors note that "...largely without direct supervision, managers seek control over their subordinates by writing even more elaborate rules. Not surprisingly, what results is a thicket of agency-specific housekeeping regulations and standard operating procedures." These are the managers who sit in offices and make decisions far removed from the services they manage. They slow down the delivery process, increase overhead, create red tape, add nothing of value, and force the rest of us to carry their weight.

The problem is they don't want change. They resist it, and so do the people who put them there. This has got to change if we're going to be serious about reinventing government. There is another reason we haven't seen change and it goes to the very core of your Council's work. As I see it, this whole issue of reforming government has gotten sidetracked over the last few years by what we perceive as the false idol of privatization. For too long politicians have been praying at the altar of competition and ignoring the real causes of government dysfunction. Unfortunately the vice president's report gives a nod in this direction. This is not to say I don't understand the academic appeal of privatization; in textbooks it makes some sense to open government services to competitive bidding, to let market forces weed out inefficiencies. The problem is textbooks don't provide government services. People do. And that's what we should focus on.

The key question is how to motivate the people who

provide the services to ensure the public gets what it wants with quality and with accountability. Let me tell you, I'm not convinced that competition is the magic wand its supporters make it out to be. If it was, if competition automatically led to success, a lot of private sector companies wouldn't be in the mess

they're in today, and that's a risk that we don't think we can take with government. Companies like Xerox and Saturn are profitable not because of competition; they're profitable because they have vision, they adapt to change, and they treat their workers as valuable assets, not as expendable parts. That's the lesson that we have to learn from the private sector. We think the wrong lesson is to contract out to private companies

that treat workers as liabilities who have nothing to offer but their labor. What is dignity of work? What is the price of labor? Government service can't improve if frontline workers have no stake in the service delivery.

There's a story from here in New York I like to tell. What the City did was hold a forty-day competition between City Parks Department workers and private firms to cut down trees. As it turned out, city workers cut almost twice as much wood for the dollar as the private contractors and saved the City more than \$100,000 in forty days. The savings went to the taxpayer, not to private sector profits. On the surface we say, well, maybe competition worked, but the truth is that competition had nothing to do with it. Our City tree workers succeeded because they were able to make up their own routes, their own schedules and crews and because they agreed to participate only if freed from their politically appointed supervisors who sent them out to clean gutters for some friends—I think that was maybe in the previous administration. But the example is true. That's how we'll reinvent government, by empowering the workers.

Before I leave privatization, let me say one more thing. By privatizing public services, we turn them over to a contractor accountable to no one, whose only loyalty is to the bottom line. So we must ask, do we really want to risk our ambulance services, our mass transit system, with someone who might have to cut corners and cut payroll in order to stay in business? Do we really want to entrust our public services to the lowest bidder with an untrained and, more often than not, temporary work force? And what happens if we do? Let's say we contract out trash collection and mothball our trucks. Let's say a year or two from now after we've created another new agency to oversee the contractors, their service turns bad or the costs increase; do we then have to start all over from scratch? How much money have we wasted shutting down the municipal service to save a few bucks in the short

term by contracting out? Don't let me get this wrong, there's a lot that government can learn from business. We can learn about quality management and customer service and freeing workers to offer creative solutions to difficult problems. But that doesn't mean that we turn government into one big extension of the private sector. You can stretch it, and pull it, and hammer it to any shape you want, but there is a fundamental difference between the mission and cooperation of the public and the private sectors.

I'd like to lay out five principles I believe should drive any effort to reinvent government. The first is something I will say over and over because I do not think change is possible without it and to me it's so obvious it's simple: Empower workers. Treat them as resources. Build a daily working partnership between the frontlines and the decision makers. In the last few years the most successful corporations have gone this way. They understand that the old assembly line, the model of hierarchical management, no longer applies today. Executives are sometimes astonished at the creativity of the workers that they once wrote off as mindless automatons. Productivity and profits have increased in those companies. No, I don't mean to suggest that partnerships never occur in the public sector. In Milwaukee there's been one of our local union's quality improvement program in place for years, with city managers and workers working together to solve problems, and they've saved money. Hawaii's employment service took that approach—an innovative program including new technologies and job information in shopping malls, one-stop shopping in the employment service, and every time an elected official asks for suggestions on improving govern-

“Don't let me get this wrong, there's a lot that government can learn from business. We can learn about quality management and customer service and freeing workers to offer creative solutions to difficult problems. But that doesn't mean that we turn government into one big extension of the private sector. You can stretch it, and pull it, and hammer it to any shape you want, but there is a fundamental difference between the mission and cooperation of the public and the private sectors.”

ment, the vast majority of those suggestions come from public employees. Isn't it time that we heed this lesson and empower all government workers? That's principle one.

Principle two is connected to worker empowerment because without it we won't have real empowerment. I spoke earlier about bureaucratic bulge, the midlevel bloat



Attending the Privatization Project lunch are (left to right) Joseph Maltese, project director, New York City Alternative Services; Jim Strauss, New York City Procurement Policy Board; and Michael Rogers, director of the Mayor's Office of Contracts.

that is in almost every agency. These are people who justify their jobs by creating red tape, new procedures, and lines of authority. They are far removed from the services they manage. The more midlevel managers we have, the more rules there are to follow, and the fewer resources available for frontline workers. We have too many layers of management, which adds to our overhead. Take those layers away and we will be more cost effective than any of our private companies. So the second principle is this: restructure the bureaucracy, flatten it out as they have done in some of our most successful companies in this country. If that doesn't change, if we don't reduce the number of managerial layers between decision makers and frontline workers, we'll never truly reinvent government.

Principle three follows from the other two: invest in worker productivity. That means train workers to take on more responsibility, to be more flexible, to troubleshoot in areas outside their traditional jobs. Many public workers feel frustrated by overly compartmentalized tasks. They want meaningful jobs and they want to be trained to perform them. Right now governments across the country spend about one percent of payroll on employee training and development and most of that is spent on people in mid- and upper-level

management. Compare that number with the private sector. The average is three to four percent. In the private sector, in high performance firms, in some of the firms restructuring, in firms empowering workers, that figure is ten and eleven percent. Training works. Nothing reaps more rewards than a skilled and motivated work force. In New York, here's another success story. 911 opera-

tors and dispatchers developed a training program to improve communications skills, and the police department was so impressed, it asked the union to help train new

rid of that political pressure and empower us as actual team members, many of these concerns will go away. But don't tempt us. Don't tempt us with change and offer only token reform. That will come back to haunt us all.

“We must rebuild the social compact, the belief that government can and should serve all the people of this nation. In the last decade or so we've seen a steady erosion in the relationship people have with government. Those with means—the wealthy and the privileged—are increasingly abandoning public services and building their own private communities, with high walls, private libraries, and private security guards. The result has been devastating. Those who can afford their own services balk at paying taxes to serve everyone.”

My fifth principle may be the most important, and on this principle I will close. It involves an issue much larger than any of the structural reforms we're discussing and ultimately may determine whether we ever restore full public faith in government. The principle is this: we must rebuild the social compact, the belief that government can and should serve all the people of this nation. In the last decade or so we've seen a steady erosion in the relationship people have with government. Those with means—the wealthy and the privileged—are increasingly abandoning public services and building their own private communities, with high walls, private libraries,

clerical workers. Training worker productivity, therefore, is principle three.

The fourth principle is really a *caveat emptor*, let the buyer beware. Reinventing government cannot work if it's a smoke screen reinvention, if it's no more than a sophisticated suggestion box in which managers still make decisions without authentic worker participation. To avoid this workers must have, and we really believe this, an independent source of power. A communication mechanism. A union, if you will, and a forum, to air their concerns to the process of collective bargaining. To show we're more interested in partnership than partisanship, my guess is that—and it's important to note this—most unions would be willing to modify a number of traditional demands that protect us under the current system. An example is personnel rules that seem rigid to the public. Rigid to outsiders, but which were created to protect us from political pressure and unfair treatment. If you get

ies, and private security guards. And many, oh so many, in the middle class want to follow them. The result has been devastating. Those who can afford their own services balk at paying taxes to serve everyone. That puts the squeeze on budgets when we can least afford it, when poverty and social dislocation are already stretching our shrinking resources. Increasingly government becomes perceived as a caretaker of the poor. But, if we are truly to reinvent government, we must also reinvent the bedrock idea of our nation, that all of us, rich and poor, black and white, corporate executive and food stamp recipient, are all in this one thing together as one people, that we all have a stake in healthy and well-run government. As public employees, knowing that society supports what we do will make our jobs easier and more rewarding. It will also go a long way toward making America the nation we know it can be. ■

Questions and Answers

Q I'd like to follow up on your example from the Parks Department. An analysis I read of that said that one team on an annual basis saved \$45,000 compared with the private contractors. However, compared to the way they used to work, before this competition was set up, they saved \$115,000 a year. In our view, the public wins when competition stimulates that kind of change. What I'd like to know is, if we're talking about real competition between the public and the private sectors rather than a decision in advance that “this will be public and this will be private,” do you

think there is room for dialogue there with the union?

A If you had asked me that question ten or twelve years ago I would have probably said unequivocally “no.” But we in our union are now in very deep discussions and dialogue among ourselves about this. As the president of our union, I think that there is room for dialogue, even about competition. There are some in our union that still doubt that very much, but there is a very strong and large portion of our union that I think is pre-

pared to enter into that kind of dialogue. If you're really going to go to the extent of seriously considering redesigning and reinventing government, competition can be part of that. But one of the things that's extremely important from the public employee point of view is that over the last ten or twelve years there have been shrinking budgets, shrinking taxpaying populations in some urban centers, and decreased resources from the federal government. As a result we feel that we are immediately at a disadvantage if we enter immediately into dialogue about competition. Our people, in so many areas, are operating with the oldest, most obsolete equipment that you could possibly find to perform services. In the health care industry, for example, with AIDS and TB and illnesses like that, we are incredibly understaffed as a result of layoffs, attrition, and the nonfilling of vacancies. We are prepared to enter into a dialogue on competition, but we want the playing field to be even, we don't want it to be tilted in a particular way. We also want taken into consideration "what kind of a country are we?" If you have an unemployment rate of 6.3 percent and then you pay someone who's unemployed the absolute minimum wage to perform a particular function or job to which someone else has given their life, is that the kind of city we want? Is that the kind of delivery mechanism that we're ready to accept in this kind of country? We don't want the absolute defining common denominator to be the fact that we can get this person for \$4.50 an hour, and this person costs \$8.50 an hour. But the short answer is, yes, we're ready to enter into dialogue.

Q You said that one of the reasons that government union people don't perform well is because they have politicians over them as executives, but isn't this a good argument for privatization? So that you don't have government officials over you, but private people that really want a slimmer, more efficient work force?

A It's sort of like throwing out the baby with the bathwater, though. First of all, there are two problems in that area. We believe that there are many political appointees that are in power and office because of contributions and friends. There is also, we believe, a bloated bureaucracy as well. In Vice President Gore's national performance report, they found that for every seven workers there was a top-level supervisor. We don't think that's appropriate. We think that ratio should be much higher in terms of the amount of line workers to supervisors. We also think that not only is there a political aspect to the problem in terms of



Left to right: Jack Heberle, director of economics and social development, AFL-CIO; Lenny Steinhorn, The Widmeyer Group; and David Hoffman, assistant director of public affairs, AFSCME.

managers, but there is a civil service aspect to the problem. The public is always hearing about this idea of no flexibility in government systems, but one of the reasons for the inability to handle, reinvent, and redesign programs and jobs, is the existence of civil service systems. At one point, they were totally embraced by the workers because at times they gave them at least a measure of a voice and protection. You'll find this almost crazy coming from me, but we have some civil service systems—as a matter of fact this was pointed out in the Gore report—in which dismissing an employee may take a year. A year of going through the process to dismiss an employee. We would rather take a look at some of the civil service systems and say, isn't it better to have collective bargaining where you're in a dialogue directly with the union that represents the workers; the union that they have voted on? Shouldn't we have arbitration systems regarding discipline that may last 30 or 35 days and either you have a problem or you don't or either you're right or you're wrong, or whatever, but it doesn't drag on for a year. I just point that out as an example, but there are many examples like that and we think that there should be some real dialogue in terms of civil service systems, the process of collective bargaining, and the flexibility or inflexibility that exist in those systems. I probably would have gotten shot if I said that 15 years ago.

Q What are you afraid of? Why do you not want the private sector to make bids?

A I think if a competitor from the private sector is willing to take the position that he will provide excellent health care for the workers, a 401K and decent wages and pensions, as I said earlier, I think we're ready to open a dialogue to compete with

the private sector in that kind of process. We're not afraid of that, as long as the bottom line isn't that a private employer is going to pay a minimum wage or a trifle higher, and that a private employer is not going to provide health care for people who work for him. I would submit that there are probably certain services that at this point in America are seen by the public as government functions and the public would trust those functions only to government. "Rent-A-Fireman" has not gone over big in this country; the idea of competing in terms of the correctional field has very deep constitutional and legal implications; and the role of private police in terms of arrest or possible assault or perhaps someone getting shot and killed raises some questions, but they're questions that the American public has to answer. There are some functions of government that the public

feels much more comfortable with government performing, even in terms of competition with the private sector.

Q I'd like to know whether you see privatization or contracting out as another way of bringing jobs to minority entrepreneurs.

A I think it's exactly the opposite. I think you may have a measure of minority contractors being part of the bidding, but the first people that will be privatized out, the first groups of folks that will be laid off, are minorities. Minorities have found their way in this country, in so many cities, and in so many states, through the process of public employment. They have, literally, in many places, climbed out of the ghettos by virtue of the fact that they became public sector workers. ■

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