

# Gore Pushing Privatization

“Transforming Governments in the 21st Century”

**W**e are here at this extraordinary international gathering, the very first of its kind, to talk about a subject that lies at the very heart of economic growth and productivity — and even basic political legitimacy — for the 21st century: reforming and reinventing government so that it is smaller, smarter, and more responsive to change in this fast-changing Information Age.

**Editor’s Note:** At the Jan. 14 special “Global Forum On Reinventing Government,” Vice President Al Gore brought in a number of current and former leaders of foreign governments to tout the benefits of privatization. The speakers, from Poland, South Africa, Great Britain, and New Zealand, talked about how they cut costs and improved services by turning over various government functions to the private sector. Excerpts from Gore’s speech to the international delegates are reprinted here for the benefit of our readers. This information is in the public domain at <http://www.npr.gov> on the National Partnership for Reinventing Government Web site.

first principle of 21st century government: economic prosperity demands political legitimacy.

I am exhilarated by the vision and passion for change in this room. I know the great sacrifices many of you have made to re-make your governments. I want us to stand together, and forge a new global coalition for smaller, smarter governance. Over the next two days — and at a parallel conference I am con-

## Economic Prosperity Demands Political Legitimacy

Just a handful of years ago, it would have been impossible to hold this conference. Government reform was considered purely a domestic, internal topic — that is, when it happened at all. And back when our economies were defined by our political borders, it was far less of an economic imperative. After all, if our businesses had to battle a bloated bureaucracy, ever-rising taxes, and over-regulation, at least all of their competitors had the same disadvantage.

Today, so many forward-thinking nations have realized that they cannot make the most of the Information Age with the creaking governmental machinery of the Industrial Age. We cannot compete and thrive in the global marketplace if we are battling bureaucracy and apathy on our own shores. And we certainly cannot earn and sustain the faith of our people if we do not show them that self-government can work for them — that they can reap its benefits, and become full partners in its progress.

Reinvention and reform is not a way to scale back our ambitions, or tighten our belts for its own sake — as if sacrifice were a first principle.

It is, in fact, a recognition of this fundamental truth: that we cannot chase our highest ideals unless they are grounded in workable, practical, responsible self-governance.

We need governments that are as flexible, as dynamic, as focused on serving their customers as the best private companies around the world. We need to adopt the very best management techniques from the private sector to create governments that are fully prepared for the Information Age.

In this fast-moving, fast-changing global economy — when the free flow of dollars and data sustain economic and political strength, and whole new industries are born every day — governments must be lean, nimble, and creative, or they will surely be left behind.

Then there is the basic freedom that underlies free markets everywhere. When governments work for the people — when citizens receive good basic services, and have faith in the government that is providing them — when taxes are low, and government meets public needs without maddening bureaucracy — then a large measure of political and economic stability naturally follows. Let this be a

vening in February, on ways to fight international corruption and cronyism — let us learn from one another, and make just, responsive, and responsible government a pillar of global strength and community.

## No Cookie-Cutter Model for Reinvention

We all know that there is no cookie-cutter model for reinvention. Nations have found different paths to reform — and for vastly different reasons. For many, the catalyst was economic crisis or calamity: crippling deficits, rising taxes, declining living standards, or international defaults.

That is why the first generation of reform in many nations focused on macro-economic reforms and privatization of state-owned assets.

In the United States, we faced an economic crisis of a different sort — characterized by chronic large deficits. But we also faced a crisis of confidence from our citizens, and anger over government’s rising cost and declining effectiveness.

In Europe, every government faced public-sector restrictions imposed by the

Maastricht Treaty, as well as the emerging demands of economic integration and the European Union.

In Eastern Europe and the former Soviet Union, the challenge was not to reinvent democratic self-government, but to invent it in the first place.

In South Africa, the historic challenge was to move beyond the evils and unfairness of the Apartheid era.

In Latin America, now that important progress has been made in economic reform and privatization, “la segunda generacion” of reform is underway – focused on building responsive, effective governments that earn people’s trust and faith.

In all these regions of our world, we have seen some remarkably successful reforms: from New Zealand’s performance-based management, to Australia’s new focus on outcomes and results; from the greater transparency of nations like Hungary and Poland, to England’s focus on what we call “customer service” – service to the citizen.

When President Clinton and I began what we call Reinventing Government, or REGO, we borrowed a great deal from other nations – such as the establishment of government-wide financial standards – personally recommended to me by New Zealand’s Treasury Secretary, Graham Scott.

The question we should consider over the next two days is whether these different roads do indeed lead to the same destination: whether we can determine both the basic purposes of reinvention and reform around the world, and the basic tools and institutions we must strengthen to fulfill them.

### Cultural Challenges

We know that many of us have faced, in varying stages, a singular cultural challenge: Industrial Age bureaucracies that have grown far beyond the professional classes they were envisioned to be, and at times seem to specialize in immobility and apathy, lacking the leadership

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and also the freedom to change with the changing times.

This is not a new problem. Back in the days of Spanish rule in Latin America, when the viceroys were given commands by their King that they could not possibly fulfill, they answered with a phrase that still resonates through many bureaucracies today: “Obedezco pero no compló” – “I obey, but I do not comply.”

In fact, we find that this sentiment is universal. In Turkey, there is a phrase that means: “I will obey the rules – regardless of what they cause.”

In Germany, government workers used to use the phrase: “I will see what lets itself be done.”

Of course, here in the United States, a common phrase used to be: “good enough for government work.” We’re working to change that. Clearly, all of us face the challenge of changing this culture, and leading and empowering employees to make the innovations we need. What, then, are the common imperatives as we seek to create that change? I believe there are four:

#### ECONOMIC COMPETITIVENESS

First, economic competitiveness. We all share a concern that government lay the foundation for economic prosperity, instead of being a drag on it – which means cutting deficits and wasteful spending. We all share an interest in the transparency of government operations – so that global investors have confidence in us, and are less prone to the rapid withdrawals of capital that we saw throughout Asia in the past year-and-a-half.

Some of you may be familiar with the term “red tape” – the ever-expanding rules and regulations that governments seem to love – and citizens hate. In a global economy where capital can be invested anywhere, red tape is like an economic noose that says: If you send your investments here, we’re going to strangle them with bureaucracy, inefficiency, and forms, fees, and requirements you can barely even understand. That’s why

so many of us are working on common-sense regulatory reform.

Korea is abolishing almost half its regulations. In the United States, we forced agencies to cut 16,000 pages of needless regulations, and 640,000 pages of internal rules. This is good for the people, too; those rules and regulations make government services slower and more expensive. In Costa Rica, decrees to eliminate barriers to entry in the pharmaceutical industry led to reductions in the price of life-saving drugs and medicine – 11 percent in only four months!

### DOING MORE WITH LESS

Second, doing more with less. In the 70s and 80s, we saw a growing international frustration with rising tax rates – and the fact that they were paying not for better services, but for more bureaucracy and inefficiency. The “stagflation” of that time – with slower growth and high inflation eating away at family incomes – made rising tax rates even more of a burden. In America, we found that only through reinvention – which saved us \$137 billion – could we cut taxes, balance the budget, and improve services all at the same time.

It’s happening around the world: the *Canadian Programme Review* turned a budget deficit into a balanced budget, and cut the federal workforce by 25 percent. For 10 years now, Chile has run surpluses and reduced its government payroll.

### BUILDING FAITH IN GOVERNMENT

Third, building people’s faith in government. It wasn’t only budget deficits that were trapping our governments in the past. Many of us faced performance deficits as well – a legitimate feeling that government wasn’t doing what it said it was going to do. With so little faith in self-government at home, it is harder to build the faith of the world community that vibrant free markets and the free flow of capital and ideas will be sustained. That’s why, in the United States, we started treating our citizens as “customers” – the way the best private businesses treat their customers. Great Britain pioneered this notion of service to the

citizen in the late 1980s. The Danish actually set maximum response times when citizens need help. The French define their goals as putting “the citizen in the core of public service” – for instance, they now can deliver passports in less than one hour!

Building faith also demands that we bring government closer to the people. Some countries refer to the principle of “subsidiarity”; other countries speak of decentralization or devolution. But the concept is the same: empower governments not in some distant national capital, but in the places where people live and work, so it can be more responsive to their needs. Countries as diverse as India, Mexico, Pakistan, Poland, and Thailand now talk about decentralization and the need to build local government as more power moves toward the people.

### STRENGTHENING COMMUNITY AND CIVIL SOCIETY

Fourth and finally, strengthening community and civil society. In this way, reinvention and reform are about something far grander than the gears of government, or even the smooth workings of democracy. David Osborne, author of the landmark book “Reinventing Government,” talked about the need to “steer, not row.” A government that tries to fulfill every function itself – a government that tries to be an omnipresent welfare state – will only leave its people in a catatonic state. Smaller, more empowering government unleashes the energy of ordinary families and communities. That’s what President Clinton and I tried to do with welfare reform – setting national standards for moving people from welfare to work, but then letting states and local communities shape the reforms that work best for them.

This kind of empowering government – government that sets goals, and provides the tools to reach them – leaves a vital role for communities, churches, civic institutions, families: the kind of vibrant civic life that is the very ideal of self-government. It’s happening everywhere: the representative from Ghana wrote to us

about the importance of civil society to the reform process. Mongolia is shifting more governmental functions to its non-governmental organizations. This is far from an abdication of responsibility – it is really a call to responsibility, from all quarters.

If we accept that these are our common purposes – competitiveness, building faith, doing more with less, and strengthening civil society – and I hope this is a subject we can debate at this conference – then it is worth considering: does it take more than mere government reforms to achieve them? I believe it does.

### More Than Mere Government Reforms

The fact that we can even gather here may be because we have come to a new point in history. No longer do nations divide themselves along the stark ideological divides of the old Cold War. Instead, more and more nations are committed to the common vision of democracy and free-market economies.

At the heart of these concepts one finds a set of institutions that allow people of different beliefs to peacefully resolve their differences. Democracy and market capitalism cannot thrive in societies that do not enjoy freedom of the press; an honest and impartial judiciary; an ability to check executive and legislative power; and a steadily expanding circle of dignity among different races and ethnic groups, women and men, different religious faiths.

These institutions are often frustrating and inefficient. But democracy and free markets work when we allow for the resolution of conflict. Too many nations are still lacking those basic institutions – and for them conflict is bloody and brutal. But for those of us engaged in administrative and institutional reform, these underpinnings of democratic society are cherished. I believe they are the basis of any serious reform effort.

I’ll talk more about our experience with REGO in our first plenary session. But today, as we rededicate ourselves to reinvention and reform around the world, I

have the honor of making three important new announcements about our efforts to reinvent government here in the United States.

#### PAY FOR PERFORMANCE

If we want our government to be accountable for every taxpayer's dime, then we need a workforce that will be held accountable for real results. That is why we want to submit to Congress new civil service reform legislation, to significantly change the way many federal workers are hired, rewarded, and paid. Our civil service reform will be based on an insight that is common in private industry: you pay for performance. Instead of providing automatic pay increases based on seniority, managers in the federal government would have a significant portion of their pay determined by how well they do their jobs, and meet the people's needs. This won't cost taxpayers an extra penny, but it will ensure that today's tax dollars are far better spent. We plan to start working with our agencies and our employees' representatives to craft this proposal right away.

Of course, to truly change our culture, we must combine this legislation with the right kind of partnerships between labor and management. Partnerships

which recognize the interests of both sides, but unite both front-line workers and managers in the common cause of improving government performance.

#### FOCUS ON RESULTS, NOT RED TAPE

Next, we must do even more to focus on results, not red tape and regulation. This year's budget will contain a major new initiative with a simple premise: the needs of our children first, the needs of bureaucracy last. Recently, through REGO, we began to collect statistics on children's health – immunization rates, the absence of teen pregnancy, child nutrition. Now we will start a pilot partnership with 10 cities or states that will commit to specific improvements in these areas. In return for their commitment to focus on results, we will give them unprecedented new flexibility in how they use federal funds to achieve the results they want. This new initiative, called Results For Our Children, will make a profound difference in hundreds of thousands of young lives.

#### LISTENING TO YOU, THE CUSTOMER

Finally, you cannot improve customer service unless you truly listen to the customer. This year, we will conduct the first-ever government-wide Customer Satisfaction Survey – to assess the

progress we have made in the last five years. We have already established over 4,000 customer service standards, all published on our agencies' Web sites. Now we need to determine, from the people's perspective, how we are doing, and how we can do better.

My hope is that this conference will be the start of a new international coalition for competitiveness – one that seizes on our shared reforms to build governments that are as smart, as effective, and as dynamic as today's global economy and Information Age. That has been the heart of REGO in the United States – and I know we have a lot to learn from all of you.

As all of us know, this is hard, unglamorous work. But as much as REGO is about the nuts and bolts of government, it is also about the soul and spirit of self-government. By meeting this challenge together, we can create more than effective government agencies – we can create a global economic community that is strong and vibrant and equipped for the challenges of change. We can create a new trust and faith in our people, and in each other. That is the spirit in which I hope we will work these next two days, and in the years to come. Thank you.

## DSMC Names Barnett Enlisted Person of the Year

**N**avy Rear Adm. "Lenn" Vincent, DSMC Commandant, presented Navy Journalist 2nd Class Melanie Barnett the college's Enlisted Person of the Year Award for 1998 at a Jan. 28 ceremony at the college's Howell Auditorium.

In addition to the Joint Service Commendation Medal, Barnett received an engraved plaque, a \$100 savings bond, a \$100 gift certificate to the Post Exchange, a 96-hour pass, and a reserved parking space for one year. Assigned to the college in August 1997, she is a video services specialist in the Video Services Department, Division of College Administration and Services.

Photo by Army Sgt. Richard Vigue

