



## Why Do Governments So Often Disappoint?

**Notwithstanding serious effort and dedication, so often there is a shortfall between peoples' expectations of government and what government delivers. At a recent symposium on government and progress, participants explored why and suggested that a new social contract is needed between public leaders and citizens.**

With some notable exceptions (e.g., Singapore, Abu Dhabi, some Nordic countries), trust in government has been declining; to the point where it is one of the least trusted institutions globally. A sense of "permanent underperformance" pervades sentiments about government, from the way it delivers public services to the way it supports the economy.

The declining level of trust in government may reveal as much or more about our evolving conception of progress as it may about the role and contribution of government. During a recent symposium on Government and Progress at INSEAD's Europe campus in Fontainebleau, France, academics, policymakers, business leaders and consultants debated why this may be the case.

As argued in a prior **article**, the importance of government is hardly likely to decrease, especially as climate uncertainty, technological disruption, and global threats mount.

Where we observe unsatisfactory attainment of societal goals, where challenges seem chronic, government appears to underperform and business and market failures are interpreted as government

failures.

There is little doubt that the idea and need for government is sound (not to mention necessary) and those who serve in the public sector often have admirable ideals. But the challenge for those in public service to meet public demands has become ever more difficult.

The discussion at the symposiums highlighted four elements that encapsulate the challenges facing the public sector. For convenience of recall we refer to these as the four "I"s: inflation of expectations, information, implementation and incentive challenges.

### **Inflation of expectations**

A primary challenge is the reality of rising expectations. The better governments do, the greater our expectations on them. Governments do some amazing yet unnoticed things. From keeping the streets of Singapore spotless to keeping the Paris or Delhi Metro running, local governments often work competently and efficiently in many important dimensions.

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Government's very success in providing such services propels higher expectations. Areas that typically fall short include education, infrastructure, the promotion of entrepreneurship, taxes and budgets, the functioning of courts and systems of justice, and no doubt many areas of regulation (especially related to labor). Increasingly, expectations are rising regarding government action on the environment and security.

The growing expectations are compounded, as is often the case in Europe, by a sentiment of entitlements. With limited resources and people unwilling to give up what they've received in the past, it is harder to deliver on rising expectations.

### **Information challenges**

To boot information (the second "I") about who wants what is a perennial challenge. Even in small societies there is heterogeneity in priorities and expectations. Some may value education more than healthcare, others jobs more than environment, still others low taxes over public services. How might government prioritise? Furthermore, enthusiasm to address this plethora of heterogeneous demands is not always matched by a willingness to pay more state or federal taxes to government. Rank ordering the public problems to solve remains both difficult and unpopular, and government is forced to endlessly debate and review choices. In the process time passes and government appears to address none of the issues satisfactorily.

An equally severe information challenge is data and feedback on what works. Proper experiments in government are hard to design and harder to run to completion. Opinions and political preferences often become the basis for government action. In such a situation public learning and correction happen too slowly to engender satisfaction.

### **Implementation shortfalls**

Beyond this knowing gap, there is also a knowing-doing gap in public administration.

The third "I", implementation in public services takes great coordination and time. Government is vertically organised, with different departments and ministries focused say on labour, education and social policy. Yet in reality social issues overlap these departments. The education system is often criticised for not delivering the talent that industry needs. Working in isolation and sometimes contradiction, but appearing as one, leads to piecemeal solutions for citizens progressing through the education system and employment. Local rather than global optimisation is often the result. This leads to

predictable dissatisfaction with the overall picture. To make substantial and lasting change, departments need to work more together in an integrated fashion.

Yet, budgets, accountability, and, yes, politics make the optimal organisation and well-functioning of the government a hard challenge. How much devolution of power and decision rights to state and local authorities is constantly debated. Problems may be local, power to act and regulate may be national. This bedevils infrastructure projects.

Often, the status quo is reproduced; the pain of change and disruption puts a brake on efforts at reform. The emphasis on cities as the locus of better government (while no panacea) should help.

### **Incentive challenges**

Fourth, incentives are misaligned in two ways: one, working in government is still a personal sacrifice for many who could earn substantially more in the private sector. This causes a talent shortfall and is no doubt related to corruption. And two, as mentioned above, the public incentive to cooperate or collaborate with government on policy is not clear. Making changes for one group of constituents often alienates another and in some cases, if that group or lobby is influential enough, government may have to back down for fear of losing its popularity. This causes a status quo bias, which again displeases.

The incentive challenge is compounded to the extent government is "the only game in town"--government is a monopoly by design. Without exposure to competition and citizen exit, and barring revolt provoking situations, poor governments may reign for a long time.

### **Addressing permanent dissatisfaction**

There are few easy answers. And in the realm of government as elsewhere second best may be the best we can hope for. But we must avoid third best.

Government has traditionally been organised to administer, not to foster and enable. If increasingly complex challenges call for the government to become an enabler, then it needs to be able to push forward with policy, not just deal with pushback. This may happen in two ways.

For government to break with an inferior status quo, it needs to collect and put out data on vulnerability. The former mayor of New York, Michael Bloomberg, famously used to say "In God we trust, everyone else, bring data". His data-driven rationalism reduced crime and allocated resources more efficiently to those who needed them. But data can also be used to rationalise decisions and get the

public on side.

For example, California's recent drought brought mandatory water cutbacks to most water users, but farmers were largely exempt due to century-old guarantees that gave them the strongest claims to river water. Water officials and farmers squabbled over their respective legal claims to the water with the farmers eventually offering to cut their use. If governments can take data to demonstrate who will benefit from such sacrifices, it could escape from the trap of "taking away" benefits and making unpopular decisions.

Mayors also show how cities have an increasing role to play in government. If you can have a unified locus of not just control and administration but collaboration and coordination, we can overcome implementation challenges. Again, Bloomberg shares his experience of making his treasure troves of city data available to the public for an annual contest, challenging citizens to create mobile apps with it. In its first year, winning ideas included an app to find the fastest public transit options, and another to compare information about different public schools. Such examples show how government can free itself of the permanent campaign to stay popular and give it a degree of autonomy to deliver optimum services.

More autonomy can also help address the misalignment of incentives. While higher salaries could draw more talent, as can be seen in the example of Singapore's high ministerial pay packets, professional public service could also be made similar to the way militaries are embedded in the ideals of national service but autonomous from the ideals of populism. With authority to make decisions independently, they are not subject to permanent polling and policy is not hijacked by the campaign. Uniforms are worn with pride and its institutions are respected. An independent yet service-oriented approach, or as sociologist Peter Evans has suggested, more "embedded autonomy" ought to be adopted in government.

The relationship between public leaders and the public is ripe for a new design, a new social contract. As Amartya Sen has suggested the time is ripe for better means of public reasoning. To be sure enterprises, families, and civil society will be indispensable in their contributions. Government may be a foundational complement but it is not a substitute.

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