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**GOVERNMENT RESTRUCTURING
AND THE FEDERAL PUBLIC SERVICE:
THE SEARCH FOR A NEW COSMOLOGY**

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"Fini le règne du chien gras,
c'est le règne du loup maigre"

Alexandre Vialatte

1. Introduction

For close to a hundred years, a career public service has served the federal government in Ottawa and in the regions. After many struggles to establish the principles and practices governing hiring and promotion within the Canadian public service [Hodgetts et al, 1972; Roberts, 1996], such decisions came to be based on merit, and the public service could be presumed to serve governments in an impartial and professional manner. To give these principles force, the federal government established a Civil Service Commission (later to become the Public Service Commission) to oversee the classification system and the merit system.

During the twentieth century, the federal public service expanded enormously, a reflection of the growth in the welfare state, and a widely held view that governments were best able to design policies and deliver programs to citizens and groups. As a consequence, the federal career public service has come to connote not only professionalism, but also large-scale bureaucracy with all the trappings of systems, rules and procedures associated not only with delivering programs that acknowledged the rights of citizens but also with managing the relations between departments, central agencies and employees inside the public service.

During the last decade, the environment in which the federal public service has carried out its tasks and responsibilities has changed dramatically. Because of increasingly dire fiscal circumstances and a citizenry that, on the whole, resists tax increases as a solution to reducing government deficits, political leaders have initiated numerous rounds of "economy" measures that are now culminating in significant program cuts. These changes have enormous implications for federal public servants: the tacit moral contract -- that, as long as they performed well in their jobs, they could expect promotion and a life-long career in the federal public service -- has been broken. When recent governments have attempted to respect the seniority and rights of public servants, this could only come at the expense of reduced new hirings into the federal public service. Indeed, the lack of hiring in the past few years has compromised the argument that -- among the many career choices available to the best university graduates in Canada -- a public service career was a noble, influential and exciting path for a sizable portion of those graduates.

This depressing financial context has been coupled with two other trends. First, the emergence of knowledge-based and time-based competition as the basis for wealth creation, and the growing interdependencies that have internationalized domestic firms and governments, have placed new demands and augured for new roles on the part of the government. There are greater demands on the state to provide standards, as opposed to delivering programs, and to consider new forms of private-public partnerships. Second, citizens and opinion leaders have become increasingly cynical

about the effectiveness of government intervention and the responsiveness of programs and public servants to the particular needs of regions and communities.

Moreover, the new economic and political environment has meant that the old solidarities or "social contract" on which Canada evolved for many decades has been eroded [Simeon, 1994], and it has been left to a very financially constrained government to find new ways to mobilize public and private interests; it must discern and inculcate new senses of political identities and social values for citizens, while recognizing the old loyalties.

It is for all of these reasons that federal ministers, public servants and outside advocates have been examining, sometimes under enormous pressure, alternative ways to deliver programs (i.e., without relying on the traditional career public service) and to define a new model of the federal public service. We believe that public debate and government action on these matters is long overdue. Despite growing unease about the role of government during the late 1970s and the 1980s, any fundamental questioning of the need for and design of programs, and the concomitant shape and role of the federal public service, was muted by governments and senior officials. What we refer to as the traditional cosmology of the public service was repeated like a mantra, a form of assurance for public servants and governments alike. As the 1980s progressed, the litany of budget cuts, compensation freezes, lay-offs and exit incentives was regarded as a temporary solution to transitory difficulties. There was denial of the long-term implications of impending fiscal difficulties, sophistry in the defense of the existing order, and insufficient acknowledgement of the swelling malaise inside the public service. Notwithstanding the Nielsen Task Force on Program Review (1984-86) and the Public Service 2000 (1989-90) initiatives, few political and administrative leaders felt compelled to rethink governance, government and public service (nor, for that matter, were they urged to by public administration academics!). Even during the early 1990s, there were efforts to perpetuate a human resource policy rooted in the traditional cosmology, namely the Workforce Adjustment Directive.

We argue that only in 1993 were the serious implications of these new realities openly acknowledged by the Campbell and Chrétien governments. Dramatic transformations have been effected in the governance of the federation, the federal government, and its public service. Many of these initiatives were overdue, but remain unfinished business and, to be fair, the delay has been source of considerable frustration to many deputy ministers and other senior officials.

We think that an important lesson has been learned: governments cannot leave significant reform to the public service leaders and rely on a gradualist reform agenda. A concertation of political and bureaucratic forces is necessary to create the necessary space and momentum for such complex change. Moreover, such change will not materialize unless one can define in a preliminary way at least what the future public service will look like. We argue that, even though significant reforms have now been set in motion, they have been accompanied by tentative, but woefully insufficient attempts to articulate the nature of future public service careers. *Political and bureaucratic leaders must set out a new cosmology, one that reflects not only the existing realities experienced by federal public servants, but one that anticipates in full measure what the public service might look like in, say, ten or fifteen years.*

In contrast to other chapters in this volume, the purpose of this chapter is not to explore in great depth all aspects of a career public service at the federal level, since much has already been written on this subject. Rather, we want to examine the way that the cosmology of the federal public service has evolved over the years. By cosmology, we mean the intersecting ensemble of ideas, principles, values and systems guiding the leadership and the culture of the federal public service, as well as its interactions with political leaders and citizens. Cosmologies, like ideologies, are developed by institutional leaders to integrate diverse values and objectives in the face of complex challenges, are used to build and maintain the loyalty and morale of members, and to convey crucial principles to external constituencies and to function as an important line of defense against undesired change. However, cosmologies can be very much out of step with the organizational realities they purport to describe or encompass. To the extent that cosmologies do not evolve or fail to resonate with members, they lose meaning and force, and raise questions about the extent to which leaders comprehend the organizations they manage. Cosmologies, however, are not inherently conservative tools. Indeed, the modification of cosmologies, whether in an incremental or a dramatic manner, is a crucial tool for leaders seeking to reform institutions in order to respond to pressures and to anticipate new challenges [Selznick, 1957].

This chapter begins by examining the juxtaposition of the traditional cosmology guiding federal public service careers with the career development strategies of professionals in private sector workplaces during the last two decades. We then discuss the pressures and tensions that emerged during the 1980s and the early 1990s and contrast the strategies of the Mulroney, Campbell, and Chrétien governments in adapting the traditional cosmology to new realities. Finally, we try to ascertain what might constitute the contours of a new cosmology that might guide the federal public service, and the contending visions and values inside the Canadian government that might define that emerging cosmology.

2. The Contending Cosmologies

Over the years, Canada's federal public service has had an international reputation for excellence and competence. Much of this reputation derives from the values, principles and systems put in place decades earlier. A powerful traditional cosmology of a career public service was gradually put in place between the 1920s and the 1970s: even though many of its constituent elements were contradictory, or received greater emphasis at different points in time, it acquired a certain unity and integrity as it evolved. We will sketch briefly the private-sector perspective on how careers should unfold, and with these perspectives in hand, we will then review the manner in which the traditional cosmology came to be challenged and modified during the 1980s and early 1990s.

How the Traditional Cosmology of the Federal Public Service Emerged

It is ironic that perhaps the most succinct statement of the traditional cosmology of the federal career public service was written just before its precepts came to be heavily challenged by the restructuring of federal government portfolios and programs. Ken Kernaghan (1991:553), in exploring how the ideas central to the Public Service 2000 exercise would impact on existing precepts, suggested that a career public service connotes the following elements:

- 1.Appointments to the public service are made with a view to preserving its political impartiality.
- 2.Appointments to, and within, the public service are based on merit, in the sense that the person appointed is the one who is best qualified.
- 3.As far as possible, appointments are made from within the public service.
- 4.Public servants are assured of assistance in selecting their career goals and the path to those goals.

This formulation, though clearly relevant to other jurisdictions, was rooted in the experience of the federal public service; however, these principles and ideals were often at odds with each other, and with reality, and therefore constituted an idealized cosmology of public service.

Rather than explore how these principles (and others) relate to each other (which Kernaghan has usefully done) we will instead address the way that the principles of career public service came to be adopted by the federal government over time. Such a historical review -- however sketchy -- should put the current quandaries over the possible directions of public service careers in perspective. It should also show that different elements of career public service received varying emphasis over time.

The key principles that emerged to guide federal public service careers were closely linked to reform efforts throughout North America before the turn of the century to professionalize public services, and to convert them into non-partisan institutions. More specifically, the goal was to eliminate patronage appointments, which were associated with the life of a government, and often dictated by ministers as well as members of local party organizations. The elimination of patronage appointments was pursued in order to increase the efficiency and competency of the public service. Although this problem has been the object of numerous inquiries since Confederation, it was not until 1908 that the Civil Service Commission under the Civil Service Amendment Act required that candidates for public service positions in Ottawa (the inside public service) write examinations and limit their political activities. In 1918, new legislation in the form of the Civil Service Act made the Civil Service Commission the sole agency to certify all personnel in the civil service by means of competitive examinations [Hodgetts et al 1972:49], and it extended its reach to include the inside and the outside civil service.

Historical accounts [Hodgetts et al 1972; Roberts, 1996] indicate that the primary focus of reformers was to eliminate patronage, and to replace it with a professional, competent civil service. However, far less emphasis was directed to the obvious implication that careers would begin and then unfold within the civil service. In the rush to slay the evil of patronage, there was relatively little thought given to the forms a permanent civil service might take, and the different career tracks that might emerge. To the extent that large-scale private sector organizations -- as well as the British civil service and its continental equivalents -- served as models for Canada, most reformers probably believed that longer careers would be a likely result. However, reform did not proceed under the banner of creating life-long jobs for officials.

Had Canada adopted the approach of other countries, we could truncate our story and rely on a more general, comparative template outlining the nature of a career civil service. However, the 1918 Act required that the Civil Service Commission put in place a merit-based system, and in doing so, the federal government introduced a controversial innovation. On the advice of a team of U.S. consultants, and because of continuing fears about reversion to the old patronage era,¹ the Civil Service Commission put in place a complex classification system that established 40,000 job descriptions. Candidates for civil service careers had to evince general skills and demonstrate competencies specific to particular positions. The complexity of the system, and the delays in staffing that it engendered, were the bane of deputy ministers in Ottawa for years to come [Roberts 1996].

Although the CSC had a broad mandate, its leaders chose to focus on implementing the merit system, as opposed to assisting deputy ministers with department reorganizations [Hodgetts et al 1972: 100-103] and securing compensation increases. The spectre of a lapse back to the patronage era loomed when, in the mid-1920s, the Prime Minister appointed commissioners with political affiliations. The CSC began granting exemptions or rubber-stamping the recommendations of departments and their ministers and, later on, its employees were accused of fixing examination results (p.143). However, there is little evidence to suggest that personnel practices reverted to those that were current before the 1920s.

The reduction of patronage and the introduction of the classification system ensured that individuals with appropriate skills, once hired, could expect longer careers. However, it soon became apparent that, for talented individuals, otherwise promising careers could be dampened by the classification system. Hodgetts et al maintained that the position-based classification system militated against, rather than promoted, career development for such individuals. A position-based system, particularly one which created so many detailed job descriptions, did not encourage incumbents in one position to develop new skills for higher or different kinds of work; such skills had to be developed through outside training courses, or by means of mentor relationships with senior officials (pp.446-450). The arrangement was not conducive to programs that would groom generalists, as would a series of rotational assignments, in the manner of the UK civil service.

Another issue during the late 1920s and the 1930s concerned compensation. The original system of classification presumed that the relative salary structure, informed by private sector rates, would persist. But civil service salaries began to lag behind that of the private sector, particularly when the government had little political incentive to grant salary increases. Furthermore, an unevenly applied bonus system resulted in unfair differentials across similar positions [Hodgetts et al, p.121]. Civil service associations became increasingly militant, and pressure was put on the CSC to use the classification system to secure compensation increases for employees.

¹ Hodgetts and his colleagues noted that, notwithstanding the enormous implementation challenges in the years that followed, the struggle against patronage became a moral crusade identified with the forces of decency, civic-mindedness, and efficiency. (p.98)

During the 1930s, as the effects of the Depression began to be felt, the Treasury Board ordered pay cuts and abolished permanent positions (often filling them with temporary appointments), reduced the number of temporary employees, and limited the intake of new staff (pp.150-51). Even then, the CSC represented a more employee-centred philosophy of personnel management than the Treasury Board, with more thought given to the implications of policy changes for morale and career development in the service, whereas the Treasury Board seemed to see only salaries and expenses and to assume that efficiency simply meant cutting costs (pp.151-152).

The notion of a permanent career civil service was further challenged by the federal government's mobilization for World War II. This led to the creation of new agencies and the expansion of many functions. The appointments approved by the CSC increased from approximately 6,400 in 1938 to over 56,000 in 1943 [Hodgetts et al 1972:186]. Many of the new civil servants came from the private sector, in the form of temporary appointments. The rapid expansion of the civil service did not translate into higher salaries for long-standing employees, and considerable discontent emerged during the war years because salary increases did not keep up with the cost of living (only temporary civil servants were eligible to receive a war duties supplement) [p.191,199].

These developments angered the staff associations and contributed to low morale, and eventually led to the creation of the National Joint Council, a forum where the government and its employees could regularly discuss compensation issues.

The end of the war provided an opportune time for reflection on the direction that personnel management policies should take. The federal civil service had more than doubled in size from 1939 to 1946, swelling from about 46,000 to 117,000 employees. Almost 75% (or 85,000) of the civil service were classified as temporary. The government-appointed Royal Commission on Administrative Classification in the Public Service (Gordon Commission) was asked to explore these and other issues. In the final report, the commissioners essentially expressed concern about several facets of the career public service: the inability to fill permanent positions quickly and the resulting impact on morale (some temporary assignments lasted as long as ten years, and sometimes longer); a merit system that so emphasized hiring and promotion on the basis of specialized knowledge that it afforded little opportunity for the grooming of managers with generalist's skills -- a background potentially useful for a senior administrative career; the difficulty confronting civil servants seeking to move within and across departments in order to pursue career-building opportunities; and finally, the fact that very few senior officials had emerged from within the civil service but instead had been recruited from the private and university sectors. [Gordon Commission 1946:250-264].

The concern about whether the civil service could produce its own leaders in sufficient numbers was reiterated almost a decade later by John Deutsch, a prominent and highly regarded career civil servant. He argued that this was partly because 1) there was no effective and consistent method for detecting, selecting, and bringing along outstanding ability in the service as a whole; 2) the civil service was much too highly fragmented; and 3) the merit system seemed designed to keep people out of the service....a remnant from the struggle against wholesale political patronage [Deutsch 1960:300]. Again, he reiterated the need for generalist administrators.

By the 1950s, even though most political leaders and civil servants may have agreed that the problem of patronage had largely been eliminated, the political impartiality of the federal civil service began to be questioned by Opposition members and outside observers. At issue was the long tenure (two decades) of Liberal governments, and the fact that most of the mandarins were appointed during this time. Serious questions were raised about whether senior civil servants were developing the policy ideas of the Liberal Party, whether they could fully serve a government formed by a different political party, and whether a new government could properly deal with the hordes of experts [Granatstein 1982: 262-279].

Further complicating this picture was the fact that Lester Pearson had left the civil service to become a minister in 1948, and Jack Pickersgill, who had been appointed Clerk to the Privy Council in 1952, became a minister in 1953. In 1957, a new Progressive Conservative government came to power led by Prime Minister John Diefenbaker, but despite his deep distrust of the Ottawa bureaucracy there was no purge of civil servants [Granatstein 1982:277]. Diefenbaker later appointed the Royal Commission on Government Organization in 1960 which set off enormous debate about how the federal public service should be governed and managed.

Although a few of the recommendations of the Glassco Commission on the allocation and assignment of the new responsibilities for managing collective bargaining and other employee matters were adopted by the government, they did kick off a process of deliberations that led to the adoption of the Public Service Employment Act in 1967. How these arrangements governing modern personnel management came to be adopted is a complex, lengthy and interesting story detailed by Hodgetts et al. [1972: ch. 12].

The Civil Service Act of 1961 recognized staff associations, which eventually were certified as bargaining agents. The PSEA and amendments to the Financial Administration Act led to the reapportionment of responsibilities among the Civil Service Commission (retitled the Public Service Commission) and the Treasury Board, and the new Public Service Staff Relations Board. The Treasury Board and its secretariat was designated as employer, and granted the authority to negotiate collective agreements on behalf of the government; while the Public Service Commission was given the ultimate responsibility for the staffing process on the basis of merit and taking into account the nature of duties, functions and context. The PSC was also empowered to delegate to deputy heads any or all of its powers of recruitment, selection and appointment [Hodgetts et al 1972:ch.14].

This new institutional framework did not fundamentally change the key principles around which the career public service revolved. Kernaghan noted that even though "the word 'career' does not appear in the PSEA, the act does contain provisions designed to achieve several of the principles of a career service" [p.554]. In particular, the PSEA called for appointments to the public service to be made on the basis of merit, and for restraints on political partisanship. However, the PSEA did prod the government into viewing its senior officials as a management group, as a corporate resource to be developed and deployed beyond the interests of particular departments. This was not a new concept -- we noted that the Gordon Commission, John Deutsch, and others had identified the problem in 1940s and the 1950s -- but the emerging institutional framework put this matter

squarely on the agenda. The Public Service Commission worked with the Treasury Board officials and operating departments to develop mechanisms for the identification, selection, and special assignment of officials with potential as senior managers [Hodgetts et al 1972:452]. Programs such as the Career Assignment program and later the Management Trainee program, were developed to meet these needs. However, a review of personnel issues undertaken a decade later observed that the federal public service was never managed as a true career service *stricto sensu* in the European manner, with a deliberate strategy by the employer to identify and groom promising officials for future positions and to assign them to new appointments at regular junctures in their careers [Canada 1979].

Even though the PSEA affirmed the central importance of the merit principle, it also competed with older and emerging demands to give preferences in hiring and promotion to designated groups. For example, preferences had long been given to officers retiring from the military, who were given opportunities to compete for non-defense public service positions in the wake of the Second World War. During the early 1970s, the adoption of the Official Languages Act meant that many management and non-management positions required bilingual capabilities. Such preferences, of course, generated considerable controversy, and in some quarters corroded faith in the integrity of the merit system. Although the status of women within the public service had emerged as a concern in the late 1960s and early 1970s, it was not yet high on the reform agenda by the end of the 1970s.

Our brief historical review of events and policies of relevance to the evolution of a career public service in the federal government confirms Kernaghan's caution about the danger of taking too seriously the "pure and idealized" rendering of the cosmology of a career public service. The very looseness of the principles of merit and impartiality, as well as the competing principles relating to efficiency, economy and representation, caused the system to evolve, and emphasized different principles well before the external challenges of the 1980s were felt. However, there can be little doubt that the notion of a career public service based on merit, tenure, and political impartiality -- along with the notions that employees should have careers with the public service and that the public service should produce its own leaders -- comprised a dominant and powerful cosmology, and that these ideas were held up as principles that should not be easily compromised.

The New Cosmology of Work: The Emerging Private Sector Model

The new environment generated by globalization and the new centrality of knowledge has led to fast-paced competition that requires maximum flexibility so as to ensure that organizations (private, public and social) can make the highest and best use of all resources and can adjust faster to changes in the environment. In the new world of work, the tasks are more cognitive, complex, fluid, uncertain, interconnected and invisible; workers are smart, differentiated, adaptable, responsible, relational and growing. As a result, working entails more empowerment, more interdependence, and a certain commitment and on-going learning.

These developments, as well as the advances in information technology, have led to the elimination of many of the traditional boundaries demarcated by specific work units, professional groups or

departments (through cross-functional teams), by traditional lines of authority (through employee involvement), and by traditional notions of competitors, partners, suppliers and customers (through new relationships like joint ventures, quality initiatives, and networking) [Davis 1995]. Achieving the requisite flexibility to remain competitive in a fast-changing world is predicated on having better educated workers with multiple (and evolving) skills that can be tapped into by means of variable contracts (short and long term), either directly with individuals, or with the teams and organizations of which they are a part. It must be recognized that this is a template that describes only a minority of private firms [Gordon 1996], but as a model for career development, even in the public sector, it has captured the way that workers have modified the very notion of *career* and their *attachment* to organizations.

To achieve the requisite level of flexibility, the nature of the psychological and employment contracts between employers and employees must change. In the past, *relational contracts* were negotiated or implicitly understood in the context of full careers with an organization; performance terms were not well-specified (high performance led to positions of great responsibility, adequate performance still resulted in a job for life) and were based on high commitment as well as strong integration and identification with the organization.

Today, it is more likely that *transactional contracts* are negotiated for shorter terms and with well-specified performance terms. Such contracts are based on low commitment and weak integration and identification [Rousseau and Wade-Benzoni 1995]. Organizations retain a small number of *core employees* with whom they develop relational contracts or long-term relationships, and a larger number of *peripheral employees* with whom the organization has limited transactional relationships. Charles Handy has sketched very nicely the contours of this "shamrock organization" [Handy 1989], which maintains continuity yet provides the requisite flexibility for adaptation. Indeed, to the extent that neither the transactional or relational models are appropriate, it will necessitate the development of "creative compartments" based on team work and clan-type relationships [Fairtlough 1994; Howard 1995: ch. 14].

The new forms of organizing lead to different psychological contracts which, in turn, create different incentives to learn. The longer the commitment of an organization to an employee's career, the more likely the employee will undertake learning aligned with the interests of the organization. Conversely, the more an organization employs a more precarious and short-termed workforce, the learning of individuals is bound to be less aligned to the needs of the organization -- useful learning may well occur on the part of many employees but, if not rewarded or nurtured properly, such knowledge will be appropriated by the individual and other organizations. Indeed, individuals in more precarious positions now realize that public sector organizations no longer provide the certainty of a life-long career. Even more than in the past, individuals must be the managers of their "protean careers", i.e., of the process which will bring them forward through varied experiences in education, training, and work in numerous organizations and occupational fields [Hall and Mirvis 1995].

For organizations that need to maintain flexibility, but not lose the insights and commitment of non-core employees, the solution may be to find ways to enrich transactional contracts. The goal would

be to entice employees to learn, which implies insinuating a quasi-relational component into the contracts. The difficult balancing act is to ensure an appropriate mix of employees, and the requisite mixes of psychological contracts and incentives to learn on the part of all employees. This may require developing alliances with a larger network of organizations that share common or overlapping values and interests.

It would be hard to imagine two cosmologies more different than the one that shaped the careers within the modern state developed since World War II in Canada, and the one that has evolved of late in the private sector workplace.

Leaders of the federal public service are in the midst of the difficult task of attempting to develop a bridge between these cosmologies. This is not a result of any envy of private sector models or belief that they provide inherently superior performance, but is due to the fact that the same forces that have shaped the new cosmology of work in the private sector have had an important impact on work in the public sector also. Federal public servants have already been faced with challenges to the governance system that called for a more distributed governance, and one characterized by a greater concern for efficiency and quality in the delivery of services to the citizenry. Indeed, federal public servants have already adopted some version of the private sector model as a career template in light of recent government decisions.

Whether this is emerging as a result of irreversible global forces, or because of the failure of successive governments and public service leaders in crafting an alternative or mixed cosmology that takes into account the old values and the new challenges, has not been finally resolved in the public discussions of the federal public service over the last few years. A summary review of the evolving strategies in good currency over the last decade or so may be helpful in determining if we are for the moment witnessing a slow and imperfect adjustment to new global governance rules, or only facing the result of missed opportunities to adapt the traditional cosmology to changing circumstances.

3. The Mulroney Era: Managerialism as Cosmology

The first signs that the federal career public service might be challenged occurred in August of 1978, when Pierre Trudeau returned from the G-7 meeting and announced a \$2 billion cut in government expenditures. This budget reduction was supposed to translate into a cut of some 5,000 public service jobs. Soon after, the short-lived Clark government froze hiring in 1979, but showed its commitment to the old cosmology by promising a permanent job to all those who had five years of continuous service in the government. This commitment was made in order to ensure that these employees would not be targeted by departments asked to reduce their number of person-years.

Not long after, the major recession of the early 1980s challenged every aspect of the old institutional order. The crisis in public finance deepened, and the exhausted Trudeau government seemed incapable of coming to grips with these new realities.

Nicole Morgan noted in a perceptive and prophetic monograph entitled *Nowhere to Go?* that there was a demographic imbalance in the professional categories of the federal public service, and some swelling in the median categories, largely due to hiring associated with the post-war baby-boom generation. These trends indicated that the federal public service might not be able to accommodate the legitimate aspirations of its middle managers and professionals as well as it had in the past [Morgan 1981]. It was into this environment that the Mulroney government came to power in 1984, with its bold plans to restructure the Canadian federation, government programs, and the federal public service.

The First Mandate: The Rhetoric of Radical Change

When the Mulroney government took power in 1984, federal public servants braced themselves for the worst. Not only had Brian Mulroney uttered his famous comment during the election campaign about issuing "pink slips and running shoes" to public servants, but his party clearly intended to take strong action on the federal deficit without raising taxes. This could only mean significant expenditure and job cuts. Moreover, fresh in the minds of every Progressive Conservative was the humiliating experience of the short-lived Clark government in 1979 and early 1980 [Simpson 1980]. Aside from bungling at the highest political levels, there was the lingering impression of an unresponsive public service that was overjoyed when the Liberals were returned to power as a majority government. The Mulroney government was determined to take charge of the policy agenda and the federal public service.

Where the public service was concerned, this determination became clear early on. First, the government created the new "chief of staff" position in ministerial offices. The role of these officials was to provide policy advice to ministers, and to complement the advice emanating from senior public servants. They were compensated at the same level as deputy ministers. Second, the government announced its intention in the 1985 Budget to reduce the size of the federal public service by 15,000 positions within three to five years -- a cut that seemed draconian at the time. Complementing this commitment was the creation of the Nielsen Task Force on Program Review in 1984, to explore how government might despatch its work more economically, efficiently, and effectively. Several multi-stakeholder task forces (including an equal number of private and public sector representatives) were to review the full range of government programs and make recommendations for change. Finally, in a high-profile manner, the Mulroney government sought the removal of Ed Clark, then Associate Secretary of the Treasury Board and a career public servant, due to his involvement in the design of the National Energy Program a few years earlier.

This sequence of events could not help but shake the confidence of career public servants and create a climate of insecurity and fear. Their integrity had been questioned and many of the programs they had designed and administered were at risk. The uncertainty persisted despite the

floundering of the Nielsen Task Force process and the goal of downsizing the public service. Poorly managed communications and much delay in reporting meant that the Nielsen Task Force failed to inform the early actions of the new government. Even its total impact proved negligible. Many of the critiques and recommendations put forward by the "amateurish outsiders" asked to examine the federal programs were often easy prey for "well-informed professionals on the inside" [Wilson 1988].

Indeed, it was partly in responding to the early ideas and recommendations of the Nielsen Task Force that the government developed increasing trust and a greater capacity to develop a working relationship with the public service. While the number of full-time indeterminate (permanent) employees did decline by some 15,000 between 1985 and 1990, this was handled largely through attrition and limiting intake of new employees into the public service. The number of full-time equivalent employees dropped by only 4,500 during this period and there was a significant increase in the number of term and part-time public employees as the Mulroney government launched new initiatives such as the Goods and Services Tax [Lee and Hobbs 1996].

Arguably, then, the federal public service emerged from the transition to a Progressive Conservative government in relatively good shape. Relatively few jobs had been lost and the government did not see fit to continue directly attacking the integrity of public servants. However, there was a palpable sense of malaise within the federal public service, a sense that irreversible changes had been set in motion. A pair of studies by David Zussman and Jak Jabes in 1986 and 1988 crystallized a sharp awareness of the problem for ministers and senior public servants. They probed the attitudes of managers in the federal public service and compared them with their alter egos in the private sector. The 1986 study contained two important findings. First, senior managers and middle managers revealed much greater disaffection and a less positive view of management practice in the public sector than in the private sector. Second, one could also observe a declining loyalty as one proceeded down the organizational structure. This latter phenomenon, that Zussman and Jabes called "*the vertical solitude syndrome*", suggested that "as one moves down the bureaucratic hierarchy, managers are less satisfied and less positive about managerial practices in their organization" (p.196); this was significantly more pronounced for public sector managers than for their private sector colleagues; [Zussman and Jabes 1989]. The 1988 study confirmed the results of 86.

The perception that merit was paramount in selection and promotion was quite low; moreover, it tended to diminish as one went down the ladder from EX 4-5, to EX 1-3 to SMs; merit, defined as "best qualified", took into account not only the nature of duties and functions but more subjective dimensions, such as compatibility with the environment and readiness or potential for growth and other status-related features.

These findings were widely reported and debated, and their message was powerful: if the very cadres responsible for conveying critical corporate values to the rest of the public service were so disillusioned, then what might be the views of the entire public service?

Zussman and Jabes were not alone in drawing attention to these new realities. In 1988, informed by the British experience with reform under the leadership of Prime Minister Thatcher and by an examination of private management principles, Timothy Plumptre published a book entitled *Beyond the Bottom Line: Management in Government*, in which he called for fundamental administrative reform of the federal public service. He argued that there was a need for significant productivity gains, and that these could not be achieved until the accountability relationships between central agencies and departments were overhauled.

Other factors fuelled the sense of malaise. The debates and initiatives in Canada about the future of governance and the public service occurred against the background of the Reagan revolution in the United States, where anti-government rhetoric was reaching a fevered pitch. At the same time, the enormously popular BBC series *Yes, Minister* was informed by, and fed into, an increasingly cynical view about the motivations of public servants and their political leaders. These elements, combined with a steadily increasing debt load and persistent deficits, raised questions about the effectiveness and resolve of the federal government and its public servants. Increasingly, the Canadian public service (or the federal bureaucracy) came to be seen by the public as part of the problem and not part of the solution.

Despite all these signals about the profound malaise in the federal public service, few significant changes were initiated by the Mulroney government. The new Canadian Centre for Management Development was established in order to better develop the values and knowledge of the management cadre, and to commission research in relevant areas. This was seemingly done to *re-affirm* the commitment of the Mulroney government to the values underpinning the career public service, and to initiate a top-down process of restoring morale. But beyond this, little was done to restructure the public service. During the late 1980s, the government wrestled with many overwhelming issues: the Meech Lake accord and the challenge of bringing Quebec fully back into Confederation, negotiating the Canada-U.S. Free Trade Agreement with the United States, and designing a tax reform package (reducing income tax rates and introducing the Goods and Services Tax). Public service issues were, in effect, relegated to the second mandate of the Mulroney government.

Most senior public servants did not actively advocate a restructuring of the public service during the first mandate of the Mulroney government. There were very few resignations in principle decrying the state of the federal public service, using exit to draw attention to the morale problem. Perhaps this silence was an appropriate reading of the political climate: there would be little public sympathy for the plight of federal public servants, the government would be unlikely to consider initiatives involving administrative plumbing until after the next election, and there was a possibility that the Liberals might be returned to power. All this created strong incentives not to clamour for the articulation of a new guiding cosmology.

The Second Mandate: Modification or Affirmation of Career Public Service?

When the Mulroney government was returned to power, the Prime Minister was persuaded to endorse an initiative to rethink how the public service operated, in light of the growing frustrations of employees, mounting budget pressures, and the increasingly hostile external environment in which public servants worked. The interesting trade-off was that, in exchange for the support of the Prime Minister, the initiative would be led by senior public servants who could propose reforms consistent with key traditions and values -- but if they failed, then political leaders would move forward with their own, perhaps less sensitive, plans.

The reforms proceeded under the rubric of two initiatives: the Public Service 2000 process and the creation of Special Operating Agencies.²

PS 2000 was announced by Prime Minister Mulroney in December 1989, and was intended to (1) clarify the accountability relationships in human resources management; (2) improve service to the public; and (3) design and implement human resource policies to enable institutions and employees to better meet the challenges of a changing world. Ten working groups, composed mainly of senior public servants, were established to examine issues like classification, remuneration, the executive group, service to the public, staff relations, staffing, human resource development, etc.

At the same time, Robert de Cotret, then President of the Treasury Board, announced the creation of five Special Operating Agencies (SOAs). A new administrative framework was developed for entities delivering well-defined services within departments, in order to provide additional flexibility in terms of managing financial and human resources within the federal public service.

Both initiatives, though announced separately, were predicated on similar precepts, and promised to have significant implications for the federal public service.

In December 1990, a White Paper -- informed by the work of the task forces -- was released by the Prime Minister's Office [Mulroney 1990]. Perhaps its most striking feature was the extent to which managerialism (the private sector cosmology described above) infused the analysis and the recommendations of the government and senior public servants alike. In addition to the long-advocated commitment to increased efficiency was a new focus on ensuring better quality service to more demanding citizens, and an emphasis on flexibility, speed, responsiveness, adaptation, and innovation. Several proposals -- such as single operating budgets, carry-overs, new classification systems at the managerial and staff levels, and more optionality in common services -- were clearly designed to increase flexibility for managers. Other proposals -- such as service standards, a focus on results, acknowledging the need for risk management, shifting resources from management to front-line workers, and more consultation with clients and citizens -- reflected greater concern about the effectiveness of programs. Finally, many proposals

² For more detail on both initiatives, see Tellier, 1990; Jabes and Paquet, 1994; Clark, 1994a; and Swimmer, Hicks and Milne, 1994.

-- such as increasing the resources expended on training and development, further developing functional communities within the public service, and improving communication by means of information technology and assorted councils -- were directed towards creating a new *esprit de corps* and modernized set of values.

It would have been logical to think that, along with espousing managerialist values, there would have been an accompanying shift in the traditional cosmology of a career public service. First, although the above proposals did advocate increasing use of 'appointments to level' as opposed to positions in the public service, and presaged greater use of redeployment of staff, the traditional cosmology of full careers in the public service was re-affirmed during and after the PS 2000 process. The White Paper and the First Annual Report of the Clerk contained strong restatements of the commitment to a "career public service" [Mulroney 1990:63; Tellier 1992:51] and to efforts to attract the best talent for those careers. Second, despite evincing earlier reservations and caveats about the meaning of a career public service, the PS 2000 Task Force on Staffing confirmed that employment in the public service was "largely predicated on the concept of a career public service" which was "essential to Canada's national well-being." However, for public servants seeking some indication from the government and public service leaders about the size and future role of the federal public service over the following decade or so, and the sort of arrangements that might guide the process of transition and the evolution of the new career patterns, the White Paper and accompanying reports were thin gruel indeed.

Even though significant accomplishments did flow from PS 2000, and many of the espoused ideas persist, the exercise quickly came to be viewed as a failure. In addition to failing to identify what the new precepts might mean to public servants in concrete terms, several developments served to undermine the credibility of the government's commitment to a public service reform predicated on PS 2000 values.

(1) An important goal of PS 2000 was to improve the morale of the public service and to encourage innovation. However, this sentiment was contradicted by the top-down nature of the PS 2000 process, which failed to engage middle managers and staff, and the Mulroney government's approach to compensation and collective bargaining. When negotiations with public sector unions reached a deadlock, with public sector compensation falling behind that of its private sector counterparts, the government froze salaries and suspended collective bargaining in the name of fiscal restraint.³ This precipitated a bitter strike by the Public Service Alliance of Canada in September 1991 and eventually required the government to legislate workers back to work. Tensions festered, and union leaders called on members to vote against the government in the next election, putting at risk the political impartiality and professionalism of public servants.

(2) Another important theme of PS 2000 was that public servants would increasingly have to take more risks, but that they would be empowered and supported by political leaders in doing so. But the rhetoric of empowerment foundered on the El-Mashat affair, which involved the

³ See Swimmer and Kinashuk [1992] for more details on the strike and surrounding negotiations.

scape-goating of senior public servants in order to avoid embarrassment to ministers [Sutherland 1991]. The complicity of senior public service leaders in this affair created shockwaves in the system. Public servants quickly understood that not only had the traditional moral contract between politicians and officials been torn apart, but a reliable, trusted substitute had yet to be put in its place.

(3) The SOA initiative never really gathered momentum even though several more were created during the early 1990s. The limited use of SOAs, which never embraced more than 3% of the public service, paled in comparison to the extensive use of executive agencies in the United Kingdom and of state-owned enterprises in New Zealand. Many middle managers in operating departments were keen to move forward with SOAs, but deputy ministers -- wary of the implications for their accountability, control and power -- were reluctant to proceed decisively with the new organizational form [Aucoin 1996]. Moreover, the government itself did not express strong interest in moving more operations into this mode.

(4) Following the PSAC strike, the government agreed to a significant enhancement of the terms of the Work Force Adjustment Directive in November 1991 which "provided de facto life-time job security to all indeterminate public servants and required that any permanent employee declared surplus be given a reasonable job offer in the same geographic area and generally at the same classification level" [Lee and Hobbs 1996:343]. It was seen in many quarters as an expensive way for a weak government to secure labour peace so that it could move to other issues and prepare for the next election. Though an affirmation of a career public service, the WFAD did not guarantee that public servants could retain particular positions, made it difficult for deputy ministers to meet budgetary pressures by removing staff, and greatly lessened the scope for recruiting younger public servants.

In short, the new cosmology proposed by PS 2000 was tested in many areas and found wanting. As Ian Clark noted, PS 2000 foundered because it did not anticipate the realities of fiscal restraint and did not venture views on what the public service might have to become in terms of size and form. The PS 2000 exercise did not delineate different resourcing scenarios, and did not analyze the implications for the future structure and size of the public service, as a whole or in part [Clark 1994a: 231]. It should be noted, too, that it is difficult to see how a more specific vision or set of futures for the public service could have been developed without the active engagement of the government, since offering predictions about the growth of programs and the career public service would have clear policy implications.

Both PS 2000 and the SOA experiment were the product of half-hearted efforts by a government with no grand design for the federal public service. With hindsight, we can see that the actions of the Mulroney government were relatively temperate. Change was guided by a cosmology of reform comprised of four elements: (1) senior public servants should design and implement reform; (2) modernization of the federal public service should proceed in an *evolutionary* way; (3) reform should emphasize adoption of new values and rely on selective statutory and institutional change; and (4) cost reductions should be secured through efficiency gains and compensation restraint. This approach stood in stark contrast to the reforms launched by the

governments of New Zealand and United Kingdom during the 1980s, which involved significant, rapid structural change and relied on direct ministerial engagement [Aucoin 1996].

4. Reconceiving Career Public Service Without a New Cosmology

It is ironic that the most radical reforms of the federal public service, though conceived under the direction of Prime Minister Mulroney, were not implemented under his government. It is even more ironic is that it fell to a Liberal government to design and implement the most draconian reforms to the federal public service. Our argument is that these reforms to the career public service are derivative: rather than based on a forward-looking view of what public service employment and careers should look like, these reforms were driven by emergent views on cabinet decision-making and the structure of ministerial portfolios, and by pressures to implement deep budgetary cuts.

The de Cotret Task Force and the June 1993 Restructuring

Uncharacteristically for a prime minister, Brian Mulroney gave a broad mandate to Robert René de Cotret in 1992 to lead a task force that would develop options for redesigning the structure and governance of the federal government. De Cotret's 'tiger team' (John Carson, Mickey Cohen, Gaétan Lussier, Jack Manion, and Gordon Osbaldeston) developed a blueprint, but we can only conjecture about its content since it was never made public.

Indirect testimonies suggest that the task force dealt with two major issues: the restructuring of the system of governance, and a redesigned accountability framework where central agencies would play a much reduced role. We believe, but cannot verify, that the report considered a major overhaul of the portfolio structure of ministers (i.e., fewer ministers and new mergers/clusterings of departments and agencies) and a much reduced role for central agencies. There is little evidence to suggest that the task force proposed a revamping of the notions of a career public service, save to the extent that, if the exercise was intended to design a smaller, more affordable public service, then there would have to be a transition phase to this world of fewer public employees and concomitant departure incentives.

Prime Minister Mulroney did not act on the de Cotret report, perhaps because he believed it best left for his successor to gain political credit for redefining the federal public service, and in order to allow such reform to be closely tied to the governing style of the incoming Prime Minister. Although we cannot be sure about what options set out in the de Cotret report that Prime Minister Kim Campbell accepted or rejected, she did announce on June 25th, 1993 a dramatic restructuring of the public service, which entailed the breaking apart and the consolidation of many departments and agencies (creating the new departments of Human Resources Development, Canadian Heritage, Agriculture and Agri-Food, Public Works and Government Services, Industry, and Foreign Affairs and Trade), a significantly smaller Cabinet (from 35 to 25 ministers), and a very modest reform of the central agencies (the Office of the Comptroller General was folded into the Treasury Board Secretariat and the Federal Provincial Relations Office was fully absorbed by the Privy Council Office).

The restructuring plan reduced the number of senior executives, and secured savings from department management teams and in the corporate services area in particular. But perhaps the most important feature of the June 1993 restructuring was the draconian manner in which the executive ranks in the restructured and reorganized departments were handled. It revealed the great vulnerability of the Executive Group: many senior executives, who had devoted decades of service to the federal government, were summarily removed from their posts and left without a job as a result of the consolidation of ministries. Notwithstanding the principles and processes that were supposed to guide central agencies and operating departments as they determined the fate of senior public servants, the trauma and insecurity that was experienced even by surviving executive colleagues was enormous. The changes were also disturbing to staff further down the chain of command.

The June 1993 events deepened considerably the existing malaise in the federal public service. Previously, all public servants had laboured under the values implicit in the previous cosmology: even if there continued to be successive cuts in budgets, compensation freezes, suspensions in collective bargaining, and increasing public disdain for public servants, they knew they could count on the government to uphold its commitment to a career public service. Indeed, recent developments had confirmed this faith: the Mulroney government, after its drive to reduce the size of the public service, had restored most positions (even if a large proportion were temporary as opposed to indeterminate); and second, the Mulroney government had put in place the Workforce Adjustment Directive, which established procedures and compensation firmly rooted in the notion of career public service.

That faith was shattered by the June 1993 restructuring, and the reality that even the most optimistic budget trajectories implied significant personnel reductions began to set in. The traditional cosmology underlying the moral contract was shown to be empty rhetoric.

Getting the Career Public Service Right: Does the Chrétien Government Have a Cosmology?

It is now commonplace to observe that despite its campaign rhetoric, in many policy domains the Liberal government led by Prime Minister Jean Chrétien has been more conservative than the previous Progressive Conservative government. The Liberal government promised to restore a sound working relationship between its ministers and the public service, and did remove the Chiefs of Staff position attached to ministers' offices, and dramatically reduced the budget for executive assistants. Likewise, the government either employed or sought the advice of advisors with considerable public service experience. On the other hand, the government announced downsizing plans for the core federal public service and moved forward with alternative delivery arrangements that would have never been countenanced by the public during the Mulroney era. While some observers have suggested some duplicity on the part of the Liberal government, many of these decisions were inevitable given the implications of previous budget announcements and the public intolerance of tax increases to deal with the deficit and debt problems.

A cursory examination of the second and third annual reports to the Prime Minister on the Public Service of Canada [Shortliffe 1994; Bourgon 1995] reveals a clear discontinuity in the operational cosmology of a career public service. In the Second Annual Report dated March 1994, while the term career public service is not used, there is clear reference to "commitment" by the Prime Minister to a "real partnership with the Public Service" and mention of "a loyal and professional body of public servants"(p.4). The Third Annual Report is revisionist. Its general tone suggests that a fundamental change occurred between the Summer of 1993 and the Summer of 1994. The series of discussion papers tabled by the Chrétien government in the Fall of 1994 confirmed that the Chrétien government had effected nothing less than a 180-degree turnaround vis-à-vis the perspectives expounded in the Red Book just one year earlier.

There were other indications of profound questioning of the traditional cosmology. In the Fall 1994, the Personnel Renewal Council (consisting of departmental representatives appointed by the Heads of Personnel) released a discussion paper entitled *The Way Ahead for the Public Service*, that concluded that a career public service is no longer "necessary or affordable", and that, in any case, "it is an unhealthy expectation" (p.5). Indeed, the paper recommended moving away from the concept of a career public service (p.17). In addition, the 1994-95 Annual Report of the Public Service Commission stated as a fact "that the implicit employment contract which guaranteed relative job security to employees has been abrogated" (p.13). On the other hand, the Public Service Commission re-affirmed traditional public service principles (i.e., political impartiality, merit-based appointments and promotions, hiring from within the public service, and support for career development). However, it should be noted that cynicism about the application of the merit principle has not evaporated. Recent reports in 1994 and 1995 would appear to suggest that in many quarters public servants believe that the merit principle is not respected or systematically applied [Slivinsky and Faulkner 1995].

Perhaps even more interesting was the shift in perspective of the former Clerk to Privy Council, Paul Tellier, who just a few years earlier had launched the Public Service 2000 exercise, arguably the best articulation of the managerialist cosmology. In a speech given to the Canadian Institute in February 1994, and later reprinted in the *Globe and Mail*, Tellier argued that public service reforms of the last few years were insufficiently bold and that it was time to re-engineer to reduce the size of the bureaucracy. Moreover, he concluded that no major downsizing or significant re-engineering process would be effective if implemented slowly and timidly [Tellier 1994]. Although the notion that the senior public service might proceed with such major restructuring without the active involvement of the government is naive [Clark 1994b], the proposed conversion to a new model of public service based on customer focus, ongoing program review, performance measurement, increased accountability, and empowered workers is noteworthy. However, what is notably lacking in Tellier's bolder vision is any articulation of what the associated framework for career public service would be, save to say that there would be fewer public servants to proceed with the implementation of his program.

It is worth noting that even Ian Clark, then Secretary to the Treasury Board, while not agreeing with Tellier about the prospects for bolder, unilateral action, nevertheless had expressed concern that the traditional basic bargain -- whereby public servants accepted less than private sector pay

in return for greater security of tenure -- was at risk [Clark 1994a]. He suggested that if the federal government could no longer provide full employment security, it had to be seen to be striving to maximize employment security -- which implied redeploying public servants to new jobs in the public service, along with an increased commitment to training -- and treating fairly those employees no longer needed by the public service. However, a key implication was that such a strategy would reduce the inflow of younger public servants, given that the public service was projected to become smaller. Clark also pointed out that many Canadians believed that federal public servants not only enjoyed more employment security but also higher salaries, and that a key challenge for the government and public sector unions would be to better balance compensation and security provisions for public servants.

By mid-1994, then, the notion of a career public service had explicitly come under attack by public service leaders and by opinion leaders. They came to the conclusion that a traditional career public service was unlikely to be an optimal system of human resources management when (1) grappling with the fiscal pressures that confronted the federal government; and (2) when the government and citizens were in search of a public service focussed on clients and results, with the attendant notions of speed, flexibility and innovation. Action began to follow the change in rhetoric.

The Chrétien government chose a more active and vigorous dejobbing strategy for the public service, even though the Civilian Reduction Program at the Department of National Defence had demonstrated that important reductions could be achieved within the framework of the Workforce Adjustment Directive.⁴ In February 1995, the Chrétien government announced expenditure reductions that would result in the federal public service losing approximately 45,000 positions over three years, and also announced the suspension of the Workforce Adjustment Directive and the Early Departure and Early Retirement incentive programs. About 12,000 of the positions to be eliminated came from uniformed military personnel and from crown corporations; another 6,000 or so from the transfer of Transport Canada staff to the new not-for-profit NavCan; and the other 27,000 positions were to come from the departments and agencies for which Treasury Board is the employer [Lee and Hobbs 1996].⁵ Despite the magnitude of the cuts, and the uncertainties generated by the administration of the Early Departure and Early Retirement incentive programs, one must acknowledge that the packages were generous by most standards (i.e. those in good currency in the private sector and in provincial governments). If one agrees with the proposition that the way in which organizations treat employees who are leaving is an important determinant of the morale and allegiance of the employees who stay, then the EDI and ERI must be seen in a positive light.

⁴ Some 29,000 positions were eliminated according to the Treasury Board Secretariat [Lee and Hobbs 1996:353].

⁵ Since this latter figure is approximately equal to the number of persons expected to leave the federal public service voluntarily over the next three years, this led Lee and Hobbs [1996] to question the necessity and cost of these workforce reduction policies. But aggregate figures cloud the differing circumstances of departments; the most important feature of the early retirement and early departure incentives is that they were designed to be used selectively by deputy ministers with very different management challenges and human resource transitions to oversee.

However, we cannot help but wonder if they were sufficient compensation for the uncertainty that has hung over the federal public service for close to a decade.

The organizational transformations initiated by the June 1993 restructuring and in several of the following budgets, were still unfolding in 1996 under the umbrella of Program Review and of the exploration of alternative delivery mechanisms for public service. And despite commitment by the Liberal government to an approach to public service reform in concert with the public service, the central blindspot may have been the incapacity of the Prime Minister and key cabinet colleagues to notice and to acknowledge the trauma experienced by the federal public service as a result of the June 1993 restructuring. The Chrétien government decreed the changes that had been made, suspended collective bargaining, and froze compensation. However, it was neither the workforce reductions nor the refusal to increase economic or merit pay that had the most destructive effect on the federal public servants' morale. Rather, it was the insensitivity of the Liberal government to the morale of the public service, its cognitive dissonance in the face of the trauma experienced by the federal public service, and its failure to actively champion the importance and virtue of public service careers. It is telling when the Annual Report on the Public Service has more to say about the virtues of information technology and Program Review than about the state of morale of public servants, or the likely nature of the evolving public service careers over the next decade and beyond.

Official versus Operating Cosmologies

If the former moral contract between the politicians and the public service has been abrogated by the Chrétien government, the question remains as to what will take its place. The cosmology implied from recent private sector experience, and by the more radical approaches to public sector reform in countries such as New Zealand -- which were succinctly described at the beginning of this chapter -- now constitutes the *theory-in-use* or operating cosmology of most senior executives and employees in the federal public service.

Senior executives who were not already fully aware of the declining opportunities inside the public service, or of the extent to which budget restraint would limit the length of careers, were brought into line by the June 1993 restructuring. And as the logic of these changes worked down its way through the public service, middle managers and staff have had no choice but to adopt a more mercenary and contingent view of career development.

Regardless of official pronouncements of the government and most senior officials in Ottawa, the private sector model of career development has become the operational cosmology. It guides career decisions, the extent of loyalty of the public servants to the government and the public, and the personal decisions to invest in learning for the foreseeable future by executives and staff alike. The official cosmology no longer resonates with most public servants, even though they continue to strongly believe in professionalism. Whatever espoused vision of career public service might emerge and be promulgated to take the place of the traditional cosmology must contend with these new circumstances and values.

5. The Competing *Official* Cosmologies of the Federal Public Service

The external forces noted above point toward a complex process of transformation of the Canadian governance system, including the possible devolution, decentralization and privatization of programs, but also toward the development of new partnerships and all sorts of joint ventures. This will lead to a smaller core federal public service and the growth of a para-public sector. However, it remains that existing institutional arrangements will shape the way that these forces will play themselves out and lead to the emergence of a new cosmology for the federal public service.

In any complex system, the governing cosmology is usually either an amalgam of or an armistice among the cosmologies of competing components of the system. Within the federal bureaucracy, it is possible to discern at least three more or less distinct views on the new cosmology and what it should look like. Not surprisingly, they reflect the institutional interests and perspectives of the three key central agencies concerned with different facets of human resource management: the Public Service Commission, the Treasury Board Secretariat, and the Privy Council Office. These competing cosmologies may not be fully articulated, but each central agency harbours different perspectives and serves as the repository of key value systems that would bring forth quite different cosmologies of the federal public service if they were to prevail.

The Public Service Commission Cosmology: Employability and Merit

The Public Service Commission has been the repository of three key values pertinent to career public service. The first has been an abiding commitment to the merit principle, and maintaining the integrity of the staffing regimes predicated on that principle. The second principle is to support the personal and career development of public servants, and to enrich the public service by means of exchanges with other governments and the private and nonprofit sectors. A final principle concerns ensuring that the federal public service is representative, to the extent possible, of the population it serves. In many ways, then, the Public Service Commission has been the keeper of the moral contract between the government and its public servants [Paquet 1991-92].

As noted earlier, the notion of career development was a key concept within the federal public service. Now, as job security evaporates, there has been increasing discussion of *employability* and competency-based hiring as an alternative or substitute for a commitment to job security and position-based hiring. This alternative vision has been advanced by the Public Service Commission and the Personnel Renewal Council. The concept of employability "requires the organization to stop offering security to its employees and to start offering them a vision and a sense of purpose that excites and attracts... to support with resources employee efforts to maintain an "employable" status as the needs of the marketplace evolve... to insist that their managers also support these efforts" [PSC Discussion Paper 30 May 1995]. In this model, the employer offers to help "to facilitate movement to other government and non-government organizations". Employability (also defined as *career-resilience* by Waterman et al 1994) remains a vague concept that may cover a whole range of arrangements -- from serious

commitment to maintaining and improving the human capital of employees to outplacement programs in disguise. This posture also may be interpreted as better aligning the expectations of individuals and the larger institution when it comes to learning.

However, it is not clear to what portion of the public-sector related workforce this commitment might apply and what psychological contract might be used to mobilize the commitment of the rest of the pack. Ruth Hubbard, the President of the federal Public Service Commission [*The Ottawa Citizen* May 14, 1995] "envision[s] a core of permanent and highly skilled knowledge workers, supported by a pool of short term employees who work in government for stints of several months or years and move on". A robust commitment to maintaining a high quality merit system and a commitment to the employability of core public servants would apply to only a fraction of the employees in the larger public sector. On the other hand, it might apply to a larger portion of the workforce if a softer commitment to maintaining employability might be negotiated with other employers. A "para-public service" could emerge from the cooperation of the federal government, other governments, and the private sector in the provision of public programs.

Some observers interpret the new commitment as a last ditch effort to salvage the notion of a career public service by redefining it more flexibly and more broadly.

The future of the Public Service Commission is at stake in the debates that will determine what direction the federal public service will take. As outsourcing and new forms of organization remove more public sector employees from the jurisdiction of the Public Service Commission, its relative power can only be eroded, unless a new rationale and new means can be found to extend its reach beyond the core public service [Paquet and Pigeon 1995].

The Treasury Board Cosmology: Efficient Government

The Treasury Board is often referred to as the *manager* of the federal public service. This reflects its corporate responsibilities for the expenditure budget, human resource management, (the Board acts as *employer* of behalf of the government and is thus responsible for collective bargaining and other labour-management matters), official languages and employment equity, financial and information management, and accountability and control. In the area of human resource management, Treasury Board authorities overlap with those of the Public Service Commission because the former negotiates or determines the overall wage envelope and regimes governing the extent to which economic and merit increases can be allocated. In addition, while the Treasury Board is not responsible for hiring or promotions (such appointments are clearly the domain of the Public Service Commission), it does have the authority to design and reform classification systems, often in consultation with public sector unions.

The Treasury Board and its secretariat are often viewed as the *enemies* of departments, since they negotiate agreements or design policies that are often of an across-the-board nature that may not recognize the unique needs of each department. However, it is acutely aware of the differing needs of departments and has often been the advocate of new policies that would generate more

flexibility and tailored regimes. For example, Treasury Board involvement in the Increased Ministerial Authority and Accountability agreements, in the design of a General Classification system that would allow for more flexibility in the deployment of staff by deputy ministers, and in getting departments more closely involved with collective bargaining, has revealed a certain sensitivity to local needs. But Treasury Board has not been willing to grant departments status as separate employers.

An argument advanced within the Treasury Board Secretariat against granting separate employer status to departments points to the negative impact it would have on the career federal public service. It would open up the possibility for compensation for the same work to differ across departments, and it might become more difficult for employees to move across departments over the course of a career.

The principles of economy and efficiency have always been centrally important to Treasury Board officials, but lately the relentless fiscal pressures have led to the revival of the older operational performance measurement system, or *make or buy* initiatives in the form of Program Review, alternative service delivery, business planning, quality service, performance measurement. These initiatives are predicated on the possibility of partitioning the public policy process into segments (policy formation, program design, service delivery, and evaluation) with a cascading effect ensuring that the process of delivery is in keeping with the politically-defined objectives.

What is most interesting about these initiatives is their focus on particular programs and the most efficient methods to achieve the highest quality service possible. These strategies take into account human resource issues and career management only to the extent that, by statute or law, some constraints exist on the human resources deployment process. Without the constraints of collective agreements and other explicit human resource policies, the logic of alternative delivery thinking would be to create a free market for human resources: the organizational entities would hire and deploy personnel at will, and the compensation and career trajectories of the staff would be linked to performance.

This vision of human resource management would lead to a core federal public service much smaller in scope than what is envisaged by the Public Service Commission. Treasury Board logic does not focus on making the best use of the *existing* workforce but, rather, on how to get the job of service delivery done most efficiently [Treasury Board 1995]. This may supposedly be achieved in part by training and development (internally), but mostly by the use of a wide range of arrangements (from privatization to commercialization and partnering) and based much more on free agents and entrepreneurial suppliers, or, at the very least, on joint ventures with partners willing to enter into flexible fixed-term contracts with employees who would not fall within the jurisdiction of the Public Service Commission.

The Privy Council Office Cosmology: Accountable Public Servants

Among other functions, the Privy Council Office has the responsibility for providing advice to the Prime Minister on senior personnel decisions (the assignment of deputy ministers and other senior appointments to agencies, boards and commissions) and on the machinery of government, (the design of the cabinet decision-making system, the overall shape of government and the assignment of responsibilities to ministers and departments). In addition, the Clerk of the Privy Council also carries the title of Head of the Public Service and, in this capacity, must report annually to the Prime Minister on the state of the federal public service. Finally, the overriding interest of the Privy Council Office derives from its mandate to serve the Cabinet and its committees, and is closely connected to the precepts of the Westminster style of responsible government.

The Westminster model of governance posits the linear accountability up the chain of command from working level officials to senior executives and then to the Minister and the Cabinet.⁶ A key principle is that, whether or not a minister had a direct hand in a policy or administrative outcome, the minister is at the very least *accountable* (i.e., accounts must be rendered) for the actions of public servants, or those under contract to an agency.

The logic of alternative delivery and quality service is at variance with the principles of responsible government. Alternative delivery models to the standard provision by the employees of the public sector, particularly partnerships and alliances, require that officials or agents are accountable to ministers but also to other partners: the precepts of the quality service movement emphasizes accountability to clients and citizens. This points to 360-degree accountability based on a multilogue among the stakeholders that stands in sharp opposition to the Westminster concept [Stone 1995; Paquet 1996].

Privy Council officials expect that alternative delivery decisions and broader public service reform will proceed according to the dictates of the Westminster model. Ministers and PCO officials may never endorse the wholesale adoption of a more radical program of alternative delivery mechanisms until they can be confident that the accountability system will be firmly maintained.

Maintaining the accountability system as a priority entails that the core public service will be larger than what might be envisioned by either the private sector models, the Treasury Board Secretariat, or the Public Service Commission. This is because of the fact that with more emphasis being placed on evaluation, audit and accountability systems, the government will not likely relinquish policy capabilities from departments and in central agencies, or allow them to further wither.

The March 7, 1996 report released by the Privy Council Office [PCO 1996] does not attempt to arbitrate among these different perspectives, but it contains some basic premises from which one

⁶ On these concepts, see the background study produced for the Lambert Commission (1979).

might be able to conjecture about the direction likely to emerge. The report points to the need for the federal public service to rank among the best in the world, and suggests that the government, public servants and presumably public sector unions might consider *joint resolution of workplace problems* as a plausible strategy. This may indicate that the Chrétien government may wish to follow the lead of the Quebec government, where joint ministerial and sectoral committees have been granted considerable latitude in rethinking work within the new fiscal constraints [Entente 15.2.95]. Such a participative approach, combined with the Public Service Commission's idea of proactively increasing the employability of public servants, might provide the basis for a new moral contract between the government and employees that would underpin the "new career public service" (see the chapter by Paquet and Pigeon in this volume).

With or without a well-articulated cosmology, a transition to a more self-reliant workforce in the federal public service is occurring. The question remains as to whether this will entail some moral commitment by the employer and of what type. This moral commitment will be significantly attenuated in comparison to what it was before. It is likely to lead to a looser notion of *public service as part of a life-long-learning career* that will stand half-way between the pure market model and the perpetuation of the old conceptions of a career public service.

6. Conclusion

It is not clear what impacts future economic and political developments will have on the nature of public service careers within the federal government (see chapter 17 by Lindquist and Rosell in this volume for alternative general scenarios) and the nature of the new cosmology remains therefore even more of an open question. But the Public Service Commission cosmology (considerable downsizing, a reduction in the size of the core public service, but considerable commitment to proactive relational moral contracts with a significant portion of the public service) would appear to be a workable middle-of-the road position between the Treasury Board and the Privy Council Office scenarios.

This median cosmology would call for a softening of the Westminster model, and the negotiation of a slightly modified accountability framework, but also for a greater reliance on moral contracts and negotiated conventions, because of the fact that "defining work responsibilities in a clear-cut manner has the advantage of letting everyone know what is expected of them. But it also lets them know what is not expected of them" [Morgan 1986].

Indeed, in order for the emergence of a renewed concept of accountability that is likely to satisfy the Privy Council Office and for the Treasury Board initiatives on alternative delivery mechanisms and other efficiency devices to work to their full potential, it would appear to us that the Public Service Commission cosmology must *already* have been put in place, allowing trust and new norms to develop.

Such a gradualist posture should not be viewed as a substitute for a clearly articulated new cosmology governing public sector employment at the federal level. In the new world of work, where workers have to be smart, responsible and creative, the terms, conditions and expectations attached to federal public service work must be defined by a few clear principles. Different forms of relational contracting may be helpful, but trust can only be fully developed when governments make public commitments that are tangible and consistent with the experience of employees and contractors.

In this new context, it will be necessary for the Public Service commission to accept a role that will prove to be different, more fundamental, and more difficult, for it may have to be accomplished with significantly reduced material and financial means. On the other hand, this new role of Auditor General for Human Resources may require a significantly heightened moral authority, for its main function would be to be the guardian of the quality of the relational contracts of the federal government with employees, but also with agencies inside or outside the public service, particularly in the areas of training and mobility of public and parapublic employees. As monitor of the moral contract between the federal government and its employees and para-employees, the Public Service Commission would have at the same time a more wide-ranging and a less operational role. It would not however be a less important role. Indeed, some might say that this refocused role could bring the Public Service Commission back to its roots as the agent charged by the House of Commons with managing the moral contract between the federal government and all its "employees".

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