PAR Public Administration Review

John D. Donahue
Harvard University

The Race: Can Collaboration Outrun Rivalry between American Business and Government?

Part III: Public Organizations of the Future

John D. Donahue teaches courses in management and business–government interaction at the Harvard Kennedy School. Recent books include *The Warping of Government Work* (2008) and *Collaborative Governance* (with Richard J. Zeckhauser, forthcoming). He is a founding instructor for the Kennedy School-Harvard Business School joint degree program and Faculty Chair of the Master in Public Policy program.
E-mail: jack_donahue@harvard.edu

Two trends carry opposite implications for the United States' ability to advance collective goals in 2020 and beyond. One trend involves cooperation between the public and private sectors; the other involves competition. The future shape of public service organizations hinges on the precise trajectories and relative tempos of these trends. So, to a fair degree, do the prospects for American commonwealth.

"Collaboration" carries a rather specific meaning here. The label for this trend refers to joint efforts by public and private actors, each wielding a degree of discretion, to advance a goal that is conventionally considered governmental. Collaboration so defined overlaps with many conceptions of public–private partnership, but the latter term has become hopelessly ambiguous, tagged to everything from a contract for hauling urban garbage to a compact for ending global poverty.

"Collaboration" carries a rather specific meaning here. The label for this trend refers to joint efforts by public and private actors, each wielding a degree of discretion, to advance a goal that is conventionally considered governmental.

The distinguishing feature of collaboration is its location on a spectrum mapping the distribution of discretion—a spectrum, that is, that traces which player in a relationship is in charge, and which is the agent. Collaboration defines the mid-range, and thus it is distinguishable (in principle, and usually in practice) from contractual outsourcing, in which government holds or is meant to hold most discretion, or from voluntarism, in which discretion rests with private actors. Collaboration is similarly distinct from undertakings such as the promotion of technological innovation, or economic development in general, which involve government and invoke eventual collective benefit but whose immediate goals are avowedly private.

No tailored statistical series tracks public–private collaboration, so it would be silly to brandish precise claims about its current scale or rate of growth. But there is a good deal of indirect and anecdotal evidence to suggest that collaboration is surging in absolute terms, and relative both to direct governmental action and to other forms of joint work with private actors. Multiple forces propel this growth. One is incremental improvements to various enablers of collaboration—from information and communications technology to social networks to sophisticated contracts—over the past several decades. Another is a gradual shift toward complex tasks that invite or demand private involvement. (Dredging a harbor—an emblematic public task in the nineteenth century—could be done by government on its own. Securing a harbor against terrorist attack cannot be done, efficiently and perhaps at all, without engaging port operators, ship owners, trans-shipment firms, and a range of other private organizations.) Still another driver is the relative enfeeblement of many governmental organizations, which motivates the search for alternatives.

Some regrettable examples of collaboration are attributable to the misguided application of the collaborative approach, some to ham-handed implementation, and some to a combination of misguidance and malfeasance. But the picture is improving, on balance.

Examples abound. Colleagues and I have studied specific cases, including the charter school movement, park conservancies, the post-9/11 port security regime, occupational training, and multiple aspects of the American health care system. The record presents many success stories and no shortage of failures. Some regrettable examples of collaboration are attributable to the misguided application of the collaborative approach, some to ham-handed implementation, and some to a combination of misguidance and malfeasance. But the picture is improving, on balance. We are getting better at structuring and managing cross-sectoral collaborations that are at once effective and accountable.

And none too soon. Because a more conventional organizational template for collective action—building public agencies and staffing them with public workers under the direction of governmental managers—is becoming ever more fragile, largely because of *competition* between business and government.

This rivalry is not, as some might suspect, over capital. The vertiginous rise in federal deficits in the aftermath of 2008's economic swoon has revived old anxieties about government hogging the capital and leaving private enterprise bereft of the wherewithal for investment. Washington did, to be sure, end up owning the means of producing at least some automobiles and mortgage loans. But it was clear even to the intervention's harshest critics that the George W. Bush and Barack Obama administrations were out to save capitalism, not starve it. The ownership role was assumed reluctantly and exercised delicately, with most of the owner's traditional prerogatives forsworn. Charges of "socialism" rang out for form's sake, but it was clear that the accusers' hearts weren't in it. Government's claim on the nation's financial and industrial capital has already receded from its twenty-first-century high-water mark as this is written, and by the time it is printed, the tide will have ebbed further. The globalization of markets, moreover, renders the relationship between public policy and private capital formation vastly more complex than the division of a fixed pool of investable funds.

Nor is the competition over legitimacy. There is simply no contest on this score. Relative trust in government ebbs and flows, climbing after the New Deal and World War II, dropping after Vietnam and Watergate, and surging fleetingly in the wake of 9/11. But amid the variations, the steady theme has been a wary attitude toward government and a preference for any remotely plausible private option. From time to time, political leaders, including both FDR and Barack Obama, have urged Americans to put up with aggressive public intervention as the least-bad response to an emergency or a systemic challenge (such as health care) too tangled for markets to solve on their own. But nobody has been able—indeed, no mainstream leaders have recently tried—to persuade Americans to *like* the idea of an expansive state.

The rivalry, rather, is for talent. And here the contest between business and government has become increasingly lopsided. Over the past 30 years or so, the middle-class economy of the mid-twentieth century has given way to a starkly polarized working world. The bottom has dropped out and the ceiling has blown off the private sector's pay distribution. Government, meanwhile, has made no major changes in its employment practices—and by *not* changing, it has distanced itself drastically from the rest of the economy. Both cabinet secretaries and their secretaries make middle-class salaries. Roughly 1.6 million Americans had incomes exceeding $250,000 in 2008, and vanishingly few of them worked in government.

Money isn't everything to anyone, of course. For a few people (passionately committed, or ascetic by nature, or born rich), it counts for next to nothing. But compensation matters enough, to a large enough share of the workforce, that pay and benefit differentials have been shrinking the share of top talent that flows into government work. As relative rewards for the most fortunate soar in the private sector, hundreds of thousands of able Americans work on insurance commissions rather than infantry commands, commodity trades rather than kindergarten teaching, or estimating profitability rather than evaluating programs. Factors that could counterbalance compensation gaps—the relative status of public and private work, astute recruitment, and efficient hiring practices—instead serve to amplify the private sector's advantage.

It looked briefly as if the crash of 2008 and its sequelae—popular revulsion against pay practices at bailed-out firms, regulatory constraints on upper-level compensation, widespread unemployment among erstwhile financial titans—would rectify government's handicaps in the competition for top talent. But the most likely outcome now appears to be only minor reversals of private compensation's exuberant extremes.

So the race between competition and collaboration will likely continue. The more the public sector's share of top talent dwindles, the greater the appeal of economizing on that scarce resource. Astute public leaders faced with challenging missions, knowing they wait in vain for enough high-quality reinforcements within government, can leverage their impact through collaboration with private actors. In case after case, we see public tasks that in other contexts—other nations, and earlier versions of America—would be done by public organizations handled instead by a small corps of governmental leaders adept at manipulating private motives.

If the race ends well, a common organizational form in 2020 will be a collaborative hybrid, with much of the actual operating capacity residing outside government. The ingenuity of public leaders and the civic-mindedness of a great many people in private organizations offer an antidote to some of American government's disabilities. It won't work for every task, of course, and even well-targeted collaborations will sometimes fail because of bad guesses, unchanneled avarice, or pure muddle. But collaboration promises to become a growingly important option within our organizational repertoire.

The tricky part, though, is that while collaboration can let government accomplish its missions with fewer public workers, those few must be exceptionally able. Orchestrating collaboration calls for analytical and managerial skills of the highest order. How will we bring this part of the race between rivalry and collaboration to a happy ending? I'm not sure just yet. Nor, I suspect, is anyone else. But we'll find some ways; we usually do.