Creating and Recognizing Public Value:

An Approach to Democratic Accountability and High Performance Government

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**Introduction**

Democratic societies have long sought ways to call governments to account for their performance. *Citizens* and *taxpayers*—those who authorize and pay for governmental action—want reassurance that the public authority and money they supply produces something of value, a collectively desired social outcome. Similarly, *clients* of government—those on the receiving end of government benefits, services, and obligations—want to be sure that they are treated helpfully, respectfully, and fairly in their individual encounters with government. Despite the urgency of this cause, efforts to construct a useful kind of accountability that could (1) mobilize legitimacy and support from citizens, taxpayers, and clients; (2) produce compelling objective evidence of results; and (3) animate government performance, and support continuous learning has been very slow to develop.

It is partly for this reason that government and those who believe in the critical importance of government in advancing social goals such as prosperity, sociability, and justice are handicapped when government is nominated as a solution to social problems. If government cannot be accountable for its performance, and if accountability is key to performance, then we cannot rely on government to achieve those social goals. In this way, the technical and managerial challenge of creating tough accountability systems casts a large shadow over much larger issues of political economy. Citizens may want government to help pursue a vision of a good and just society, but if that vision entails difficult actions, and government cannot show that it can reliably achieve those desired objectives, then strong philosophical arguments for government action fall to more practical considerations.

For the last several decades I have been working on the conceptualizing the structures, processes, and practices that can invigorate democracy on one hand, and assure high levels of government performance on the other. I have done so in part to prevent the problems associated with democratic accountability from biasing the important discussion of what government should do to promote prosperous, sociable, and just societies. But I have also done so to resist the importation of market principles of accountability into the worlds of public policy and government management . I am all for enhancing the democratic accountability of government; I am deeply suspicious of the idea that the best way to create a kind of accountability that can support high performing government is to import private sector concepts with little adaptation to the unique social institution character of democratic government as a social institution.

**Democracy and Efficient and Fair Government**

For the last hundred-odd years, liberal democratic societies have struggled to reconcile the hurly-burly of democratic politics with the more orderly process of efficient administration. The worry has been that these two processes were hopelessly at odds. Democratic politics threatened government efficiency not only because it was vulnerable to corruption and social biases, but also because it proved difficult to forge clear, coherent mandates for action that could be used to guide agencies, call them to account, and focus them on improvement. Efficient administration threatened democratic accountability because it put substantive experts in charge of defining at least the means and often the ends of government enterprises. There was no guarantee that their bureaucratic purposes would align with the values held by citizens and taxpayers. Indeed, there were many reasons to worry that they would, if given too much discretion and power, pursue their own material interests, or their own idiosyncratic ideas about the public good.

The solution to this dilemma, embraced everywhere and nowhere fully realized, was that democratic societies needed to make a clean distinction between policy on one hand, and administration on the other. Policy was the province of elected officials in legislative and executive branches of government and those they appointed to serve them. Elections conferred on them the social legitimacy to define the important values to be pursued by and reflected in the actions of government. Breathing life into the realization of these abstract values was left to substantive and administrative experts in executive branch agencies. The power of elected officials to oversee and guide the actions of the armies of public employees deployed to accomplish public purposes would ensure alignment between public aspirations and government action.

Thus, the task of government managers—presumably a combination of elected executives, politically appointed executives, and senior civil servants—became primarily the implementation of public policies and the administration of government agencies. The key challenge and skill required was to use administrative tools to build organizations that could be consistent, efficient and effective in the pursuit of well-defined goals established in agreements among elected and appointed officials in legislative, executive, and judicial branches of government.

**The Limits of the Wilsonian and Parliamentary Solutions**

The problem was that the institutional structures, collective decision-making processes, and individual practices of those operating with this governmental system failed to deliver the government performance we citizens and taxpayers wanted and needed. Many important reforms succeeded in preventing political patronage, and reducing fraud and abuse in government operations, but problems remained in creating a kind of accountability that that could ensure responsive, efficient, effective, fair, and just government operations. The problems lay on both the operational and political side.

*Operational Challenges: Individualization, Innovation, and Government Accountability*

On the operational side, the bureaucratic organizations that were built to ensure consistency and fairness in government operations found it very difficult to undertake the adaptive challenges that the last half of the 20th century presented. At a time when private sector organizations were going beyond the efficiencies of mass production and finding ways to customize products and services in many different dimensions that responded to distinct individual wants and needs, public organizations remained stuck in systems that focused on compliance with policies and procedures that ensured each case was treated like the next. The one-size-fits-all approach tended to produce frustrating, alienating, and ultimately ineffective encounters that contrasted quite badly with the “customer orientation” of private sector practices.

Simultaneously, new challenges emerged that required new solutions. Foreign policy could no longer be organized around the cold war, but required governments to define their interests in new, more particular contexts. Military policy was no longer a matter of fielding a military that could fight 2.5 conventional wars at any given time, but rather of fielding much smaller, flexible forces in more limited efforts in combination with improved intelligence and diplomacy. Unforeseen environmental and public health challenges emerged, requiring large, national, and international responses as well as thousands—even millions—of more particular local responses. The vast public school system that had been the pride of liberal democracies and the focus of its hopes for generating intergenerational equality found itself incapable of responding effectively to the variety of needs that existed in a modern society.

Facing these new conditions, and driven by citizen expectations for improved performance, government had to learn to innovate at both a faster pace, and at different levels in the society. Systems of accountability that focused less on the spotting and solving new problems and more on the reliable execution of policies and programs could not adapt easily to meet the demands for accountability on one hand, or facilitate the innovation and experimentation required to meet new challenges on the other.

*Political Challenges: Calling Publics Into Existence that Can Understand and Act on their Interests*

On the political side, there were equally grave problems. In order to be reliably responsive, efficient, effective, fair, and just in its operations, citizens and their elected representatives had to become articulate about the public values they would like to see realized by and reflected in government activities. Paraphrasing John Dewey, the challenge for democratic leadership was to “call into existence a public that could understand and act on its own interests.” There were many ways to do this. Democratic elections—ideally—allow the public to articulate its values and preferences by voting for the politicians that promise to represent and enact them. Transparency in government operations allows individuals who are dissatisfied with the performance of government not only to make individual claims against government, but also to raise the issue of whether their individual grievance is part of a larger problem. And that, too, is a process of calling a public into existence. These processes are all protected by individual rights to petition the government, to vote, and to assemble, and they create the broad framework within which individual concerns can become public.

But as democratic citizens have asked more from their government, it has become clear that the kind of democratic legitimacy that elections and transparency generate are not enough. Included within the scope of democratic accountability are the more complex, collective forms of accountability and decision-making commonly described as public policy-making that constitute the day to day work of much of government in the days between elections. This includes formal processes of legislation and regulation writing that depend on public hearings of various kinds, and a large number of more informal processes of consultation and citizen forums held to learn the views of those affected by policy choices or those with ideas about how problems could be solved. Increasingly, government relies on polls of citizens and surveys of clients to determine what purposes they would like to have government pursue, and what they have experienced in direct encounters with government action.

One way to think about this activity is that it is generated by the need to legitimize government activity. At best, elections provide guidance on only a small number of substantive or symbolic ideas. Modern government consists of huge numbers of decisions made every day in every domain of society. That action both stimulates and requires a thicker kind of democracy than we have relied on in the past. If government is going to be responsive, if it is going to innovate in response to emerging problems, if it is going to give due attention to the variety of individuals with whom it comes into contact as a service provider or an obligator, and if it is going to do this in many different spheres at many different levels, it has to develop and rely on many different methods to call a public into existence—not just elections. That, in turn, means that government managers have to become skilled in the arts of mobilizing democratic deliberation to help a collective become articulate about the values it wants to produce, as well as skilled in figuring out how to deploy resources to produce it.

**Public Problem Solving in a Three Sector World**

**T**he pressures on government to: 1) provide highly individualized encounters to those whose wants it has been authorized to satisfy, whose needs it has been asked to fulfill, whose rights it has been asked to vindicate, and whose duties it has been asked to insist upon; 2) to innovate rapidly in the face of emergent problems; and 3) to legitimate itself as a responsive, efficient, effective, and just instrument of the public will; have clearly pushed government leaders and managers to the limit. That has given renewed attention to the larger question of exactly how government as a social institution can best serve a democratic society and its shifting aspirations for economic prosperity, sociability, and justice.

For much of the last century, democratic societies made the assumption that once some social condition had been identified as an important public problem to be ameliorated or solved, that the best solution would be to hand the work over to the government. More recently, this view has come under sharp attack. One important part of that attack seeks to shrink the size and scope of government—to leave more of individual social life and social conditions to individual choices in the economic and civic spheres. But another part of the attack focused less on reducing the total amount of social influence exerted by the collective processes of politics and government, and more on *the particular ways that society used government assets and powers to advance collective purposes.* Citizens were still willing to tax and regulate themselves for important public purposes, but they focused more attention on how government could mobilize more private action to help achieve the collectively defined ends.

*From Government to Private Production of Public Goods and Desired Social Conditions*

This focused the attention of citizens and their representatives on innovating in the governance arrangements that divided up the financing, management, and evaluation of government-supported activities in new ways. These innovations in governance—an emphasis on social outcomes over bureaucratic procedures, increased reliance on private suppliers of public goods and services, the expansion of individual choices for government clients in shaping the benefits and obligations that came with residency or citizenship in a given country, the search for ways to leverage public dollars with private financial contributions—were ushered in through new public policies, and changed the way that society thought about the relationships among society, government, and public problems.

*Tools Government Uses to Achieve Social Outcomes*

Among the important consequences of this change was that it made it plain to citizens that government had a whole arsenal of tools to use in helping the society at large deal with social problems, not just the direct financing and production of public goods and services. Many of these tools had long been in use, but had moved to the shadows as the direct role of government in providing goods and services through government agencies expanded. But some – particularly those that used indirect supports to private actors to advance public purposes, or that combined formal authority with more informal nudes of private actors – seemed fresh and new in the modern context where government seemed to be struggling to deal with the conditions that citizens wanted it to improve.

For example, government could always raise money through taxes and spend that money directly on bureaucratic efforts to alter social conditions in desired directions. But it was also possible for government to use tax dollars to support grants and contracts to private producers of public goods and services. Government could even financially support vouchers that allowed individuals to make public expenditure decisions more tailored to their individual desires. And, if government did not want to spend money directly and visibly, it could nonetheless support private efforts to achieve public purposes by providing tax breaks and loan guarantees.

Government could also use its regulatory authority to guide private efforts towards public purposes. It could ensure sustainable economic development by protecting property rights and enforcing voluntary contracts. It could smooth the rough edges of market economies by preventing anti-competitive practices, guarding against consumer and investor fraud, assuring both safe and fair labor practices, and minimizing environmental degradation. It could establish and enforce laws against violence and theft to provide domestic security and tranquility. It could promote safety and health by setting health standards for restaurants, and speed limits for drivers, and so on.

Finally, if government is reluctant to use its legal authority, it can make use of its moral authority to encourage citizens to behave rightly even if there is no legal sanction for misconduct. Political leaders can use the bully pulpit to encourage citizens to avoid racial bias, embrace healthy diets and exercise regimes, and read to their children.

The characteristic of each of these modes of government action is that government works less through direct action than through efforts to mobilize other actors in society to engage in socially constructive rather than socially destructive activities. In this respect, the sharp distinction between the private and public sector becomes muddled. When the government provides financial assistance to private enterprises, it essentially buys private capacity to produce public goods and services. It becomes a public customer in the market for that good or service. When the government regulates private action, it constrains private actors from undertaking anti-social activities, or drafts private capacities for public purposes. It becomes a manager of private conduct. When the government uses its moral authority, it seeks to create quasi-voluntary commitments to social norms that can act to shape private conduct in the same way as laws can do.

*The Role of the Third Sector*

This view of society and government also brings into view the oft neglected third sector of society, which includes voluntary associations such as religious or cultural organizations; philanthropic activities including foundations, food pantries, volunteers to support elderly disabled individuals or abused spouses; and political groups such as policy advocacy organizations or even political parties. This sector can be seen as private in that the initiative and many of the resources to generate activity in this domain comes from private sources on a voluntary basis. But it is also public in the sense that its purposes are often public-spirited rather than self-interested, and in the sense that its activities are supported by government financial support, either directly through grants and contracts or indirectly through the provision of tax breaks.

There is a common view of this third sector as society’s response to “government failure.” This is a useful formulation, but it suggests that there is widespread agreement about the appropriate ends of government, and that it is therefore possible to talk objectively about a “failure” of government to provide a normatively required level of public goods and services. Given that individuals in liberal democratic societies carry on a continuing lively debate about the proper scope and size of government, it might be better to see the voluntary sector as one that emerges to fill in gaps that some individuals in democratic societies see between the proper ends of government and the current performance of government.

This of the voluntary sector mobilizes and deploys assets to solve problems that government has neglected, and that hold no interest for commercial private firms is very useful in thinking about social problem solving and government. But the voluntary sector also brings important influence to bear on the private/commercial and public/governmental sectors. Many voluntary sector organizations arise to demand accountability from both private and public sector organizations, putting pressure on them at least to comply with rules and policies established to accomplish public goals, and sometimes to go beyond legal requirements to enhance their social legitimacy. Voluntary sector initiatives also influence the broader public, drawing attention to social conditions and shaping the political processes that will motivate private civic and public governmental organizations to take action. Finally, voluntary sector organizations often experiment with new methods for dealing with both old and new social problems. These efforts produce social results by focusing and leveraging the work of the larger and more powerful producing organizations in the private and governmental sectors. In this respect, one might see the pressures created through the voluntary sector as a kind of hidden hand guiding collective social and governmental efforts.

The fact that government acts indirectly through private institutions—both commercial and charitable—to achieve social outcomes should not be all that surprising. Governments in liberal societies can never reach quite deeply enough into private life to directly control social conditions. And they never want to get too far away from the society at large and its emergent collective aspirations. Ideally, democratic government is always operating through private institutions, nudging them in the direction of improved individual and social outcomes. And it is always operating in response to citizen aspirations and desires. In fact, the closer one looks at any particular problem in society, the more obvious it becomes that all social problems are created and solved through combinations of private and public action rather than by each sector acting alone.

*Three-Sector Public Industries: Defense, Security, Economic Development, and Child Rearing*

To see this point, it is useful to take some examples of “social industries” or “social sectors” defined in terms of some particular social condition that can become the object of social or public concern. I will pick some examples that most everyone sees as largely public and show that there are important private elements at work, and others that most see as largely private and show that public elements are at work.

On the public side, it is natural to begin with national defense and domestic crime prevention. These industries appear to be almost purely public. Yet, it doesn’t take long to discover that they have critically important private elements. America gave up its public arsenals more than a century ago and now relies on for-profit companies to produce bombs, missiles, and machine guns to protect itself from foreign enemies. We have enlisted the assistance of private communication companies to help gather intelligence to protect us from terrorism. And we have given up the draft to recruit a “volunteer” army whose public spirit is aided by the provision of significant material benefits including training, health care, and retirement benefits.

To produce domestic security, we have established publicly financed and regulated police forces. But there are now many more private security guards than public police officers, and the society as a whole spends much more money on private security such as locks, dogs, and guns than it does on the public police force. Our laws give private individuals substantial rights to protect themselves and their property, and these powers are deployed both by individuals guarding themselves and their property, and by groups of citizens who agree to help the police patrol their neighborhoods. Indeed, it is easy to forget that we have had publicly supported police forces only since 1850, and that prior to that time, public security was provided by the frankpledge system, which obligated all male citizens to come to the defense of their neighbors when they raised a “hue and cry.” Private individuals, obliged by the state and strong social norms, provided all law enforcement. Thus, these sectors that appear entirely public are shot through with private actions and actors.

Consider next the social sectors that we perceive as intrinsically private—the commercial market on one hand, and the task of child rearing on the other. It is often said that the government should stay out of the market and let it operate on its own. But a little reflection suggests that powerful, reliable markets cannot operate without government to protect property rights and enforce contracts, or to develop and pay for infrastructure and basic research, or to set standards and provide information about economic conditions. Government also creates and shapes markets through its buying power, and holds many assets that have economic value whose price can be set by government. So the government both structures and operates within the economic processes we describe as a market.

Child rearing is another activity that most consider private (and strongly prefer to keep that way). But even here, the government shows up as a significant player. Every child must have a legal guardian. When parents divorce, the state steps in to assure that a responsible person retains custody of a child. And when parents are not available, the state assumes the responsibility. Parents have significant rights with respect to how they treat their children, but legal standards define the outer limits of parental misconduct and label acts outside those standards as child abuse and neglect. And if a parent persists in a pattern of abuse and neglect, the state will remove the child from the home. Every parent is also required to provide their children with an education, most often from publicly financed schools. In these respects, the private work of child-rearing becomes public work.

These observations confirm that the work of identifying and solving public problems is spread widely across the sectors of the society. The boundaries between the private and the public and among the market, the state, and the voluntary sector do not divide the work of society into tidy bits; rather, the boundaries are routinely trespassed when individuals and groups in society seek to define and solve social problems. Richard Neustadt once observed that while most of our civic textbooks described three branches of government as “separated institutions with separate powers,” the truth was that they were really “separated institutions sharing powers.” One could similarly say that the private commercial, private voluntary, and government sectors were not so much separate sectors of society each with distinctive functional roles, but distinct sectors of society sharing capacities to identify and deal with social problems.

**Towards a New Vision of Public Governance, Public Leadership, and Public Management**

These broad undercurrents affecting both the material conditions in society and the ways that we have thought about the organization of society, and the particular ways in which social problems could be identified and solved by democratic governments have left our ideas about government accountability and performance in disarray. The pressures on responsiveness and innovation have pushed initiative and decision-making lower and more toward the frontlines of public agencies. This, in turn, has led to the creation of new mechanisms of accountability and consultation to protect the legitimacy of government action. At the same time, the search for new and different ways of combining private, voluntary, and government capacities to deal with public problems has forced innovations in basic governance structures and processes: the particular means society relies on to finance, produce, and evaluate the results of collective efforts facilitated through government leadership and assets. Our picture of an orderly world of a government sharply distinguished from the private sector and operating outside society to fix some basic rules of the game in private life has given way to a world in which government is being used by societies to accomplish a wide variety of purposes using both direct and indirect means.

Increasingly, government managers find themselves engaged in complex negotiations and other forms of collaborative action to develop and deploy operational capacities drawn from different levels of government and from the private and voluntary sector to deal with problems that bureaucratic models of government cannot solve. To meet the challenges of the future, we need more widely distributed initiative and leadership, greater capacities to call different publics into existence to provide democratic guidance on particular public issues, innovative government structures and processes that can combine capacities from different sectors, and greater flexibility and individualization in providing the services and imposing the obligations that constitute much of the daily work of government. And all this has to be accomplished within a framework that continues to honor the principles of democratic governance, being rigorously accountable to the people it represents, serves, and regulates.

*Creating Public Value as the Goal of Democratic Governance and Government*

My work over the last few decades has been to develop a set of interlocking ideas and concepts that can shape the practices of trustworthy leadership and management in government in this new context. The idea begins with a rhetorical assertion: that the duty of every public manager—whether an elected executive, a politically appointed executive, or a career civil servant—is to create public value. Just as society looks to leaders and managers in the private sector to improve individual and collective life by producing private value (guided by market accountability), so society should look to government managers to produce public value (guided by democratic accountability.)

Obviously, this claim begs the question of what constitutes public value. And it is tempting to go right into a substantive discussion of that important question. But it has proven more useful to enter the discussion of what public leaders and managers can and should do not by talking specifically about the ends that government should pursue, but to focus more explicit, early attention on the particular assets that government deploys to produce whatever results ensue from its actions. The reason is that is the distinctive assets government deploys that create the special requirements for democratic accountability.

*The Distinctive Assets of Government: Tax Dollars, Public Authority, Moral Suasion*

Following Max Weber, we can define a state as a social institution that has a monopoly on the legitimate use of force within a geographically defined polity. Having some capacity to use force is essential for protection against external and internal threats. It is also important for settling disputes that arise within the society and protecting one private citizen from another. And so on.

But the state also has money to spend. Most of the money comes from taxes—in itself one of the most fundamental uses of the coercive power of the state. The state also raises money through fees of various kinds. And it owns property. But its principal source of revenue remains taxes.

The state also has the capacity to exercise some moral authority as the primary social institution that seeks to express the interests of the whole, to nominate conditions that require public action, and to convene citizens to define and discuss problems to be solved. But government does not have a monopoly on these functions. Indeed, a defining characteristic of democratic society that these public activities emerge from the initiatives of private individuals and groups, each with their own views of what public values should be pursued through the agency of democratic government.

It is a feature of life in a democratic society that these assets of government—authority, money raised through the use of authority, and moral authority earned through the process of democratic consultation belong to the *public as a whole*. The idea of the public as a whole is different from the simple summation of the values held by the particular individuals who constitute the public. The public as a whole that can provide democratic legitimacy and popular support for government action is the public that is assembled through the structures and processes of democratic government to authorize and guide government use of public regulatory authority and public dollars. In this view, government is of, by, and for the people—the people assembled as a collective body, not as a group of atomistic individuals. As noted above, democratic governments rely on many different methods for forming a collective “we” from the individual “I” to become articulate about the values they want to see achieved through the use of government assets—many of them quite imperfect, but all of them necessary to provide both democratic legitimacy and substantive guidance to government action.

*Public Value as a Practical and Principled Idea*

While it is true that the definition of public value depends critically on what publics decide they want government to do to create a good and just society and not on a well-defined, fixed set of purposes, the public discourse and deliberation about what government should do is carried out within particular philosophical frameworks defining either the ends of government, or the proper role of government. Two philosophical frameworks are constantly in play: a deontological framework that focuses on the important role of the state in securing justice—protecting individual rights (social, political and economic), fairly distributing and imposing public duties (social, economic, and political), and nudging individuals and collective institutions into right relationships with one another—and a utilitarian framework that focuses attention on the role of the state in producing individual and collective well-being—creating conditions for economic development and the efficient gratification of individual material desires, helping individuals earn incomes, create wealth, find food and shelter, prevent and treat illness, learn to read and write, etc.

Of course, there is a relationship between these ideas. Some ideas about justice include substantive rights to particular goods and services that are viewed as essential for human dignity such as food, water, shelter, the chance to make a living, care for the disabled, and so on. And many would view the degree to which they could count on living in a just society where individuals respected their rights as one of the most important contributors to their overall material welfare. But there is still a recognizable difference between the idea that the state should be primarily concerned about advancing a particular conception of social justice in both its goals and its actions and the idea that the state should try to produce the greatest good for the greatest number.

There is also a recognizable difference between the individual experience of the good and the just and the collective effort to produce the good and the just for individuals. At the individual level, in utilitarian terms, we are mostly concerned about satisfying individual material desires. At the collective level, a “we” shows up that has its own idea about what a good society would be like, and expresses that idea in public policies designed to achieve particular social outcomes. To make this clear with an example, we could evaluate publicly supported drug treatment either in terms of the satisfaction the program would deliver to drug users or in terms of the degree to which the treatment produced a set of effects valued by the society at large. While the drug user’s own sense of well being would have some bearing on the judgments of citizens and taxpayers regarding the public value of the program, they would also be keenly interested in the degree to which the program influenced the drug user to give up their drug use, stop committing crimes, obtain gainful employment, and take care of their families. Citizens and taxpayers can hope that the drug user shares these goals (at least in part). But the point remains that they will see value in a set of effects that occur independently (not regardless) of the drug user’s own judgment about his or her welfare.

Similarly, in the deontological world, we can also distinguish between effects observed at the individual level and at the social level. At the individual level, we can ask whether a particular individual was justly and fairly treated by the government, or by other private actors in the society. At the collective level, we can ask whether aggregate social, political, or economic conditions conform to particular concepts of justice. A democratic government has the responsibility both to act justly towards individuals, and to create aggregate conditions in society that correspond to a shared conception of a just society.

While one can categorize different kinds of philosophical claims made to legitimize government action in these different terms, it is hard—even impossible—to stack up the claims and integrate them in any orderly way. It is for this reason that democratic societies do not generally decide in advance on a fixed set of ends. Instead, they work within these broad philosophical traditions, create constitutions that define a small number of principles which the state cannot violate without extremely exacting procedural and substantive justification, and establish demanding procedural frameworks within which public deliberations about the use of government powers in discretionary areas can go forward. The issue of what constitutes the appropriate ends of a liberal, democratic government is never fully resolved and fixed as a matter of principle. It is provisionally constructed through the large and small processes of democratic consultation that draw from private social life, and create the political life of democratic societies. Great errors can be made in defining the ends of government as well as in defining the means. And there are some normative and practical ideas that can increase the likelihood that a democratic society will make good public policy decisions just as there are normative and practical ideas that can increase the chance that they can find responsive, efficient, effective, just, and fair means to achieve the desired objectives. And it is to advance the cause of reducing those errors in our real political life that I have been working to develop those normative and practical ideas about democratic governance and effective government management.

To establish a reminder that democratic governance and public management have purposes and ends to achieve as well as procedures to follow, I have suggested that we could think of the proper ends of a democratic government to be the creation of public value. The idea of value is meant to embrace both utilitarian ideas (the goal of action should be to produce valuable results) and deontological ideas (action should not violate important individually and collectively held values). It gives the enterprise a somewhat utilitarian focus: we are, in fact, concerned with the production of valuable consequences, but we understand that the consequences include violations of right relationships among individuals or institutions, and that those must be accounted for and recognized in judging the overall consequences of an action. That understanding of public value is consistent with both the practices we seek to inform, and the mood of the times. It leaves open the exact definition of what constitutes value, but insists that the discussion be carried out in normative philosophical terms in a democratic political context rather than in technical terms that obscure the normative basis of the discussion.

*Key Differences in the Substance and Processes of Public and Private Accountability*

While the concept of public value does not nail everything down, acceptance of this formulation as the appropriate end of government highlights some vital differences between the way that we think about the accountability of private, commercial producers on one hand, and the kind of accountability we should rely on to guide democratic governments on the other. Four key principles define these differences.

The first, most important, and hardest to grasp and accept is the idea that when democratic governments use their assets to produce valuable changes in the world, the proper arbiter of the value being produced is the body politic, not individual customers, beneficiaries, or “obligatees” of government. It is the public—imperfectly formed and imperfectly articulate about its ends—that, through the structures and processes of democratic governance, decides what particular values ought to be pursued by and reflected in government policies and operations. One can hope that these processes can work well to call a public into existence that can understand and act on its own interests —that they can help individuals embrace the perspective of a citizen thinking about what would be good for all; that they can effectively translate the different values, perspectives, and interests citizens express into collective aims that justify the use of government assets; that they can rationally and competently assess the facts of the situation and the likely consequences of different kinds of government interventions. But even if democratic political processes cannot reliably perform this heroic feat, we citizens have to honor the judgments that are made by the people and their elected representatives until we can find a way to improve their deliberations in procedural or substantive terms.

The second is that we have to recognize that the state routinely uses authority as an asset to pursue both the good and the just. As a practical matter, authority is can help create safe streets, ensure the health and safety of workers, guard against environmental degradation, and so on. In this respect, we can view authority and its use in utilitarian terms. We can also conclude that if we could find a way to achieve a particular public purpose using less authority and force, then doing so would increase “net” public value.

Beyond this utilitarian calculus, the fact that government uses authority in its work has a philosophical entailment that constitutes the third key principle. When government uses authority—either directly to require individuals to pursue public purposes or indirectly to raise money to support government action —the deontological normative framework for evaluating government action comes into play.The reason is that any use of authority by a democratic state has to be justified not only in terms of its practical utlity, but also be appeal to standards of justice and fairness that constrain both the ways in which government may act (it has to be fair), but also in the ends that it seeks (the ends have to be just as well as good). This means that democratic states always have to meet standards of justice and fairness as well as efficiency and effectiveness.

Finally, because government assets include the use of authority, because a democratic society attaches value to the way that authority is used as well as the outcomes achieved, because most of the desired outcomes do not generate a financial revenue earned through the sale of products and services to willing consumers, because the valued results produced by government and are hard to monetize, any effort to recognize the public value government produces will have to rely on concrete process and outcome measures rather than the financial measures that are so important and useful in the private sector. Of course, one can try to monetize the value of effects that government produces by imputing a willingness to pay for the observed results, or trying to capture the effect of government action in the vitality of local economies, or estimating the government dollars saved in the future by taking action now. But one pays a huge price in diverting attention from the question of what actually got produced (which we can evaluate directly just as consumers evaluate different attributes of a good or service). Efforts to monetize public value may obscure more than they reveal about the value of what government produces.

These principles and observations transform the context of accountability familiar to those who look to private sector models of accountability. The CEOs of private sector firms make strategic judgments about how to deploy the assets of their firm they lead, selecting the products and services they will produce and the markets in which they will compete. If customers choose to spend their hard-earned money to purchase these products and services, they vindicate the quality of those strategic judgments. Moreover, there is a presumption that the firm has created some social value in satisfying individual customers. That success will register very quickly, reliably, and objectively as revenues earned. Costs incurred in production measure the value of the assets used to produce the products and services. If revenues exceed costs, investors in the firm who are in a position to call CEOs to account will be satisfied with the firm’s performance and continue to entrust the existing managers with the discretion to define the ends and means of the organizations they lead. There may be some debate in stockholder meetings and Board discussions about whether profit performance is satisfactory, whether the firm is positioned well for the next several years, and whether it is living up to social responsibilities beyond making money, satisfying customers, and providing jobs. But the firm enjoys a straightforward mandate to provide financial returns to shareholders and investors and well-established financial measurement systems to track its performance in pursuing that purpose.

Contrast this with the situation public officials in executive positions of government agencies face. There, the official feels much more accountable to citizens, taxpayers, and their representatives than to those particular individuals whom the agency benefits or obliges. The values that citizens, taxpayers, and their representatives want to see achieved by and reflected in the actions of government are highly varied, to some degree unarticulated, and incommensurate. The public executive has a financial system that says how much government money he or she can spend, and how much he or she has spent so far, but there is no revenue stream earned by the sale of products and services that tells the manager what the value of the organization’s output really is. Compliance audits may determine whether the organization is following the policies and procedures that are thought to be the best practice in pursuing particular public purposes, but there is often precious little empirical evidence demonstrating that the recommended practices are indeed the best in keeping costs low and producing the desired results. There may be performance measurement systems that measure organizational outputs in terms of quantity and some aspects of quality, but often the outputs are not the intrinsically valued outcomes that government has been charged with achieving, and the relationship between the outputs and the socially desired outcomes is unknown. Despite this confusion and uncertainty, citizens, taxpayers, and representatives continue to pony up both money and liberty to accomplish some purpose they thought was worth taxing and regulating themselves to produce. This largesse is sustained by a story of public value creation—of individual needs to be satisfied, individual rights vindicated, desired social outcomes achieved, and some conception of justice in the society pursued. The key question is how to take the story of value creation and transform it into a set of measures that can create accountability for actually accomplishing the storied goals and objectives.

*The Work to Be Done in Creating a Public Structure of Accountability*

To convert this situation into the kind of accountability system that can (1) help citizens and taxpayers articulate and find measurements for the important values to achieved by and reflected in particular governmental enterprises; (2) reassure citizens, taxpayers, and the individuals whom government agencies serve and oblige that important social outcomes are being achieved and individual clients treated well and fairly; and (3) help government agencies learn how to perform better in the future against all relevant values will take both more and different kinds of managerial work than private sector executives must do. It is useful to break that important leadership and managerial work down into four different components.

First, public leaders and executives have to do the philosophical and analytical work of imagining and naming the important values that are or might be at stake in government actions. This usually begins with a description of the problem that government seeks to solve or ameliorate—the conditions in the world which, if they were changed, would represent an improvement in individual or collective welfare or justice. This is explicitly a normative, value-laden effort, and requires a moral imagination as well as good empirical judgment to do well. And it is in this initial step that many policy designs, and many efforts to evaluate government enterprises fail. The scheme that is developed to account for the (positively or negatively) valued consequences of government action is often too narrow or too biased to reliably capture the important values at stake. This leads to the frequent occurrence of unintended, and often unwanted, consequences. The urgency of the moment can narrow the range of values considered, or skew the weight to be given to each.

While it takes some moral imagination to construct a useful accounting framework for public value, that is not all the job requires. Public officials in executive branch agencies share the responsibility for imagining and weighing the net value of government actions with elected legislators, and with citizens, voters, and taxpayers. Thus, as a philosophical matter, they are duty bound to note the alignment between their views of the significance of particular dimensions of value and those of the citizens and their representatives, and to give deference to the views of the public. Fortunately, this moral duty aligns with a practical necessity; unless the values public officials use to construct an accountability scheme for an enterprise they lead align with political concerns, the accounting scheme will lack not only democratic legitimacy, but also practical impact. An accounting system that is not attached to political concerns is like a spotlight with no electricity running through it. It is only when political forces align with particular values that the values will make powerful behavioral claims on a government manager and organizations. This means that the philosophical work done by public leaders and managers has to be accompanied by political work that connects the scheme built from abstract moral concerns to the real animating concerns of citizens and their representatives.

Successful work at the philosophical and political levels can create an accounting scheme that has both democratic legitimacy and potentially a great deal of behavioral power in guiding the work of government agencies. But at this stage, the public value accounting scheme has only the names of important dimensions of value to be achieved by and reflected in government operations. Ideally, the names are close enough to empirical reality that one can make the connection between the concept and the reality relatively quickly and easily. But however concrete the language, giving the public value accounting scheme precision and power means developing operational definitions of the dimensions of value and developing the specific measurement tools that will establish the degree to which particular values are achieved in the world. This can be described as the technical challenge of developing a public value accounting scheme.

Finally, the public leaders and managers have muster not only the time, skill, and money required to do the philosophical, political, and technical work described above, but also the managerial skill required to introduce and use the new system accountability and performance measurement in an organization that is often quite unaccustomed to using performance measures for accountability. This involves making key decisions about the degree to which they will rely on process, output, client satisfaction, or outcome measures; how often and at what level of aggregation the measurements will be made; the particular ways in which the measures will be published and discussed in the organization; the way that they will be used in evaluating the performance of employees; how the managers will respond to indicators of poor performance; etc.

This may sound like a great deal of work, and so it is. The hope that doing this work might lead to improved democratic governance and improved government performance might seem utopian, and may well be. But my sense is that it is this particular vein that needs to be mined in searching for improved performance in government. It is here, in the strategic development and use of measurement systems that can capture the degree to which public officials are creating public value that much of the future of public management lies. We need the brains of managers, overseers, citizens, and taxpayers working through the basic questions of which values we would like to see achieved by and reflected in government operations. Practices that might be helpful in getting on with this urgent task are set out in the two books I have written on public value—*Creating Public Value: Strategic Management in Government* in 1995, and *Recognizing Public Value: Strategic Uses of Performance Measurement in Government* in 2014. I hope both those who assume the burden of public leadership, and who have the continuing responsibility to call such leaders to account will find the ideas valuable and useful.