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JOHNSTON, Donald James

Canadian politician and fourth Secretary-General of the Organisation for Economic Co-operation and Development (OECD) 1996-2006

By **Aynsley Kellow and Peter Carroll** · Version 23 May 2013

Was born 26 June 1936 in Ottawa, Canada. He is the son of Wilbur Austin Johnston, farmer and labourer, and Florence Jean Moffat Tucker. On 11 December 1965 he married Heather Bell Maclaren. They have four daughters.

Biography

Johnston was raised on a small farm in the Ottawa Valley, beginning his education in a traditional one-room schoolhouse. His mother, who was self-educated herself, spent long evenings teaching her children to read and write long before they were of school age. After his father had returned from the Second World War the family moved to Ottawa South so the children could attend a city school. In 1947 they moved to the Montreal area, where Johnston learned to play the piano. This became a lifelong addiction. The family life turned sour and one of the effects of his parents' divorce shortly after they had moved was the development of a sense of self-sufficiency. He added to paying his way through high school by taking care of some tennis courts in summer and became an enthusiastic tennis player himself. He first studied arts but then changed to law at McGill University in Montreal, sharing an apartment with singer Leonard Cohen. He won a fellowship that allowed him to travel to Africa with other students in the summer of 1957. In 1958 he graduated as a Gold Medalist (top student) from the Faculty of Law and won a scholarship for a year of advanced study in economics and political science at Grenoble, France. From 1961 Johnston practiced business and fiscal law in Montreal and between 1964 and 1977 taught fiscal law at McGill. He married Heather Maclaren, member of a prominent Halifax family whom he had met while dating her twin sister, in 1965.

In 1973 Johnston formed a legal partnership, Johnston, Heenan and Blaikie (now Heenan Blaikie), but then entered Parliament, winning a seat in the House of Commons in a 1978 by-election for the

Montreal seat of Westmount (now Saint-Henri-Westmount) as a Liberal Party candidate. Between 1980 and 1984 he served in the Cabinet of the Liberal Party government of Pierre Trudeau as President of the Treasury Board, Minister of State for Science and Technology and Minister of State for Economic and Regional Development. Upon Trudeau's retirement, Johnston contested the leadership but ran third in a field of seven behind John Turner and Jean Chrétien and became Minister of Justice and Attorney General in the short-lived Turner government in 1984. In opposition, Turner and Johnston split over the party's position on the so-called Meech Lake Accord, developed to address the issue of Quebec separatism (which Turner supported and Johnston opposed), and the Canada-United States Free Trade Agreement (which Turner opposed and Johnston supported). This rift proved irreconcilable. On 18 January 1988 Johnston resigned from the Liberal Party to sit as an 'independent liberal' and then retired at the election later that year. Once Turner resigned as leader, he returned to the Liberal Party, serving two terms as President of the Party between 1990 and 1994, presiding over its return to government at the 1993 election. Prime Minister Chrétien was then to nominate Johnston as Canada's candidate for the Secretary-General position at the Organisation for Economic Co-operation and Development (OECD), completing his *rapprochement* with the party, but also recognizing his credentials for the position: appropriate tertiary qualifications, a bilingual background, high-level government experience and a record including principled stands on issues such as trade liberalization.

Johnston was elected Secretary-General of the OECD in November 1994 but did not take up the position until 1 June 1996. He took over as Secretary-General at a time of transition for the organization, with a mandate to address a perceived lack of direction. He initiated a reform agenda designed to modernize and reposition the organization, an agenda that had been pushed strongly by the United States (US) since 1994. One of the themes of the William J. Clinton Administration in the US was a desire to revitalize the major international organizations created after 1945, including the OECD, after the collapse of the Soviet Union. At the 1994 Meeting of the Council at Ministerial Level US Secretary of State Warren Christopher had emphasized the need for the OECD to live within its means and to streamline its operations and decision-making processes. This agenda was reinforced by Republican Party success in the 1994 mid-term elections and the cuts to the State Department's budget that soon followed. It led to a major division between the bulk of the European and non-European members of the OECD regarding the future of incumbent Secretary-General Jean-Claude Paye. The French Government had proposed a third five-year term for Paye, a proposal not without precedent, but the US and other members from the Asia-Pacific felt that a change was needed. While France pushed for an extension of Paye's term, the US and Canada agreed to support the election of Johnston. After several months of acrimonious discussion a French-Canadian compromise saw the term of Paye extended until after the Ministerial Council Meeting in 1996, with Johnston to assume office in June of that year.

Johnston came to office at a time when several of the members, led by the US, the United Kingdom and Australia, were seeking to impose greater efficiency and fiscal rigour on the organization. The Meeting of the Council at Ministerial Level in 1995 pushed for reform and imposed a requirement to cut the budget by ten per cent over three years, which was to amount to a 20 per cent cut in real terms over the next decade. Johnston commenced the reform process by issuing a Note setting out what he saw as the major challenges facing the OECD and possible ways forward. An initial focus was on the internal workings of the organization, including the aim of streamlining the committee system, and financial and budgetary reforms to place greater emphasis on results. The thrust of these reforms was to result in member states taking an enhanced role in the process of setting priorities and allocating resources and in the introduction of practices such as results-based management systems and significant reductions in expenditures. The OECD Council, led by its reform-minded members, impressed on Johnston a mandate to reassess the strategic direction of the organization, prioritize its activities and modernize its management practices. The end of Communism after the fall of the Berlin Wall in 1989 meant that the OECD's (Western) Eurocentric focus as an 'economic North Atlantic Treaty Organization' was somewhat anachronistic. The

organization had been formed out of the Organisation for European Economic Cooperation, established to administer the Marshall Plan for post-war reconstruction in 1948, quite deliberately outside the United Nations system so as to exclude the Council for Mutual Economic Assistance or Comecon bloc, led by the Soviet Union. The economic emergence of China and India and other countries in the Asia-Pacific during the 1990s also decreased the relative global economic dominance of the OECD countries. The closer nature of the European Union (EU) after the formation of a single market made that arena relatively more important for the majority of OECD members, while the emergence of the North American Free Trade Agreement and then the Asia-Pacific Economic Cooperation created distractions for non-European members. While the adoption by member states of that set of reforms widely known collectively as New Public Management was patchy, the 'Anglosphere' in particular became increasingly conscious of a disconnect between the OECD advocating such reforms when all the while its own internal administrative processes fell some way short of the best practice it extolled. One of Johnston's initiatives was an engagement with the emergent agendas of sustainable development and corporate social responsibility. For this he established a High-Level Advisory Group to the Secretary-General. Stephan Schmidheiny, founder of what was to become the World Business Council for Sustainable Development, was co-chairman of this group. Schmidheiny had been in 1990 appointed chief adviser for business and industry to Canadian Maurice Strong, Secretary-General of the 1992 United Nations Conference on Environment and Development in Rio de Janeiro, Brazil. Another of the members was the Secretary-General of the International Chamber of Commerce, Maria Livanos-Cattaui. This initiative constituted a further, major departure from the original orientation of the OECD, which had previously been strongly oriented towards economic matters, often to the relative neglect of social and environmental factors, as its critics would argue. David Henderson, former Chief Economist of the OECD (1984-1992), subsequently criticized it heavily.

Johnston's tenure was to become increasingly controversial towards the end of his second term in office (he was reappointed in 2001), with an almost constant struggle between him and the bulk of the ambassadors of the member states who constituted the Council. Johnston thought that the OECD should be more like several other international organizations, where the Secretariat enjoyed greater autonomy in choosing its work programme and setting priorities, whereas the majority of ambassadors were intent on the organization continuing to be governed by its 'shareholders': the member states. Johnston was clearly often frustrated by the need to carry the Council with him whenever he wished to take on a new initiative. Both taking on new activities and jettisoning old ones was difficult because of the operative rule of 'mutual agreement', which meant that one negative vote would negate a motion. Member states can abstain under mutual agreement (and by this means not be bound by any decision), but not block any such decision. Provision for voluntary contributions also allowed initiatives to be pursued even if not supported by all, by allowing those supporting them to avoid opposition by those who did not see value in the activity. It could be argued, therefore, that Johnston's view did not appreciate sufficiently the importance of member control to the unique value of the OECD, which arguably assists with the adoption (and implementation) of even non-binding recommendations by ensuring 'ownership' and a close connection between the organization and its members. A sense of ownership is less likely where a Secretary-General had been a key player in developing a recommendation. A key to this connection with member states is the committee system, which sees around 40,000 officials attend nearly 3,000 meetings each year, or 15 to 20 per day. Nearly 600 staff at national delegations in Paris support delegates to committees. Former Deputy Secretary-General Pierre Vinde estimated that the meeting costs for the Secretariat equalled those of member states, confirming that the OECD could be regarded as a 'permanent multisectoral intergovernmental conference' (OECD CE(98)3: 5). Much of the OECD's success rests upon this close involvement with its members.

By Johnston's second term there was mounting frustration among some members with what was felt to be an inadequate pace of internal reform set by Johnston. The heads of delegations (the ambassadors) established an informal working party which produced four sets of unanimous

recommendations intended to improve the framework for decision making on the Programme of Work and Budget (PWB), implement a new process for approving the PWB, introduce new systems for the evaluation of the PWB and organizational structures, and enable more effective follow up on key issues. In a very real sense Johnson faced two often conflicting sets of pressures as regards reform: one from those wanting efficiency-related reforms, the other from those members wanting the OECD to initiate new areas of work or expand some of those already established. The latter reform pressures were far more congenial to him as they represented an opportunity for positive changes, rather than the constant, somewhat negative pressure for budget cuts and 'zero real growth' that he faced throughout his tenure. He was, for example, working closely with the Netherlands, Australia and a number of smaller members, which had been successful in rapidly expanding the OECD's work in relation to health care from 2001, enabling an expanding range of valuable, comparative studies of health policies and their outcomes. This work was maintained by his successor, former Mexican Finance Minister Angel Gurría.

While subject to criticism Johnston nevertheless drove reform, consolidating the structure of the Secretariat after taking office in 1996 by bringing support services under an Executive Directorate to improve functionality and reduce costs. Former Canadian Ambassador Jocelyn Bourgon estimated that by 2003 operating costs had been reduced 20 per cent through achieving efficiencies and outsourcing some functions. Johnston also established new organizational units, such as a Centre for Cooperation with Non-Members in 1997, with an eye to the future, and a Directorate for Public Affairs and Communications. The latter was a response to the negative reaction to the Multilateral Agreement on Investment (MAI) negotiation by a number of non-governmental organizations. The initiation of negotiations for a MAI within the OECD was the result of a deliberate selection of venue, with the EU preferring the smaller size and like-mindedness of the OECD to the newly established World Trade Organization. The OECD also had the advantage of low visibility, although this was to prove more of a hindrance than an aid, with the rapid emergence of a campaign in opposition, involving both Left and Right anti-globalization groups, that was notable for its extensive use of the Internet (perhaps the first significant Internet campaign). Much was made of the supposed secrecy of the negotiation, although it was announced in the *Communiqué* of the 1995 Ministerial Council Meeting and considerable lengths were taken to engage groups in consultations. The perceived closed nature of the OECD was used to highlight the dangers posed by the MAI, though in truth it had always been open for consultations with civil society and had attempted for at least a decade (with limited success) to secure engagement in its work processes by social and environmental groups. Under Johnston's leadership, however, it expanded considerably its engagement with civil society and with non-member states, particularly through the establishment of an annual OECD Forum.

Bourgon (2009: 6) has noted that the focus of reform under Johnston was on the organization's internal workings. Johnston's relationship with the more internal reform-oriented members towards the end of his second (and final) term in 2006 was somewhat strained, with several ambassadors reporting that he opposed many of their cherished reforms in what was essentially a struggle for the 'soul' of the OECD: was it to become an international organization where the Secretariat enjoyed greater autonomy, or was it to remain primarily an intergovernmental body? However, Johnston was appointed with a mandate for internal reform and should be given credit for commencing and substantially completing that process. He also deserves credit for driving the process that led ultimately to the agendas of 'Enlargement' and 'Enhanced Engagement' that began to bear fruit in the new millennium, as the OECD responded to the changing global realities. His time in office therefore saw substantial change in the OECD, especially as it adjusted to the tectonic shifts presented by the end of the Cold War and the emergence of Asia. He played an important hand, though by no means the sole one, in adapting the OECD to meet these shifts. His term as Secretary-General was not regarded wholly positively by those who had initially sponsored it, especially as the pace of change slackened and he came to be seen as a champion of the Secretariat rather than of reform.

Nevertheless, he did much to position the organization for the twenty-first century and provided a base for further reform under his successor. He was the first non-European to occupy the office.

After Johnston retired from office on 31 May 2006, at the age of 70, he returned to the law and received several honours. On 1 July 2008 he was appointed as an Officer of the Order of Canada, in recognition of both contributions to public service in Canada and to the OECD. The Government of Japan also awarded him the Grand Cordon of the Order of the Rising Sun in 2006, the highest decoration that can be bestowed on a non-Japanese citizen. He has been a director of several companies, including BCE Inc. He is a founding Director and Chairman of the Board of the International Risk Governance Council based in Geneva, Switzerland, and a founding member of the Parliament of Cultures in Turkey. He holds Honorary Doctorates from McGill University and King's College and the Economic University of Bratislava, Slovakia.

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