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Government:
The Final Verdict

By Sen. Charles E. Grassley



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By Senator Charles E. Grassley

This week we saw the unveiling of the President's National Performance Review (NPR), also referred to as the "reinventing government" initiative. I would like today to provide what I believe should be the Republican response.

In a phrase, we should be skeptical yet positive.

Let me elaborate on that. The purpose of the NPR is to bring about fundamental changes within the federal government. The purpose is to change the culture within the bureaucracy. And the purpose is to make government cost less and serve the people better. In other words, make government more effective.

Many believe the phrase "effective government" is an oxymoron. And history agrees with them. Perhaps those same people would be cynical about the chances of this or any other reform effort. They have seen such efforts come and go. The federal government simply does not have the credibility to reform itself.

Now, that may be true. But I should point out that the biggest obstacle to reform is cynicism. It could stop the most promising reforms dead in their tracks. Republicans, in my view, should not take a cynical view. As the Loyal Opposition, we are obligated to take a more constructive approach.

Rather, we should welcome and support the NPR, on four conditions:

- ✓ **that the Administration view this as the bare minimum reform effort and merely a first step, and that it be willing to do more;**
- ✓ **that the Administration—with the help of many of us in Congress—go all out against special interests and those power-brokers in Congress who are infatuated with the status quo;**
- ✓ **that the Administration agree to spending caps that reflect the targeted savings; and**
- ✓ **that the Administration agree to caps on the number of federal workers.**

These four conditions will determine if the Administration is serious about reform, or if this is merely "window dressing." If the Administration is serious, then Republicans are obliged to support the NPR and seek to expand its scope. If it's not serious, then we should take the mantle upon ourselves. Should we fail to do this, Republicans risk ceding a critical function of the Loyal Opposition to Ross Perot.

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There are good reasons to be skeptical about the NPR. The Administration, itself, invites skepticism, for the following reasons, among others:

First, “reinventing government” is the agenda of the reform-minded, not of a tax-and-spend Democrat. This Administration’s record, however, is of an “Old Democrat,” not of a “New Democrat.” Therefore, skepticism is justified for the moment. Seeing is believing.

Second, this Administration does not have a particularly stellar record for keeping its promises. The recent budget battle is a prime example. Will the Administration really see these reforms through?

Third, it does not have a stellar record for doing battle with the Congress, which, along with special interests, is public enemy number one on this issue. Will the Administration risk offending powerful committee chairmen in its own party by pushing the reform agenda?

Fourth, to achieve successful reform, this Administration would have to cause major changes within the institutions of their own constituencies—namely, federal employee unions and domestic programs. It would mean fewer federal workers.

And fifth, the budget that was just passed is a disincentive to reinventing government. That budget failed to cut spending and terminate programs. It also added new programs, with more coming down the pike. These programs will soon have their own bureaucracies. Today, they are seeds; tomorrow, a forest. If they can’t cut spending first, what makes us think they can reinvent government?

There are reasons to be skeptical not just about this Administration but also about this particular reform effort. Not the least of which is that so many previous efforts have failed. What makes this Administration think it will accomplish what no other has accomplished since the turn of the century?

The last great endeavor—the Grace Commission—was top-heavy with outsiders. This one is top-heavy with insiders, perhaps some of whom were responsible for the President’s much-ridiculed announcement in March that the war on waste could start by calling an 800 number.

I’m afraid that this reform group may have gone to the opposite extreme. Does the public really believe that the bureaucracy will reform itself out of many of its own jobs? Will reform be dramatic enough and up to the challenge if the insiders are doing the reforming?

Without the right mix of outsiders and insiders, reform might be doomed to fail. There are few, if any, corporate turnaround experts on the NPR task force whose insights into innovative structural reforms would be invaluable, and indeed necessary, for meaningful reform to take place.

I will soon speak about the shortcomings of a few of the specific NPR proposals. Suffice it to say that there are many reasons to be skeptical about the NPR. Yet we shouldn’t be so skeptical that it breeds cynicism. Rather, there are reasons for Republicans to be positive about the NPR.

Foremost is the fact that the NPR has opened up a hole on the flank of the bureaucracy. Suddenly, there is a new context created—a context for reform. Program decisions do not have to be considered in the context of the budget debate. Now comes the reform debate.

For instance, Vice President Gore himself voted against one or two of the reforms in the NPR when he was in the Senate. That was when it was out of the context of reform. Now, in the context of reinventing government, Gore supports them.

The same can be said of the base closure issue in general. Members of Congress long refused to close military bases. But in the context of the Base Closure Commission, scores of bases are now being closed.

So, the hole in the flank of the bureaucracy can be exploited, in my view. Opportunities abound for Republicans to offer choices and alternatives for the kind of fundamental reform that the American people want.

After all, reform of government is Republican turf. Democrats have been the great defenders of government. Their solutions are usually to expand government. But if it took Nixon to go to China, then perhaps it will take a Democrat to reform the government—with bipartisan help. Or at least to get the reform ball rolling. In this sense, it behooves Republicans to support this opportunity and then build upon it.

For these reasons, it is my view that Republicans should regard the NPR with a healthy skepticism, yet with sufficient positivity as to seize the opportunity.

Those whose first reaction would be either negative or cynical should first consider the opportunity at hand, and then work to try to expand on the Administration's efforts.

Before I critique the specifics of the NPR, let me review some of the standards, principles, and expectations that were discussed over the past six months by myself, my colleagues in the Senate, and by the President and the Vice President.

First of all, it is important to understand that the NPR is a reform effort first, not a budget exercise. The resulting budget and deficit reductions are important but secondary. They must be viewed as an enforcement mechanism for the reforms—the teeth, if you will.

In the NPR effort, the focus must be on the reform. Because, if we're not careful and we view this as a budget-cutting exercise only, these programs may be trimmed now, but the structural deficiencies that brought them about will grow right back again as soon as we look away. We need to perform corrective surgery so that what **we have now won't come back** again.

The most relevant place to start when discussing standards for reinventing government is with President Clinton's own words. On March 3 in the White House Rose Garden, the President said the following:

Our goal is to make the entire Federal Government both less expensive and more efficient. . . . We intend to redesign, to **reinvent**, to **reinvigorate** the entire National Government.

The President went on:

We'll challenge the basic assumptions of **every program**, asking does it work; does it provide quality service; does it **encourage innovation** and reward hard work? If the answer is no, or if there's a **better way** to do it or if there's something that the Federal Government is doing it should simply stop doing, we'll try to make the changes needed.

The key here is the President's intent to extend the scope of **this effort** to the entire government—not just those parts that are covered in this first NPR. It **would include** reforming programs, restructuring them, downsizing them, or outright eliminating them. Everything but the Constitution should be on the table.

For Republicans, this should be good news. It is a deal we cannot refuse. There certainly has never been a shortage of good ideas from Republicans and conservatives for reforming the bureaucracy and making government more cost-effective. The Heritage Foundation is a prime example—a veritable R&D lab for reform ideas. For starters, we should help inject some of that outside, corporate turnaround expertise that this NPR group lacks.

For reform to be done right, we need to ask what it is we want government to do, and what do we not want government to do. These questions imply fundamental reform—the kind of reform the American people want, but not the kind of reform the Establishment wants.

The NPR merely scratches the surface of these fundamental issues. Broadening the scope of reform will occur in another arena, which I will comment on presently.

Meanwhile, the specific programs contained in this NPR should be supported by Republicans. That is, of course, provided they comport with Republican principles and standards for achieving real reform, rather than cosmetic reform. And I would like now to review what these Republican principles might be.

I have compiled what I believe are the basic, fundamental principles for reform of government as viewed within the reinventing government context. As there are ten of them, I refer to these as The Ten Commandments for Reinventing Government. I would like to outline these so-called Commandments, and then contrast the NPR initiatives to them. This will give us the means to evaluate the Vice President's work.

1. All government activities shall be on the table for possible reform. The greater the scope of reform, the greater the benefits to the citizenry. Only the Constitution should be considered off the table. This implies a reorganization and streamlining of the structure of the federal government to make it more cost-effective.

2. Taxpayers shall get their money's worth. The government must learn the value of a dollar. The value of a dollar spent by the government must be equal to that of a dollar spent by the citizen.

3. Government shall spend no more than it takes in. Federal revenues have averaged approximately 19 percent of the gross domestic product (GDP). Spending equals 23.5 percent of GDP. Spending should therefore be cut to 19 percent of GDP.

4. Citizens shall participate in government decisions. The citizenry should be given a greater role in defining and evaluating federal programs. In this way, government would be more responsive to taxpayers-as-customers.

5. Government shall decentralize its decision-making. Government workers on the front lines of service delivery should have greater authority to make decisions affecting the quality of their work. This allows innovation and responsiveness to beneficiaries.

6. Government shall make greater use of competition. The federal work force constitutes a monopoly on federal service delivery. Entities other than the federal government should be allowed to compete. Decentralization without competition invites waste.

7. Government shall reform for effectiveness, not just efficiency. We should not settle for streamlining. Making a bad product cheaper still leaves a bad product. We must change what we do, as well as how we do it.

8. Incentives shall be realigned to respond to performance goals. As in the private sector, government workers must perform or perish. Mission-oriented performance goals are critical to reversing the present incentives structure. This is a prerequisite to civil service reform and greater management flexibility.

9. Reforms shall be real and implementable. Review proposals should not be merely a cloak that shields programs from reform. The critical questions for each program and policy are: Does it work? Does it provide quality at a low cost? Does it reward innovation? Measurable criteria should be used for evaluation.

10. Congress shall not stand in the way of reform. Reform requires a partnership. All too often, Congress aids and abets special interests to undermine effective reform. The Ten Commandments for Reinventing Government must apply to the Congress.

Now, let's look at a couple of the NPR initiatives, contrast them with these principles, and show how the evaluation would work.

Take, for instance, Commandment Seven: "Government shall reform for effectiveness, not just efficiency." Let's look at the proposed merger of the DEA into the FBI.

The proposed merger would certainly streamline the drug-fighting bureaucracy, and perhaps save money over the long term. In that sense, the reform would bring about efficiency.

However, in the process, merging the DEA into the FBI means that fewer drug cases will likely be brought. This is because the DEA is geared toward bringing such cases to court. The FBI, meanwhile, is geared not so much toward bringing criminal cases but rather toward collecting intelligence. The quantity of drug cases, and perhaps the deterrent effect, may suffer the consequences. If so, this would hardly be an effective reform. Efficient, yes. Effective, no.

Let's take a look at another example. Take the Fourth Commandment: "Citizens shall participate in government decisions." Let us then look at the proposed restructuring of the nation's air traffic control system. This reform would create a government-owned corporation, governed by a board that includes "customers." Yes, this reform allows the citizenry to participate in decision-making; however, what is so intriguing about the government owning the corporation? Haven't we learned a lesson from AMTRAK?

And here's a third example. The First Commandment: "All government activities shall be on the table for possible reform." In the case of maritime reform proposals put out by the NPR staff, this First Commandment may have been violated. The reform proposals were frustrated by opposition from Congress. And the reforms have now been put not on the table but on the shelf—for now. Let me describe what happened.

Last month, the NPR staff reviewed maritime subsidies and policies. This would include, for instance, the Cargo Preference program. They concluded that the maritime industry should be deregulated to put an end to the wasteful and economically harmful subsidies and policies that govern these programs. The reform would have saved the taxpayers \$2.3 billion per year. And, according to some estimates, it could have boosted the economy by some \$8 billion to \$10 billion per year. Clearly, this would be a reform for efficiency, effectiveness, and a reinvented government.

Yet, the staff proposal was leaked. The defenders of maritime largesse—in the form of powerful Members of Congress—then circled the wagons to protect the special interests. Critical reform has been averted.

The maritime proposal has been put on the shelf for now. A special commission will be established to review the situation. What does that tell you?

Despite these criticisms, there are markers on the horizon that signal hope for reform. And I'd like to enumerate these.

First of all, I just went through an election in Iowa. I won with 72 percent of the vote. But let me tell you—people are up in arms about their government. If we don't reinvent government, they'll reinvent us right out of office.

Second, this reform effort has the full backing of the President and the Vice President. And it has the hands-on attention of the Vice President. This is crucial. It means there is sufficient high-level political involvement that the opportunity for success is there.

Third, there is bipartisan support. Senator Roth of Delaware, Senator Cohen of Maine, myself—we are all co-sponsors of the reform legislation to reinvent government. And on Tuesday, the Republican leadership embraced the effort and vowed our support as a party.

And fourth, and perhaps the most important point, is the bill S. 101. To me, this is the key.

S. 101 is the bill that would establish a base closure-type commission to consider the NPR and other reforms. It has passed the Senate Governmental Affairs Committee, and will shortly come to the Senate floor. The significance of this bill is best understood when knowing that Congress is all but incapable of changing the status quo. I'll bet this comes as a surprise to you.

Congress is incapable of making tough decisions. It cannot muster the will to manage its own affairs effectively. A look at the federal balance sheet is all you need to know about Congress's management prowess.

That lack of will is the number-one cause of Congress's failures. If you can tackle that problem, you have a good chance at reform. Because in my view, Congress is the main obstacle to reform. Mainly, it's the powerful committee chairmen who protect special interests and resist change.

There was never a more typical problem for Congress than the base closure issue. Members of Congress could never be counted on to deal with that issue objectively. Each member protected his or her own base. To ensure its protection, each helped protect everyone else's base. And nary a base was closed.

Until, that is, the Base Closure Commission came along. Suddenly, bases have been closed left and right. Why? Because the decisions were placed in someone else's hands. There was sufficient political cover because, all of a sudden, the closure of bases was put into a new context—the context of the greater public interest, as we discussed earlier.

Members of Congress would still fight to save their bases. But the commission was perceived as a referee. Its decisions were viewed as more objective. Congress would have to vote yes or no for reform. They voted yes. The result? Scores of bases have closed their gates.

To me, this is a tested way to get Congress to do what it is not inclined to do because of the nature of the institution. It shouldn't be that way. But it's a fact of life, I'm sorry to say—sorry because I don't like to believe that Congress will not hold itself accountable or responsible.

So the effectiveness of the base closure approach gives us hope for some success in reinventing government.

Let me briefly describe how this bill would work, and then I'll conclude.

The commission in S. 101 would examine and make recommendations to reform the government and improve its performance. It would be made up of nine commissioners. Five would be appointed by the President. Four by the various leaders of Congress. The commission would last for eighteen months.

Its first order of business would be the NPR. The commission would take those changes in the NPR that it agrees with, package them up, and expedite their delivery to the Senate and House floors. The various committees could not tinker with the reforms in committee. They could hold hearings and devise amendments. But the amending would have to be on the floor, before the entire country. That's the key. And then, like base closure, it would be an all-or-nothing proposition.

After the agreed-to NPR reforms are disposed of, the remaining reforms would be considered. Following their disposition, the commission would then visit the broader reform agenda. This is the point at which wholesale reforms are possible. And that is why this bill is worthy of our support.

There's only one fly in the ointment—but it's a big fly. And it needs to be addressed right away if true reform is to occur. During its deliberations over this legislation, the Governmental Affairs Committee eliminated the commission's authority to outright eliminate programs. It can consolidate. But it cannot terminate.

There is much sentiment to put that authority back into the bill. The Administration is solidly behind restoring it. And the bill's sponsors will work hard to get it back in. Normally in Washington when you see that level of support you get favorable results. So there's a good chance we will succeed.

Obviously, restoring the authority to terminate programs is a key to reform. Whether or not that authority is put back in will say a lot about prospects for reform.

In hospitals, they hang a sign on the beds of some patients that says "DNR"—"DO NOT RESUSCITATE." And then they pull the plug. I'm not one who approves of such things for terminating human life. But government programs are a different story. Some of these programs have lived through two world wars. They're well beyond eligibility for Social Security. Someone needs to come along and drop a DNR sign on the bed post.

In my view, we need to work together to put that authority back into S. 101. That'll be the first real test of successful reform. And then we need to make sure that the commission is armed with corporate turnaround experts. The time frame for these recommendations would be within the next four to five weeks.

In conclusion, let me reiterate the need for a skeptical but positive approach toward these reforms. We must seize the opportunities. As Werner Erhard once said, "Ride the horse in the direction that it's going." What starts as marginal change today may become real reform tomorrow. Keep the faith.

