

Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. letter	Randolph West to Reed re: Reinvent Government (partial) (1 page)	3/9/93	P6/b(6), b(7)(F)

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Bruce Reed (Subject File)
OA/Box Number: 21206

FOLDER TITLE:

National Performance Review (NPR) [2]

rs57

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

- THE NPR -

~~A REVOLUTION IN GOVT~~

THE CAMPAIGN TO REINVENT GOVERNMENT

"The people demand and deserve an active government on their side. But they don't want a government that wastes money, a government that costs more and does less. They voted for change. They wanted a literal revolution in the way government operates, and now, you and I must deliver."

President Bill Clinton
Remarks to the Cabinet
February 10, 1993

A Revol. in Govt. 3 principles:
1) Customer friendly
2) Mgmt. revolution - layers of bureacr.
3) Revolution from within
~~Principles of Reinventing Govt~~

Our government needs fundamental change. Most Americans think their government takes more from them than it gives back, and lets special interests take from this country and give nothing back. And too often, they're right.

It is time for a revolution in Washington that will make government work for ordinary people again. The American people deserve a government that treats them like the customers and bosses they are -- by providing more choices, better services, and less bureaucracy. Before we ask ordinary Americans to do more, we must demonstrate that government can make due with less.

The federal government must finally do what so many of America's most successful companies have done over the past decade to prepare themselves for the global competition -- by eliminating unnecessary layers of management, putting more power in the hands of front-line workers, and finding out what their customers want. It's about time the government launched the same searing re-examination of its mission that businesses must go through every year just to survive.

The President's Campaign to Reinvent Government

It is not enough just to cut government. We need to rethink the whole way government works. We need to reexamine every dollar of the taxpayers' money that government spends, and every minute of time the government puts in on business.

The President's Campaign to Reinvent Government is designed to instill a new spirit of responsibility and innovation into every department. This revolution must come from within, for no one is more frustrated by the bureaucracy than the workers who are trapped in it, and who know better than anyone how to fix it.

This plan will challenge the basic assumptions of every program. It says to people in government: Don't be afraid to try new things that may work, and abandon old things that don't. Look for ways to empower people more and entitle them less. Above all, never forget the people we serve -- every penny we draw is their money, and this government only works when it belongs to them.

The National Performance Review

Too many Americans are working longer hours for less money than a decade ago, and have watched their taxes go up while government services went down. The hard-working people who've been paying the bill for government year in and year out have a right to know what they're getting.

For the next six months, experts from every federal agency will work under the Vice-President's direction on a national ^{review} audit of every government expenditure and program. The National Performance Review will enlist front-line federal workers and the general public in a nationwide search for ways not only to cut wasteful spending, but to improve services and make government work better.

The National Performance Review will challenge the basic assumptions of every federal program, by asking hard questions that are long overdue:

- * Does the program work?
- * Does it waste taxpayer dollars?
- * Does it provide quality customer service?
- * Does it encourage government innovation and reward hard work?
- * Finally, if the answer to those questions is no, can the program be fixed -- or do we not need it anymore?

→ The Texas Model

The National Performance Review is patterned after an innovative and highly successful program pioneered by Texas Governor Ann Richards and Comptroller John Sharp. Two years ago, facing a \$4.6 billion budget shortfall, the Legislature asked Sharp to conduct a sweeping review of every aspect of Texas state government. A team of 100 auditors from 16 state agencies worked around the clock for five months -- conducting hundreds of interviews with front-line workers and fielding thousands of calls from taxpayers -- and presented recommendations for savings of \$5.2 billion, half of which the Legislature adopted.

→ More details

→ 800 #

→ The Price Like a Waste

\$4.2

6270-248

- avoided raising taxes or

A second review this past year proposed recommendations on how to save \$4.5 billion more.

200?

The National Performance Review will put managers, auditors, and front-line employees from every Cabinet department to work on a blueprint for improving services and cutting waste. It will:

- * evaluate the efficiency of every federal department;
- * identify specific spending cuts in federal programs and services that don't work anymore, or no longer advance the mission they were intended to serve;
- * ask federal workers and the American people to make specific suggestions on how to improve services and cut bureaucratic waste, by calling an 800-number or writing the Vice President;
- * recommend ways to streamline the bureaucracy by eliminating unnecessary layers of management and reducing duplication of effort;
- * find ways to improve services by making government programs more responsive to the customers they serve; and
- * suggest changes that would reward performance, give managers more flexibility, and put more decision-making power in the hands of front-line workers.

The National Performance Review will begin immediately, and will report back to the President each week with specific recommendations. The Performance Review will submit a comprehensive report by Labor Day 1993.

*→ 800 #
→ War on Waste
→ Don't This is not another report.*

MEMORANDUM

To: Bruce Reed
From: Diane Lowe
Date: March 2, 1993
Re: Task Force

I. QUESTION PRESENTED

Whether volunteers will be able to serve on an interagency task force without triggering the Sunshine Act forcing meetings to be public.

II. BRIEF ANSWER

Yes. To accomplish this the volunteer should be hired as a special government employee. Volunteers can be appointed as special government employees to accomplish jobs which will not exceed 130 working days. Another option is to classify the volunteer as a consultant. A consultant can serve in that capacity for up to a year.

If appointments are to be for less than 130 working days, I recommend that you classify them solely as special government employees rather than as consultants for two reasons:

1) There is more red tape in hiring a consultant than a special government employee. The White House Office must certify that an individual meets the criteria of being a consultant and provide supporting documentation.

2) A consultant is more restricted in the role he plays in the task force. A consultant cannot perform nor supervise performance of operating functions whereas a special government employee who is not a consultant can.

REINVENTING GOVERNMENT EVENT
WEDNESDAY, MARCH 3

WHAT WE NEED

1. Statement for Clinton Alan Stone
2. Statement for Gore Marla Romash
3. Fact Sheet on Audit, 800-#'s Julia Moffitt
Bruce Reed
4. Background, Pres's War on Waste Moffitt/Reed/Walker
- mention what Cabinet has done
5. Congressional Calls Paul Weinstein/Reed
Susan Brophy

Senate: Glenn, Lieberman, Dorgan, Krueger, Kerrey,
Campbell, Pryor, Roth (clear thru John Mercer)
[** Diversity]

House: Gordon, Conyers, staffs of Dingell, Brooks, Rosty

Outsiders: Sharp, Osborne

6. Action Alert to Cabinet Christine Varney
7. Press Strategy Dreyer/Reed
 - USA Today on 800 #'s
 - Broder column
 - Background briefing, Tuesday?
8. FYI List of Egregious Examples of Waste
9. Ruling from Counsel on Outsiders
10. Decision memo to President?

*Glenn
Lieberman
Kerrey
Roth*

*Conyers
Gordon*

NATIONAL PERFORMANCE REVIEW

Patterned after a highly successful statewide audit by Comptroller John Sharp in Texas, the National Performance Review would be carried out by an internal team under the direction of the White House and OMB, and would enlist front-line federal workers and the general public in a high-profile search for ways not only to cut wasteful spending, but to improve services and make government work better. The team would be given a six-month deadline, and its recommendations would be presented to Congress for one or more up-or-down votes in the fall.

The Texas Model

Texas launched its Performance Review in 1991 to address a \$4.6 billion budget shortfall. John Sharp formed a team of 100 auditors from 16 state agencies to conduct a sweeping review of how the Texas state government does business. They set up a waste hotline for employees and taxpayers, held public hearings around the state, and interviewed hundreds of front-line workers. After five months, the Performance Review presented recommendations for savings of \$5.2 billion, half of which the Legislature adopted. A second review proposed recommendations last month on how to save another \$4.5 billion.

The Texas audit was based on a conscious inside-outside strategy: By making a lot of noise about government waste, the Review made it virtually impossible for the Legislature to vote against budget cuts -- and by enlisting public employees in the process, it built broad support for change from within.

A National Performance Review

At the national level, a Texas-style audit would look like this:

1. Each Cabinet Secretary would assign 5 to 10 people from his or her department to work with OMB career staff and the White House on an intensive six-month audit. The team should include front-line workers as well as managers, auditors, and CFOs.

2. The Review would be divided into 8-10 teams, organized along functional lines rather than by agency. One team would look at federal-state relations to recommend ways to limit unfunded mandates, streamline the waiver process, devolve federal responsibilities, etc. Others would examine service delivery, the

budget process, procurement, and so on.

3. The teams would look not only for wasteful spending, but for ways to eliminate unnecessary layers of management, reduce duplication of effort, treat taxpayers more like customers, and make government more responsive to the people. Each team would review existing analyses of government practices and past efforts at government reform, interview public sector managers and employees, and consult with management experts in the private and public sectors.

4. An 800-number would be established for public employees and taxpayers to call in tips on wasteful spending, and to recommend ways to improve government services. We could hold town hall meetings on the subject as well.

5. Over the next several weeks, we would work with Congress on legislation to seek broader reorganization authority, which would give the audit greater latitude to recommend sweeping changes. This legislation would not be crucial to the audit's success, but it is vital to our long-term efforts to reinvent government.

6. The Performance Review would have no more than 6 months to produce its recommendations. These recommendations would be submitted to Congress as soon as possible, either as a single package or in a series of up-or-down votes.

7. Any good ideas we find before the Labor Day deadline could be released early to be included in the economic package, as a way to maintain public pressure for spending restraint.

The audit should be part of a broader Campaign to Reinvent Government, which might include legislation enabling us to implement:

- * civil service reform;
- * performance-based budgeting; and
- * "government enterprise zones" that would waive the rules for managers at selected federal agencies.

Key Questions

Before we go public with this idea, we need to resolve a few basic questions:

1. Who's In Charge? Obviously, OMB will play a central role in this endeavor, both in conducting the audit and carrying out its recommendations. The audit must be part of our broader Reinventing Government efforts -- Phil Lader and I will present some more ideas along those lines next week. But there might be some advantage to making it a Presidential initiative, and turning it over to the Vice-President (who is undoubtedly interested in the subject) or someone like John Sharp (who would do a superb job, because he's done it before).

2. How Can We Involve Congress? Several members of Congress (Lieberman, Glenn, Roth, Kerrey, Krueger, Campbell, and others) have introduced legislation to create a commission that would serve the same purpose as our performance review. Phil Lader and others don't like the commission idea, because it sounds too much like business as usual. They're probably right. But we should still find a way (perhaps a review committee or President's Council) to help sympathetic members of Congress share in the credit.

KEY MEMBERS OF CONGRESS
Reinventing Government

Senate

Glenn

(introduced a Reinventing Government Commission bill)

Lieberman

(introduced another Commission bill)

Krueger

(introduced a Performance Review bill; set up waste hotline)

Kerrey

(co-sponsored Lieberman bill)

Campbell

(introduced still another Commission bill)

Dorgan

(chaired House Caucus on Govt Waste)

Pryor

(leading watchdog on consultants, RTC, etc.)

Roth

(introduced Reinventing Government Commission bill; sponsor of S.20, performance-based budgeting bill)

House

Conyers

(chairs Govt Ops Comm)

Gordon

(met frequently with White House staff on waste)

Lynn Woolsey

(freshman member of Govt Ops Comm)

Clinger

(ranking GOP on Govt Ops Comm)

MAR 1 1993

PRESIDENT OF THE UNITED STATES
NATIONAL PERFORMANCE REVIEW
3/3/93

As you know I have been on the road discussing with the American people our plan to create jobs and raise incomes and build a stronger and healthier economy.

It's been very exciting because most Americans believe we've taken a big step in the right direction, that we're focusing on the future and on bringing some discipline to Washington.

When I introduced our initiative I said that it was just the beginning, that we needed to and could do more to cut spending, and improve government.

And I said the government must take the lead, that we must not ask the American people to do more until we do more in Washington.

That is why I won't sign a tax increase without a spending cut, and why I cut funds at the White House and canceled federal pay raises and eliminated perks and froze salaries in place. I have asked the people who work closest to me to manage for change like every business in America has had to do to compete and win in the ~~last decade~~ ~~eighties~~, by cutting waste and reducing layers of middle management and by ~~upgrading our communications systems~~

Making better use of new technology.

~~But the White House and The Executive Branch are just the tip of the iceberg. Our entire government has become too large and too slow and too unresponsive.~~ ^{STET (2nd sentence)}

We must change the way government does business and make the taxpayer the valued customer and the boss again. Until that happens [^] until we change the bureaucracy [^] the changes that the American people voted for in November to move America forward and to meet all our many challenges cannot take place.

Today I am taking ^{what I hope will be} an historic step to reform the federal government.

I am announcing the formation of A National Performance Review. My goal is to make the entire federal government less expensive and more efficient and to change the culture of the bureaucracy from one of complacency and entitlement to one of initiative and empowerment.

We intend to redesign ^{and} or reinvent ^{and} ~~or at a minimum~~ reinvigorate the federal bureaucracy.

Working under the direction of the Vice President, for the next six months we will conduct ~~a national audit~~ of every single government agency and ~~expenditure~~ ^{an intensive national review} Service.

last decade
But we must do more.

We will enlist citizens and government workers and leaders from the private sector in a search not only for ways to cut wasteful spending, but to improve services and make government work better.

INSECT (A) from below

Making specific spending cuts is a priority, but so is ~~correcting~~ ~~the problems that awful management creates in the federal government.~~ The truth is we cannot achieve the savings we want simply by cutting funds. We must also use the remaining funds much more wisely.

making the system better for the people who work in gov and the people served by it

We will challenge the basic assumptions of every program. We will ask does the program work, does it provide quality customer service, does it encourage government innovation and reward hard work, and if the answer is no, is there a better way to do it, or ~~do we need to get rid of the program?~~ is it something the federal gov should no longer try to do?

Many programs began as federal programs for good reason - to serve a national purpose, or to give the states time to develop the institutional capacity to administer them. But times change, and in many cases state and local governments are now better suited to handle these programs. ~~It's time to think about shifting some of them to the states, or even to the private sector.~~

This Performance Review will not produce another report to ~~set up~~ too many reports a not enough action. That is why I am asking for a list of

The fed. gov simply ~~Washington~~ can't do everything - and there are many things the states and the private sector can do better. Anyone else

~~I am not asking for and will not accept a traditional report to set up a gathering dust in some warehouse. Wash has had enough.~~ I want an account, an audit, I want specific actions we can take now agency by agency, program by program.

~~If there are existing action plans we will begin by reading them.~~ We will ~~ask~~ federal employees for help. They know better than ~~we~~ how to do their jobs if someone will ask them and reward them for wanting to do their job better. just

We will ask the ~~public~~ ^{public} to help us improve services and cut bureaucratic waste, by calling an 800 number, or by writing the Vice President. ~~Because no one knows better than the more about how to improve with the gov~~ ^{deserves a bigger say in what the services gov provides}

We will look for ways to streamline our organizations and to cut out unnecessary layers and to improve services through better uses of technology and by giving managers more flexibility and front line workers more decision making powers. ^{hard work, and won't happen overnight,}

I want to emphasize that this is ~~a huge, multi-year undertaking,~~ because we have been along time getting into this spot.

But, we can continuously ^{today} improve the operations of this government starting ~~tomorrow~~ and we will, and we will report to the American people every step of the way.

MOVE TO (A) above

~~I also want to stress that this will not be another large task force that hires new people. Senior managers and auditors from~~ I will ask every member of my Cabinet to assign their best people to this project - managers, auditors, and front-line workers as well.

~~each agency will be assigned to this task, but no new funds will be spent and no new paper work required.~~

~~I want it to be clear that~~ Vice President Gore and I think the Performance Review is absolutely necessary because we simply have too much to do that a wasteful and mismanaged government will not be able to do:

Texas
Insert

We must cut and invest at the same time, which has never been tried before;

We have more to do in terms of the costs of problems like health care and the challenges of an intensely competitive global economy, and we have to do it with less than we've had in a long time;

We must do something about the largest deficit in our history, or it will literally rob us of our ability to solve problems or thrive economically or invest in our future;

And most importantly, the American people deserve ^{a govt that is} ~~the most~~ honest and efficient and fair, ~~government possible, and they are not getting it.~~ ^{end for too long that's not what they've been getting.}

For most Americans a college loan or a Social Security check represents a common border with the best ideals and goals of their country. We all count to some extent on the government to protect the environment and to provide education and health care and other basic human needs.

But Democracy becomes an empty phrase if those who are elected to serve cannot meet the needs of the people except with government that costs too much or is too slow or is too arrogant.

Finally, let me stress this ^{Perf. Review} ~~audit~~ is not ~~political~~ about politics.

Programs passed by both Democratic Presidents and Republican Presidents and supported by bipartisan majorities are being undermined by an inefficient and outdated bureaucracy, and by our huge debts. We want to make improving the way government does business a permanent part of how government does business, regardless of which party is in power.

It isn't written anywhere that government can't be thrifty or entrepreneurial or flexible. Increasingly most government - state and local government - is, and it is time the federal government followed the example set by so many huge private sector bureaucracies that downsized and streamlined and became more customer friendly and more profitable as a result.

It is time government adjusted to the real world and tightened its belt and managed its affairs in the context of an economy that is information based and rapidly changing and that puts a premium on speed and function, and not rules and regulation.

Americans voted for change.

They want better schools and health care and better roads for the same tax dollar, and refuse to believe it can't be done. They may not know how to do it, but they are willing to try new ways. ~~With this proposal we are proving that so do we.~~

We owe it to them to prove

BRUCE -
THIS IS MY BEST
SHOT AT
INSTITUTIONALIZING
TRCQ - # Migration
design!
IT is being
SUPPORTED BY
THE NAS/NAE
LEADERSHIP. MAY
WE DISCUSS
Bob Knisem

Bob Knisem
USFO
633-0150
2/14
FBI
MA

The Management Forum
of the National Academy of Sciences
and the National Academy of Engineering

Introduction

The success of public and private institutions in America and around the world is a matter of increasing concern to our citizens and to our elected and appointed officials. The design, creation, structuring, management, and performance of our approaches to large, complex problems are increasingly subjects of scientific inquiry and of new technology, both hard and soft.

It is in the interest of the Federal government to improve the management of organized human activity worldwide, itself included. It is therefore within the mission of the National Academies to create a focus within the National Research Council for the collection, development, and dissemination of information concerning the success and failure of organizations, large and small, so as to advise the Federal Government.

The proposed Management Forum will provide this focus, and house as well more directed efforts, such as advising on the downsizing of the Department of Defense.

The Federal goal: improve the response to large, complex problems worldwide

In the United States and elsewhere, management theory and practice are changing the performance of governmental, corporate, and eleemosynary organizations. In government, interest in improving the management of federal and state government has never been greater. In the corporate world, international competitiveness is recognized as being in large part dependent upon management innovation. The third sector administers an increasing share of government-funded programs; efficiency and effectiveness concerns are ever-present here as well.

Foreign governments and international organizations have the same concerns: for example, the countries of the former Soviet Union must create from their old, large, ineffective organizations, new public and private institutions -- large and small -- that can keep their societies together. Governments from New Zealand to Great Britain are reinventing their organizations and processes. The United Nations will need to be as efficient and as effective as possible in an era of increasing responsibilities and decreasing resources.

The Academies' goal: advise the Federal government on appropriate actions to improve the management of organized activity through better application of theory, dissemination of practice, and infusion of technology

The Management Forum will use twin approaches. The first is theory -- informed by practice. The Forum will sponsor and disseminate advances in information technology and the systems sciences, including computer simulation and systems dynamics modeling as applied to public and private organizations. Areas of interest will include new technologies such as distributed interactive simulation and the opportunities presented by telecommunications.

The second approach will be the dissemination of successful practice -- informed by theory. This will include public management issues such as program design and performance measurement through bench marking, project monitoring, and program evaluation. Knowledge gained about downsizing, the quality revolution, and process re-engineering will be shared among public and private organizations, both nationally and internationally.

Management Forum structure and operations

The Management Forum will be structured around discipline-based, problem-oriented committees, and roundtables, forums, lectures, and networking for activities not requiring consensus. Both will be informed by participants from academic institutions (e.g., policy and business schools) and private sector organizations (e.g., the Council for an Effective Government). The Forum will sponsor individually authored works as appropriate, to include popularizations, and may provide fellowship support to individuals.

The Forum will actively foster dissemination and collaboration through all electronic means, as well as meetings, conferences, and other events.

The Forum will be placed initially under the Commission on Behavioral and Social Sciences and Education (CBASSE) and the Commission on Engineering and Technical Systems (CETS), with a goal of becoming a freestanding unit (parallel to the Transportation Research Board) in two to three years, upon review by the Governing Board.

Oversight for the Management Forum will be provided by the Governing Board, the management of CBASSE and CETS, and the Forum's own board. The Forum Board will consist of the following *ex officio* officials: the Comptroller General, the Director of the Office of Technology Assessment, the Deputy Director for Management of the Office of Management and Budget, and the White House Science Advisor. Board members will also be appointed from the academic community, from such schools as the JFK School, the LBJ School, Wharton, and the Yale School of Management.

Private sector involvement in the Forum Board would include representatives from such organizations as the Council for Excellence in Government, the Chamber of Commerce, and the AFL/CIO. Other government and third sector leadership would come from the League of Cities/Council of Mayors, the National Governors Association, and major foundations. The Board would function through an Executive Committee.

Startup funding of \$25m will be required for the first five years (1994 - 1998). Other project and program funding will be sought as well. Staffing of perhaps sixteen is anticipated.

The Forum will be headed by an Executive Director, assisted by two Associate Directors (assigned responsibility for theory and practice) and an Assistant Executive Director for dissemination and collaboration. Staff will be assigned to support subcategories and activities within theory and practice, as noted above.

The Management Forum will actively seek out detailees from Federal (and other) government agencies, and provide a fellowship program to support extended studies.

September 24, 1993
Washington, D.C.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

cc: DPC Prog.
Staff

THE DIRECTOR

SEP 14 1993

Honorable Robert C. Byrd
Chairman
Committee on Appropriations
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

One of the goals of the National Performance Review is to reduce the size of the civilian, non-postal workforce by 12 percent by FY 1999. This will bring the Federal workforce below two million employees for the first time since 1967. This reduction in the workforce will total 252,000 positions, 152,000 over and above the 100,000 positions proposed for elimination in the FY 1994 Budget. On September 11th, the President issued a memorandum for heads of departments and agencies to implement this additional reduction.

We need your help in achieving these reductions in the Federal workforce. In order to achieve the President's goal, it is essential that provisions mandating personnel floors -- or otherwise conditioning Executive Branch management of personnel positions -- be removed from FY 1994 appropriations bills and from report language.

In earlier letters providing the Administration's views on appropriations bills, we have stated the Administration's objections to such provisions. Examples of provisions that would present obstacles to achieving the President's goals for reduction of the Federal workforce, and which the Administration urges be removed from the pending FY 1994 appropriations bills, include the following:

- o Section 712 of H.R. 2493, the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill, as passed by the House and by the Senate, sets minimum full-time equivalent (FTE) floors for the Food and Drug Administration, Farmers Home Administration, Agriculture Stabilization and Conservation Service, Rural Electrification Administration, and Soil Conservation Service.
- o It is our understanding that a provision was approved by the Senate Labor/HHS/Education Subcommittee that would establish statutory personnel floors for all of the agencies receiving funding through that bill. This provision alone would remove approximately 157,000 FTEs from consideration in reducing the Federal workforce.

- o An administrative provision of H.R. 2520, the Interior and Related Agencies Appropriations Bill, as passed by the House and reported by the Senate Committee, would prohibit the establishment of personnel ceilings on the Indian Health Service (IHS) or reduction of the full-time equivalent level of the IHS by reduction in force, hiring freeze, or any other means.
- o Section 109 of the Senate version of H.R. 2403, the Treasury, Postal Service, and Related Agencies Appropriations Bill, would permit the Secretary of the Treasury to exempt certain groups of employees employed in drug control, law enforcement, trade facilitation, and services to the public from reductions imposed by executive order.
- o The Senate version of H.R. 2403 would establish a personnel floor for the Office of National Drug Control Policy.

The examples cited above, along with other provisions that affect the Federal workforce, represent a total of 350,000 workyears, or 16.7 percent of the total civilian workforce, that would be protected -- inappropriately -- from implementation of the President's Executive Order and the National Performance Review recommendation. Fully one-third of the non-DOD civilian workforce would be exempted from reductions, thereby placing an unfair burden on the remaining non-DOD positions.

These provisions violate the intent of the National Performance Review and the President's Executive Order. Therefore, we ask that all FTE restrictions be deleted from pending appropriations bills. I cannot emphasize enough the strong concerns the Administration has with respect to these provisions.

We would appreciate your consideration of the Administration's views in this matter.

Sincerely,



Leon E. Panetta
Director

Identical Letters Sent to Honorable Robert C. Byrd,
Honorable Mark O. Hatfield, Honorable William H. Natcher,
and Honorable Joseph M. McDade

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

ROUTE SLIP

TO <u>Bruce Reed</u>	Take necessary action	<input type="checkbox"/>
	Approval or signature	<input type="checkbox"/>
	Comment	<input type="checkbox"/>
	Prepare reply	<input type="checkbox"/>
	Discuss with me	<input type="checkbox"/>
	For your information	<input type="checkbox"/>
	See remarks below	<input type="checkbox"/>
FROM <u>Pelle Scowhill</u>	DATE	<u>8-17</u>

REMARKS

As promised -

File
NPR

EXECUTIVE OFFICE OF THE PRESIDENT

16-Aug-1993 10:54am

TO: (See Below)
FROM: Isabel Sawhill
Office of Mgmt and Budget, HRVL
SUBJECT: NPR Comments

Most of these comments are based on the Osborne draft, and are somewhat general in nature. I will do a separate list of more specific issues for my Departments.

1. There is much to commend in the current draft. It suggests a willingness to fundamentally restructure the way the Federal government operates and will resonate well with the public, given its anti-government mood. New kinds of flexibility in personnel, procurement, regulatory review, and budgeting are, in many cases, needed. And many programs should be terminated, reformed, or consolidated. The problem, as I see it, is that there is a disconnect between the rhetoric and the recommendations. The recommendations will not produce the sweeping changes called for; nor are they, for the most part, the kinds of recommendations that would flow logically from a careful analysis of the problem.

2. So what is the problem? According to the Introduction to the report, the problem is mainly ineffective programs. Specifically mentioned are the savings and loan debacle, the health care crisis, a noncompetitive labor force, welfare, food stamp, and housing programs that have not ended poverty, and a drug war that hasn't eliminated drugs. In other words, there is not just a budget deficit but also a performance deficit. Programs don't appear to work.

3. The solution, according to the report, is to fix the bureaucracy. Specifically, we need to empower government employees, get rid of rules and centralized control, introduce competition, and get rid of obsolete or ineffective programs. Whether the first three will contribute to the last is not at all clear. After correctly criticizing the Federal government for worrying too much about process and not enough about results, the report ends up being mostly about changing such processes as budgeting, personnel, financial management, regulatory review, and procurement. Hardly a word is said about policy choices and very little about the political process. Will a decentralized bureaucracy be more or less likely to make the best policy choices? Given the strength of the traditional iron triangles

(between Departments, interest groups, and congressional committees), it is not at all clear to me that decentralization would produce a greater willingness to terminate or reform ineffective programs. Indeed, I believe the report fails to make a fundamental distinction -- between efficiency (how things are done) and effectiveness (what is done). Hard-working government employees empowered to efficiently subsidize mohair or take care of Veterans in high-cost/low quality facilities is not what we should be striving for. On the policy front, the recommendations are extremely uneven, covering everything from a complete restructuring of the employment and training system to marketing data bases to the private sector or ending the honey subsidy. If they were all listed in one place, they would underwhelm. They should be considered as interesting examples of things that could be done to make government work a little better -- not as a full menu of recommended actions, strategically chosen by a President of the United States. (Interestingly, the report reads like an independent commission report in which recommendations are directed AT the President or the Administration or the Congress so it's not clear what level of blessing this has and maybe that's appropriate at this stage.) In short, what we have is an eloquent report built on a pretty shaky foundation.

4. The report appears to assume that agency heads, and their subordinates, would be held accountable for performance. I believe much could be accomplished by moving in this direction. At issue are who picks the objectives, how do we measure performance in achieving them, and who are the President's watch dogs in this process? OMB could play an important role in a new, more performance-conscious government. It could insure that the objectives being pursued were consistent with Presidential policy. It could make sure that the performance measures were the best possible (more on this below). And it could make sure that Departments were adequately evaluated against these objectives and measures. The report seems to have some sympathy with this view but it needs to be strengthened. Too frequently in the report, OMB, along with other centralized agencies, is the villain of the piece. Since other people are presumably focusing on the OMB-specific recommendations, I will say little about them, but the recommendation to cut the central control structures in half, and to do so quickly so that their incumbents won't have time to "resist the cultural change" (Chapt. 1, p. 35) is a real slap in the face of the new leadership at OMB who are very much in the process of reinventing what we do and how we do it via OMB 2000. I assume there wasn't much, if any, opportunity for the NPR folks to see or react to our new thinking, but it would be a travesty to not have it reflected in the report.

5. Performance measures are critical. If you can't establish and measure outcomes, then all you are left with is process, or some intermediary outputs that someone believes make a difference but may not. For example, for many years, we believed that spending for education would cause children to learn more. After several decades in which spending went up and test results went down, we

are finally learning that this connection is complicated at best. The new emphasis, as a result, is on standards and assessment. But are we prepared to fire the Secretary of Education if test scores don't go up on his watch? If not, what measures should we use? How do we hold the Department accountable, especially when it is subject to extreme congressional pressure to conduct business as usual, when the kind of performance we are looking for is likely to take years to achieve, and when the only way to sort out how much of any progress is due to government policy is with expensive and time-consuming evaluations using sophisticated methodologies? The NPR confronts some of these issues in the current draft in a box on p. 33 of Chapt. I where efforts underway in Sunnyvale, CA and in Oregon are described. Oregon's broad goals for its citizenry are discussed but the benchmarks against which it measures progress in achieving them turn out to be things like enrolling people in vocational programs or cutting worker compensation costs. Similar issues would have to be faced in the federal government.

6. Perhaps what the report is really interested in is what I would call efficiency or performance, more narrowly defined. That is, the Federal bureaucracy should do whatever it does as cheaply as possible. As argued in chapter 3, the goal might be to reduce operating costs by 20 percent over 5 years. (Incidentally, it seems to be assumed that a much higher ratio of low to high paid workers is one way to accomplish this, but this assumption is not substantiated and seems in conflict with the whole idea of empowering managers to run their operations as they see fit.) A focus on this kind of efficiency is a perfectly valid perspective (although it may or may not be consistent with our ultimate goals of reducing poverty, drug abuse, homelessness, the health care crisis, etc.). However, we shouldn't pretend it is the same thing as producing a more effective set of programs. And we shouldn't have policy recommendations mixed in with recommendations about how the Federal government organizes itself internally (unless it is to illustrate the connections between the two).

7. In addition to an emphasis on decentralization and performance measurement, the report is very big on customer service in agencies like the Post Office, the SSA, and the IRS. This is a nice theme, but the implication is that nothing should be spared to made the customer happy. It needs to be remembered that government has two kinds of customers (often the same people at different times): those who receive benefits and those who pay taxes. The SSA could provide much better service if it didn't have to worry about costing the taxpayer more in the process. The real issue here is a political one: Congress is much more solicitous of Social Security recipients than it is of the average taxpayer. The result is that it requires that SSA do more for its customers than a business, with a bottom line to worry about, would find optimal.

8. My bottom line is: a) don't confuse changes in organization with changes in policy; b) don't oversell the former; it's not going to solve the nation's problems and will only fuel the public

belief that bureaucrats are to blame for everything; and c) pay more attention to the somewhat subtle links between the two. A new focus on performance measurement and accountability is fine, as long as its limitations are understood.

Distribution:

TO: Philip Lader

CC: Margaret L. Yao

CC: Jodie R. Torkelson

CC: Gordon M. Adams

CC: Nancy-Ann E. Min

CC: T J Glauthier

CC: Christopher F. Edley, Jr

**The President of the United States
Announcement of the National Performance Review
September 7, 1993**

Thank you, Mr. Vice President, for this outstanding report, and for the difficult and thoughtful work that produced it.

[Other acknowledgements?]

Six months ago, I asked you to conduct an extensive review of every agency and every service to search for ways to make government work better and cost less.

The study that you have conducted -- and the recommendations you have offered -- exemplify the change we seek in the entire culture of the federal government, from complacency and bureaucracy, to initiative and performance.

I am proud and grateful that, in producing this report, you listened to and learned from the people who best understand how to make government work better.

This report reflects the practical experience of federal employees whose best efforts have been smothered in red tape; innovators from the business community who are streamlining their own companies; state and local officials who are reinventing government at the grassroots; and concerned citizens who deserve and demand more value for their tax dollars.

This report is in the spirit of our nation's founders who understood that, for our democracy to retain its vitality, every generation of Americans must reinvent our government.

As Thomas Jefferson said: "Laws and institutions must go hand-in-hand with the progress of the human mind as that becomes more developed, more enlightened, as new discoveries are made and new truths discovered, and manners and opinions change. With the change of circumstances, institutions must advance also to keep pace with the times."

For the past decade, our companies and our local and state governments have been changing -- and now it is time for our federal government "to keep pace with the times."

To meet the challenge of global competition and make better use of new technology, our most successful companies are reinventing themselves, eliminating unnecessary layers of management, empowering their frontline workers, becoming more responsive to their customers, and seeking constant improvement in the products they make and the services they provide.

Meanwhile, at the levels of government closest to the people, state and local officials have been unafraid to innovate. When I was Governor of Arkansas, we reformed our public school system and became the first state to institute a governmentwide total quality management program. I've seen similar innovations in other states. In fact, this National Performance Review is modeled on the successful program pioneered by Texas Governor Ann Richards and Controller John Sharp.

Mr. Vice President, the findings of your study reflect the principles that are transforming the best companies and the best governments: cutting red tape; putting the customer first; empowering employees to get results; and cutting back to basics.

Make no mistake about it: This report will not gather dust in some warehouse. This report will be put into action at every level of government. It make sense. It's going to work. And we're going to do it. [And every place in this report where it says, "The President should" -- this President will.]

We have a big job to do -- and that's why we're getting started right now, today. We are determined to make government work better and cost less. By taking the recommendations of this report and putting them into action, we will not only reduce the budget deficit -- we will begin to repair the performance deficit.

We can have a Post Office where you always get served within five minutes after you walk to the counter. We can have an IRS that always gives you the right answer. We can have a government that pays no more for a hammer or a pair of pliers than you'd get at a hardware store.

The Vice President and I are already working with the cabinet to find ways to make government more responsive to the people's needs and more responsible with the people's money.

For instance, under Secretary Henry Cisneros' leadership, the Department of Housing and Urban Development is finding new ways to empower citizens, not expand bureaucracy. The department is eliminating 75 rules and statutes that make it more difficult to build housing and redevelop communities. In more than 20 cities, FHA homes are being sold to first-time buyers through local community groups. Community policing, citizen patrols, and special programs will help keep young people away from drugs and out of gangs -- and bring safety and civility back to public housing neighborhoods. And states, cities, and towns applying for funds for community development and assistance to the homeless will be required to submit only one application and one report, rather than the seven now required.

I don't need more paper. Control it. Paper is the enemy.

Will do my part - sign EOs and challenge Congress to do the same.

Revol. has begun expand opp, not bureaucracy

Under Attorney General Reno's leadership, the Justice Department is finding new ways to collect the more than \$14 billion that deadbeat doctors and other delinquent debtors owe the government. And they're saving money in other areas, from excessive telephone equipment charges in the Criminal Division to the cost of the U.S. Marshall Service's background investigations of potential employees.

discuss

Under Secretary Bob Reich's leadership, the Labor Department is preparing to offer one-stop career service centers, offering skill assessment, information on jobs, and education and training. These centers will help their customers make use of any of the 150 separate employment and training programs which the government provides.

why stress 150

Under Secretary Mike Espy's leadership, the Agriculture Department is concentrating its activities on six key functions: commodity programs, rural development, nutrition, conservation, food quality, and research. This focus will allow it to consolidate from 42 to 30 agencies and cut administrative costs by more than \$200 million over five years.

170

Reinventing government is a crucial step in our journey to revive the American economy and renew the American community.

has real to put in a change in the way we run the government (Obama)

Last month, we passed an important milepost in our journey of change, when Congress passed our economic plan. Now, we are beginning to pay down the deficit we inherited, cut wasteful spending, and make the investments we need in our people, their jobs, and their educational and technological future.

In the weeks ahead, I'll ask Americans to move forward with us on two more steps in our journey of change by reforming our health care system to provide security for every family and opening new markets for our products and services to create new jobs for our workers.

To accomplish these goals, we must take the step we call for today: revolutionizing government itself so that it can be a help and not a hindrance to revitalizing our economy. Our entire agenda of change depends upon renewing government's capacity to get results -- and restoring the faith of the citizens and taxpayers.

As we reinvent government, continue to reform the political process itself. The Senate has passed bills that reduce the influence of lobbyists and political action committees and increase the influence of ordinary citizens. I call upon the House to pass campaign finance reform and lobbying reform, too. We need to restore the people's faith in government's integrity, as well as its efficiency. To make government work

Why? (Obama)

better, we need to make sure that it responds to the national interest, not the narrow interests.

The changes we call for should command the support of Americans from every region and every party and every walk of life. Government is broken, and we need to fix it. That isn't a Democratic goal or a Republican goal; it's an American goal.

And some day, when you get through the first time you call a government agency... when you call IRS and ask a question and trust them to get it right ... when your children ask you how our government works and you answer them with pride... you can say it all started here and now.

And, for that I thank you, Mr. Vice President. To you and your staff: great job.

Not just about changing get changing America
what is at stake is not future of govt.

PHOTOCOPY
PRESERVATION

Dream = when you feel like govt. is listening to you
govt. provide services are real partners
Success stories instead of human stories
govt does what it can't sell - aid
when it can't get other things

* Opport/Response - change or when I don't get can to
= real revolution

** When I campaigned for this job, I promised the Amer people
a revolution in Washington ~~that would give~~ to forge a govt
that ^{will give them} provides more opportunity, not more bureaucracy and
that will ask more respect of everyone in return. ^{that revolution has}
just begun ^{today} ~~we are giving the people~~ ^{their country back}

and then
many
outlets
is ahead

August 18, 1993

MEMORANDUM FOR THE VICE PRESIDENT

FR: Marla Romash

RE: ANNOUNCING THE NATIONAL PERFORMANCE REVIEW

BACKGROUND: The environment has changed dramatically since the first draft of the communications/roll out plan for the National Performance Review. The reconciliation fight has created an urgent and intense hunger for spending cuts and a demand for proof of the Clinton commitment to those cuts. The DLC survey and focus groups strongly reinforce the review's appeal to Perot voters. And, a check on the Administration's political capital, makes clear the importance of the NPR as a means to strengthen the President's hand as we move into health care and NAFTA.

GENERAL PRINCIPLES: We must use this announcement and the days immediately following to cement in the public mind that we are determined to bring dramatic change to government, to cut costs and improve services. If we can effectively tap into the public anger toward government and the hunger for increased efficiency and cuts; if we can make the public aware that we share their outrage and are determined to make changes, we can build public support that will translate into Congressional support.

Essential to this task is recognition that this demands an early focus on broad principles and bold cuts/changes, not detailed explanations. We don't want to fight this out on every detailed recommendation. (Too many fronts in that war.) We do want to build such a strong wave of public support to cut costs and improve government that anyone who would challenge our proposals does so at risk of public outrage.

Our message should be focused around a tight and focused list of real-life cuts and improvements we're suggesting. This must be about cutting spending AND improving government. The media is hungry for horror stories (the ash tray, the steam trap, the wool glove). We should provide them. And, further, we should use this list as proof that we're doing something to clean-up the mess we've found. Once we get this message out (with a roar) we can go back to the details for the benefit of the experts and opinion leaders. (I'm eager to see the results of Stan Greenberg's work to fine tune, but my gut and the available data tells me this is the way to go.)

THE PLAN:

WEEK OF AUGUST 30

- o **CABINET BRIEFING: For Cabinet Secy's, Chiefs of Staff, Communications Dir.**
It's important that we get the Cabinet 'on-message' and energized about the importance of this project and their role as surrogates. This briefing would be similar to the budget briefings you've opened in Room 450 of the Old Executive Office Building. The purpose of this meeting would be to provide the cabinet with talking points, a sense of mission, and an understanding of how this must be a priority. We would not at this time release the final documents but would provide general talking points, and other materials (such as examples of some of the things we've found that illustrate how the government is broken). This may not work because Cabinet Secy's are on vacation. I would recommend doing it with as many as we can get and with staff. *(Need to set 8/31)*
- o **PEOPLE MAGAZINE**
To get in issue that will be printed the week of the announcement, you should be interviewed by PEOPLE. My sense is they will be more interested in the horror stories than the recommendations, but we should be prepared to give them something (a small piece of the recommendations). *(Want interview w/ RIGO peg; also want pix with Tipper at NavObs; need to talk to Skila/Sally)*
- o **PRIME TIME**
Interview for Thursday night 9/2. Ira does not want to talk about recommendations. He only wants to talk to you about what you found.
- o **TIME EXCLUSIVE FOR WEEK OF 9/6**
Get TIME to postpone working story for week of 9/5 cover, with exclusive info from report. *(AGJ calls Mueller, MER calls VanVoorst)*
- o **FRIDAY: OPINION LEADERS/TALK MAILING**
Mailing Friday (or Saturday) for Tuesday delivery to 'movers-shakers' list, key editorial writers, radio/tv talk show hosts, opinion leaders, etc. Mailing would not include large document but summary documents and fact sheets.

WEEK OF SEPTEMBER 5 - 11

(NOTE: For this week, for after Tuesday's announcement, will line up credible voices for op-edits in Washington and around the country in targeted districts to play Wednesday morning and through the weekend. Should include Cabinet, business leaders, union leaders, experts)

Sunday, September 5

- o 60 MINUTES
(Need to work out Prime Time)

Monday, September 6 LABOR DAY

(NOTE: open -- perhaps for the jobs event. Otherwise clear)

Tuesday, September 7 ANNOUNCEMENT DAY

(All times tentative)

- USA TODAY OPEDIT
- 8:30 a BREAKFAST WITH BUSINESS INNOVATORS (w/POTUS)
- 10:00a ANNOUNCEMENT w/POTUS
Audience should include:
 - Business innovators from breakfast
 - Federal workers with stories
 - RIGO team members
 - Cabinet(*NOTE: The business leaders and federal workers with stories immediately become surrogates/validators for the NPR, through interviews set up on the lawn, a stake-out or both)
- 11:30 COFFEE WITH FEDERAL WORKERS w/POTUS
Invite the people with stories, the RIGO team leaders.
- 1:30p REGIONAL ROUNDTABLE
VPOTUS meets with reporters from major dailies in key states.
- 3:00p SATELLITE INTERVIEWS to key markets
- 4:30 p CALLS TO EDIT WRITERS (NYT, LAT, WPOST, USA TODAY)
- 5 p NEWSWEEKLIES INTERVIEW
- 6p MCNEIL LEHRER
- 7p C-Span

PM LARRY KING LIVE? NIGHTLINE?

SURROGATES:

CABINET: Targeted radio/print interviews to regional markets around the country.

BUSINESS LEADERS: Hometown, business media interviews, real people angle for nationals.

FEDERAL WORKERS WITH STORIES: Hometown, real people angle to regional and national markets.

Wednesday, September 8

7a NETWORK MORNING SHOWS
10a EVENT WITH POTUS TBD
11:30a DEPART FOR NEW YORK CITY
1p LUNCH MEETING WITH NEW YORK TIMES EDITORIAL BOARD
3:30p MEETING WITH NEW YORK NEWSDAY EDITORIAL BOARD
5:30p TAPE DAVID LETTERMAN SHOW: STUPID GOVERNMENT TRICKS
ASHTRAY TESTING
PM RON NEW YORK CITY or Return to DC

SURROGATES:

CABINET: Continues regional radio/print; travel.

BUSINESS LEADERS: Book regional interviews as appropriate.

OPINION LEADERS: We need to identify the management experts who will support the National Performance Review and get them in the loop and in interviews for specialty media as well as local interviews.

Thursday, September 9

am IMUS IN THE MORNING
am TRAVEL TO BOSTON FOR POTUS ECONOMIC SPEECH
mid-day MEETING WITH BOSTON GLOBE EDITORIAL BOARD
Depart for CHICAGO

?pm OPRAH WINFREY SHOW
[still working, not confirmed]

?pm CHICAGO COMMUNITY EMPOWERMENT EVENT

pm CHICAGO TRIBUNE EDIT BOARD (if time)

pm INTERVIEWS LIVE WITH NETWORK ANCHORS
This is a long-shot, but worth talking to the nets about live interviews during
the evening news broadcasts.

pm TO LOS ANGELES, CALIFORNIA

RON CALIFORNIA

SURROGATES:

CABINET: Travels to target markets. Continues regional radio/print if no travel.

BUSINESS LEADERS: Book regional interviews as appropriate.

OPINION LEADERS: Management experts who support the National Performance Review
do interviews for specialty media as well as local interviews.

TOP ADMINISTRATION OFFICIALS: Spin list for calls to weekend talkers, columnists

Friday, September 10

am LOS ANGELES, CA INFORMATION TECHNOLOGY EVENT

am LOS ANGELES EVENT

midday LA TIMES EDITORIAL BOARD

? LENO

pm DEPART FOR DALLAS TEXAS

pm DALLAS TEXAS EVENT

pm DALLAS MORNING NEWS EDITORIAL BOARD

pm RETURN TO DC

Saturday, September 11

am RADIO ADDRESS ON NATIONAL PERFORMANCE REVIEW

WEEK OF SEPTEMBER 12- 18

Sunday, September 12

o WASHINGTON POST OUTLOOK

am SUNDAY MORNING SHOWS

Monday, September 13

am REGULATORY REFORM/REVIEW EVENT w/POTUS

afternoon INTERVIEW WITH WH RADIO GROUP

Tuesday, September 14

am DEFENSE EVENT?

afternoon: ROUNDTABLE WITH BUSINESS REPORTERS

Wednesday, September 15

am ?

afternoon: ROUNDTABLE WITH GOVERNMENT REPORTERS

Thursday, September 16 - Saturday, September 18

HEALTH CARE

WEEK OF SEPTEMBER 19 - 25

HEALTH CARE

WEEK OF SEPTEMBER 26 - OCTOBER 1

o ROLL OUT TEAM REPORTS. Need to talk about what order. But we should start this week (even though health care will continue) to focus agency by agency and system by system to roll out reports -- at least two or three a week (potentially more as we can group them into some system that makes sense)

o WHITE HOUSE TONGS

SPECIALTY/BEAT REPORTERS: focus on specific subjects as reports are released.

HANDOUTS: In addition to the official NPR book

Internal documents:

- o TALKING POINTS
- o Qs and As
- o List of team leaders with phone numbers

PUBLIC DOCUMENTS

- o "COMIC BOOK" -- 4-page 'newsletter' format
The Texas Performance Review people call it their "comic book." What it is, is a four-page leaflet (8-1/2 X 11 when folded), laid-out like a newsletter. It includes (as will ours), a summary of why, what, how of the recommendations as well as fun facts. I'm going to talk to the folks handling graphics for the main NPR report so the two will be related.
- o 10-15 page SUMMARY
This will be a bound, magazine-like (but not glossy) document we can mail. (Whereas the main document may be too cumbersome)
- o ONE PAGE SUMMARIES BY AGENCY/SYSTEM
Just what the title implies -- one page summaries of the recommendations split by agency or system.
- o VALIDATORS
For distribution the day of the event (to encourage reporters to go after them) a list of the federal workers with stories and of the business people (with background on their success stories) who attend the announcement. (One list that would provide names and stories)

GEOGRAPHIC TARGETS: I'm targeting for Perot voters, for key Congressional districts and states (home for members with influence on RIGO), and cities/states with large number of federal workers (e.g. Maryland, Atlanta, Boston).

ARIZONA: Phoenix

CALIFORNIA: Sacramento, Santa Barbara, San Diego

COLORADO

CONNECTICUT: Hartford, New Haven

DELAWARE

FLORIDA: Gainesville, West Palm Beach

GEORGIA
IDAHO
INDIANA
KANSAS: Kansas City
KENTUCKY
LOUISIANA
MAINE: Portland
MICHIGAN: Detroit
MINNESOTA: Minneapolis
PENNSYLVANIA
TEXAS
VERMONT
WEST VIRGINIA
WYOMING

MISSOURI
NEVADA
NEW HAMPSHIRE
NEW MEXICO
NEW YORK (Syracuse, Albany, Roch)
NORTH CAROLINA
OHIO
OKLAHOMA
OREGON
SOUTH CAROLINA
UTAH
WASHINGTON: Seattle
WISCONSIN: Milwaukee

File
NPR

THE WHITE HOUSE
WASHINGTON

August 3, 1993

MEMORANDUM FOR JAMES JUKES (OMB)

FROM: BRUCE REED
PAUL WEINSTEIN

SUBJECT: Proposed amendment(s) RE: S. 101, Executive
Organization Reform Act of 1993

While we are supportive of this approach to having the "reinventing government" initiatives implemented -- we drafted and proposed similar legislation last March -- we do have several concerns regarding certain items in this legislative draft:

- The language in this legislation apparently allows the Senate to filibuster the bill. That defeats the purpose of having "fast-track" authority.
- The bill also permits the Senate to offer amendments to the report. This also defeats the purpose of having a Commission with "fast-track" authority. Our analysis of the legislation is that up to 40 amendments could be offered to the report legislation. Easily enough to gut any meaningful reform.
- Why are we allowing Congress to amend the report legislation and not the President. In our draft of a similar bill last March we granted the President the authority to make changes in the report legislation before he sent it to Congress. This bill only permits the President to request changes.
- The termination date of the Commission -- December 31, 1995 -- should be set earlier. The Commission should easily be able to prepare its recommendations in half the time permitted in this legislation.
- DRAFTING ERROR: On page 10, line 13 to 17 the bill states that no legislative proposal or preliminary or final report may be submitted by the Commission to the President without the affirmative vote of at least 6 members. However, it does not preclude the sending of the report to Congress under similar circumstances.

cc: Elaine Kamarck
Phil Lader

File:
NPR

A SYSTEMS TEAM COMPANION

1. Adding Bodies to the EOP

-Office of Strategic and Quality Management will now be Office of the President's Management Council (OMPC), still with a staff of 40.

-The paper isn't getting much better and needs major quality control, especially to get out the stuff that can be read as criticisms of the Clinton Administration's hiring practices. (The Office of Presidential Personnel and the OPMC should establish qualification requirements for selected senior political appointee positions.) (Rec. 2.1)

2. Quality Control

Quite often, the higher sounding the language, the less it is backed up. Poke for holes; they are everywhere.

3. NPR Paradox

Many recommendations say "The President should require all agencies to" There is some irony in moving away from command and control to more flexible, empowering government by a large number of Executive Orders that command and order.

4. NPR jargon that the press will eat up

- stovepipe
- Stripping away controls
- virtual (as in "virtual enforcement agency")
- accountability (with little indication of what it means in a personnel system in which there are few consequences for bad performance or failure)
- management self-help buzz words
- personnelists, human infrastructure

File:
NPR

TO: Bruce Reed

From: Bert Brandenburg
Joellyn Murphy

RE: NPR's Systems Teams recommendations for your attention

We would like to call your attention to some of the recommendations of the NPR's Systems Teams.

Attached is an "inventory" of the recommendations of the Systems Teams (except for those from the Human Resources, State and Local, and One-Stop Shop/ Workforce Development teams, and the Reinventing Support Services section. We will soon have these compiled, too, and will give you an updated copy as soon as available.)

This inventory should give you a good feel for the scope, depth, and quality of the recommendations. We have highlighted ones we think should be of particular interest to you.

File:
NPR

July 26, 1993

MEMORANDUM FOR THE VICE PRESIDENT

FROM Bob Stone

SUBJECT: Read-Ahead for Tomorrow's Session with the Washington Post

When you meet with the Washington Post editorial board tomorrow, two pieces critical of the National Performance Review may come up. One is the article by Leon Wieseltier in the current New Republic, the other the Brookings paper I sent you Friday, to be published Wednesday. This memo summarizes them and offers my suggestions on how to respond to them.

Wieseltier's piece is entitled, "Total Quality Meaning." He has three major points:

- First he attacks Hillary Rodham Clinton and the politics of meaning. His argument is obscure, but he seems to be criticizing the President and first lady for wanting to, and believing the Clinton Administration can, restore a sense of community to America.

- Second, he ascribes to the Clintons a "creepy righteousness" rooted in the "totalizing theory" of W. Edwards Deming, in which competition is stamped out on the way to *Brave New World*.

- Third, he finds the administration "lousy with the cult of quality... The most dramatic example is the National Performance Review...an orgy of TQM."

He concludes that the President isn't equipped to heal our society, and that Deming's dogmas and Clinton's flexibilities "may leave a dent in the deficit and a smaller number of the poor. But they will have banished nobody's loneliness and nobody's darkness."

I suggest you respond something like this:

- On point one, concede that the Clintons want to restore America's sense of community. So do you.

- Second, you admire Mr. Deming, but don't believe in "total quality management" in government, because "total" isn't possible, not to mention desirable, in any democratic form of government. And you believe competition (between organizations as in Air Combat Command, not between colleagues) is a great engine for improvement. In fact, one of our basic principles in the National Performance Review is "Expose federal operations to competition."

•Third, the President and you do believe in bringing the quality revolution that's swept American business over the past fifteen years to the federal government. You know that government and business are fundamentally different: different laws, different purposes, different powers. But they employ the same people -- people who eat Memphis barbecue, watch Murphy Brown, and root for the Washington Redskins. If business has learned that these employees are trustworthy, why not government? If business has learned that these employees will work with dedication to pursue an uplifting vision, why not government? And if business has learned to pay attention to those who pay the bills, why not government?

The Brookings paper is entitled, "Improving Government Performance - An Owner's Manual." It spends twelve pages arguing that the government can't be reinvented because it never was invented in the first place, and what is needed is "an incremental, evolutionary, experimental approach to institutional reform." It says little about the National Performance Review, but implies that we are naive about the magnitude of the task.

It then spends 80 pages making a case for "these blocks:

--a personnel system that gives managers the flexibility to manage creatively;

--a budgetary system that matches resources to results;

--a procurement system that enables government to work more creatively with its private partners;

--fresh attention to federalism to invigorate the federal-state-local partnership;

--greater capacity to equip government to do its job responsively, effectively, and efficiently;

--administrative leadership that encourages managers to reach across the multiple boundaries of government to solve problems;

--political leadership from both the executive and legislative branches to enhance government administration and bridge the gulf between deficit politics and performance improvement."

Sound familiar?

My response to the Brookings report would be to applaud them for their assessment of the kinds of things that need to be fixed, and to say that we'll have specific recommendations to make the fixes. (The report is very short on specifics.)

Regarding the issue of reinvention versus an incremental, evolutionary approach, I advise you to follow the 1907 advice of Daniel Burnham, the great American architect and city planner:

"Make no little plans; they have no magic to stir men's blood, and probably themselves will not be realized. Make big plans; aim high in hope and work, remembering that a noble logical diagram, once recorded will never die, but long after we are gone will be a living thing, asserting itself with ever-growing insistency."

Reinvention stirs the blood.

Copies: Elaine Kamarck
Bob Lehrman
Marla Romash

Letter to The New Republic

To the editors:

I was disappointed by Leon Wieseltier's criticism of the Clinton administration ("Total Quality Meaning," July 19 & 26).

Mr. Wieseltier makes three main accusations: first, that the President and first lady want to, and believe the Clinton Administration can, restore a sense of community to America. I'll give you that one.

Second, he finds us guilty of deifying W. Edwards Deming and his "totalizing" theory of quality, in which competition is stamped out on the way to *Brave New World*.

Not Guilty. I admire Mr. Deming, but I don't believe in "total quality management" for government, because "total" isn't possible, not to mention desirable, in any democratic form of government. And I try to avoid stamping out competition because competition *between organizations, not between colleagues* is a great engine for improvement. In fact, one of our basic principles in the National Performance Review is "Expose federal operations to competition."

Which brings me, sadly, to Mr. Wieseltier's third point, that "the administration is lousy with the cult of quality," and that my own National Performance Review "appears to be an orgy of TQM."

Guilty of quality, not guilty of cults and orgies. The President and I do believe in bringing the quality revolution that's swept American business over the past fifteen years to the federal government. We know that government and business are fundamentally different: different laws, different purposes, different powers. But they employ the same people -- people who eat Memphis barbecue, watch Murphy Brown, and root for the Washington Redskins.. If business has learned that these employees are trustworthy, why not government? If business has learned that these employees will work with dedication in pursuit of an uplifting vision, why not government? And if business has learned to pay attention to those who pay the bills, why not government?

Al Gore
Washington, D.C.

What Limits?

What should the real role of government be? NEWSWEEK'S economics columnist says no one's asking that key question.

BY ROBERT J. SAMUELSON

We are dodging the debate we urgently need. It concerns the role of government. What can it do? What should it do? Over the past half century, the federal government has transformed itself. It once provided little more than defense. Now, it permeates American life. It supports the elderly, subsidizes research and plugs foreign travel in the United States. But the expansion of government has been unchecked by any popular sense of government's limited capabilities. We have regarded government as the ultimate answer to most social problems, and in this expansive philosophy lies the basic source of our huge budget deficits.

Almost certainly, the deficits won't be controlled until we're more discriminating in our use of government. Yet President Bill Clinton and the Congress are loath to sift through government's vast activities and discard programs that are no longer needed or are ineffective (page 24). Few programs ever die. Clinton would abolish subsidies for honey producers for a five-year savings of \$32 million. Otherwise, his domestic savings—there are big cuts in defense—come mostly from general cutbacks. He would trim the federal labor force, reduce wage increases and impose unspecified administrative "streamlining."

"The basic mind-set is: let's save money without cutting services," says political scientist Allen Schick of the University of Maryland. In the 1980s Congress killed only two major nondefense programs: General Revenue Sharing (unrestricted federal grants to states and localities) and Urban Development Action Grants (a form of urban renewal). No one wants wholesale cutbacks in government. No one relishes an onslaught from frantic interest groups desperately scrambling to save their programs



from extinction. It's easier to cut a little money from a lot of programs.

Sensible as that sounds, it can only go so far. Budget debates routinely produce big numbers that seem more impressive than they are. Last week the House and Senate budget committees were said to have adopted deep new spending cuts (the House figure, for example, was \$63 billion). But these cuts cover a five-year period in which the government will spend an estimated \$8.1 trillion. Moreover, some new reductions merely compensate for cuts in Clinton's plan that were overstated. The House and Senate budgets would, if adopted, slice the deficit to 2.5 percent of gross domestic product by 1997. This is only slightly lower than the Clinton plan (2.7 percent of GDP).

The exact projections are less important than the broad trends. In 1997 the deficit would remain large (about \$186 billion)—and then it would begin to rise again. We would still face the spending pressures of an aging population, and we would still have avoided defining the role of government. The question that hardly ever gets posed is this: does program X serve a vital national need? The notion of "vital national need" is politically irrelevant. Government is expected to respond to new needs as they emerge—regardless of whether the "needs" are vital, whether they are national (as opposed to local) or whether government can do anything about them.

Historically, it is not literally true that government programs never die. Aside from revenue sharing and UDAGs, there have been other fatalities. In World War II, some of the best-known New Deal programs—the Civilian Conservation Corps, the Public Works Administration and the Works Progress Administration—were allowed to lapse. But the larger truth is

Where the cuts are: With Defense Secretary Les Aspin

that, once established, programs achieve virtual immortality. They are protected by more than affected constituents, lobbies and congressional committees. There's a general sense that revoking government benefits imposes unfair hardships.

"People get upset not merely because benefits are hit—but because they feel they've been misled," says retired Yale political scientist Herbert Kaufman. "They made plans based on one set of assumptions, and the assumptions changed."

Not surprisingly, programs survive long after their public justification has vanished. Consider farm subsidies. Dating from the 1930s, they aimed to preserve "the family farm." Well, the number of farms has dropped from 6.8 million in 1935 to 2.1 million in 1991. Subsidies couldn't prevent a massive consolidation, driven by mechanization and improved farming practices. Nor are subsidies (which mainly involve grains, soybeans and cotton) needed to ensure adequate food supplies. Most fruits,

The paradox of government: the more it grows, the less popular it becomes. Almost everyone can find something to dislike.

vegetables and meats are produced without direct subsidy. Still, the subsidies endure and are justified as protection for the family farm. In 1993 they'll cost about \$17 billion.

The casual acceptance of government largesse is a development of the past century. In the late 1800s Americans had small government and generally believed that the "functions of government must be kept at their bare minimum," as the Englishman James Bryce put it. In 1887 President Grover Cleveland vetoed the Texas Seed bill, which would have sent—at a trivial cost of \$10,000—seeds to farmers devastated by drought. Cleveland said he could find no authorization in the Constitution for the government to give away seed. Then he delivered this stern sermon: "[T]hrough the people support the Government, the Government should not support the people."

Prevailing attitudes gradually changed. Industrialization increased pressures for government to police business. In 1887

Congress created the Interstate Commerce Commission to regulate railroads. In it created what became the Food and Administration to monitor food. More important, a series of crises—War I, the Great Depression and War II—caused government to expand, gave new credibility to its power to do

"Many people who had previously bored the 19th-century ideas changed minds," says Robert Higgs of Seattle University, author of "Crisis and Leviathan: Critical Episodes in the Growth of American Government." "After all, we were at war. . . . People came to look to government as an agency to protect themselves."

Government slowly became open-ended groups portrayed their own interests pressing public concerns that demanded national action. Government grew in ways that would have astounded Cleveland: now subsidizes artists and nonprofit television. It provides college scholarships. It derwrites Amtrak and local mass transit. It distributes food stamps to one in 10 Americans. It pays for the health care of 68 million Americans through Medicare and Medicaid. The operative standard for government action became: if it sounds good and has public support—do it.

The result is a stunning paradox: more government grows, the less popular it becomes. It has more opportunities for errors and waste. Almost everyone can find something to dislike. About 70 percent of Americans say they are "dissatisfied" with the overall performance of national government. But without any clear concept of what government ought to do, political leaders find it hard to curtail government. Every program becomes as deserving as every other program. The triumph of open-ended government also fuels demands for more government. By wide margins, Americans think government should spend more on education (68 percent), aid to the poor (61 percent) and health care (66 percent), according to recent polls.

These inconsistencies are the root cause of the budget deficits. Distrust of government makes it hard to raise taxes; expensive notions of governmental responsibilities make it hard to cut spending. Easier rather than confront the contradictions, Clinton merely panders to them. Rhetorically, he condemns wasteful spending. The next breath, he proposes billions of new spending programs that are now fashionably labeled "investments." Just last week he urged spending nearly \$20 billion over five years to help cushion military cutbacks and promote the conversion of defense industries to civilian production.

This is more open-ended government: glorious in its promises, gimp in its performance. Defense conversion, for example, seems a humane notion. But it has been

tried many times with only scattered successes. In practice, most defense contractors have trouble shifting from familiar to unfamiliar products and markets. What will mainly determine how smoothly cutbacks are absorbed is the health of the economy. If it is growing strongly, unemployed defense workers and discharged members of the military will find new jobs more easily.

Clinton urges us to experiment with government, as if we hadn't been for 50 years. He simply won't abandon any of the experiments and discourages others from trying. His dare to the Republicans was simple: if you want to cut more, be specific. The dilemma is obvious. By being specific, Republicans needlessly alienate interest groups (because the cuts won't be adopted); but by being vague, Republicans seem hypocritical. In fact, their proposed cuts go deeper than Clinton's and are a bit more specific. Sen. Hank Brown of Colorado would end community-development block grants (\$14 billion of savings over five years). Rep. John Kasich of Ohio would cut mass-transit subsidies (\$5.2 billion). Both programs serve mainly local needs.

Bare bones: Still, neither party has eagerly sought a pointed debate about government. It's too wrenching. Government is so pervasive that debating its responsibilities would threaten millions of Americans. We obviously cannot revert to Cleveland's bare-bones system. But any rigorous examination of government would entail questioning the value and effectiveness of dozens of programs. It would also mean being more exacting about who deserves government help. For example, a third of federal spending goes to older Americans, mainly as social security and Medicare. Should well-off older Americans get less?

The absence of this sort of sweeping debate, though understandable, ultimately undermines public confidence in government. Because people expect so much, they are regularly disappointed. Government's rigidity raises basic issues of how well democracies can adjust to changing times. Programs that seemed sensible in the 1960s may no longer be suited for the 1990s. But the politics has become backward-looking, as established constituencies defend what they've already got.

Conceivably, we may be edging toward genuine debate in the messy way that democracies often do. Ross Perot has raised the national consciousness. Clinton has proposed paring some benefits for the well-to-do elderly. Perhaps Americans are ready to think about the unthinkable. But the debate may be a permanent no-show. A presidential commission once said that government programs need "a coroner to pronounce them dead [and] an undertaker to dispose of the remains." That was in 1937—and it's still true. ■

How to Trim the Deficit

As everyone vies to slash spending, NEWSWEEK offers a low-pain plan

BY RICH THOMAS

When Bill Clinton pitched his economic plan to the nation last month, the first wave of public-opinion polls showed that most taxpayers bought his notion of "shared sacrifice." Americans were willing to pay higher taxes to bring down the deficit, if the government did its part by cutting federal spending. Since the speech, polls have shown some skepticism about whether the administration would keep government's end of the bargain. On Capitol Hill, congressmen responded by calling for deeper cuts. Last week the House Budget Committee proposed \$63 billion less spending than Clinton, while the Senate wants to shave \$41 billion.

The lawmakers did not provide any details, however, and it is always easier to posture for deficit reduction than it is to actually cut programs that have large constituencies and powerful lobbies. A couple of weeks ago Clinton challenged politicians and policy wonks to top his spending cuts—but only if they listed specific programs and the size of each cut.

In fact, federal spending can be cut much further. Clinton's program would reduce the deficit by \$473 billion over five years, mostly by raising taxes. Herewith a plan to save an additional \$267 billion—by cutting spending, not by raising more taxes. NEWSWEEK's proposal seeks to protect the poor, promote efficiency and cut fairly. The plan would not be painless, at least to certain interest groups, but given the public mood, it is not politically impossible. Despite its devotion to the special interests, Congress could be made to go along—if Clinton were willing to lead.

Are further cuts really necessary? Clinton claims that his plan would bring down the annual deficit to a mere \$207 billion by 1997. But Carter, Reagan and Bush all before him promised to eliminate the deficit within five years—and all failed miserably (chart, page 27). True, Clinton vowed to do away with the "smoke and mirrors" and "rosy scenarios" and to use

only the most conservative forecasts. Yet Clinton's program makes no allowance for recession or the unexpected, like an environmental crisis or an industry bailout. "With a little normal bad luck," says Rudolph Penner, former director of the Congressional Budget Office, "one can easily imagine \$400 or \$500 billion deficits." If the president wants to avoid being swept from office in a tide of red ink, he might consider the following seven steps:



F. HOWELL—GAMMA-LIAISON

1 Cut Back New Spending

The facts tend to get obscured by Clinton's brave talk about cutting the deficit, but the president would actually add as much as he would cut from nondefense spending—about \$150 billion. Some of the spending for education and job training (\$32.3 billion over five years), could benefit the economy over the long run. Initiatives for children, such as full funding of Head Start and the Women, Infants and Children feeding program, also bring long-term benefits (though probably not as great as their proponents suggest). But Clinton would add \$30 billion to spending programs that were already slated to receive double-digit annual increases, like highway construction and high-tech research. Clinton argues that this extra spending is needed to stimulate the economy and provide jobs. But the economy is already expanding at the rate of 4 percent a year. And most economists doubt that an extra \$30 billion a year would have much, if any, effect on a \$6 trillion economy.

Clinton could save \$49.9 billion over five years, or \$10 billion a year, by eliminating such low-priority items as \$9.5 billion in extra highway construction (on top of a 12



LIBBY DOWLING—NEWSWEEK

percent increase already authorized by Congress) and an additional \$495 million for public lands and Indian-reservation roads. Urban-mass-transit grants go to only a handful of cities; Clinton could save the extra \$2.7 billion he plans to spend on them. Rural sewers (\$507 million), rural community development (\$1.7 billion), and high-speed-rail and magnetic-levitation research (\$1 billion) all sound perfectly worthy—but they can wait. So, too, can aviation research at NASA (\$787 million) and increased spending on a program called the Urban Partnership Against Crime (\$445 billion).

SAVINGS

Clinton's increase: \$153.9 billion
Newsweek's cut: \$49.9 billion



DAVID HANN—STOCK PHOTO

2
Pare Entitlements

No budget cutter can be serious and sidestep the "entitlement" programs—social security, Medicare and Medicaid, veterans benefits—that make up half the federal budget. Clinton would trim hospital, laboratory and doctors' fees. The savings here sound large—more than \$10 billion a year. But health-care costs will still rise by \$27 billion a year. Clinton's "cuts" leave medical costs growing at twice the rate of everything else in the government. Slashing this growth rate by \$5 billion more a year can be easily achieved. Charging the wrinkled

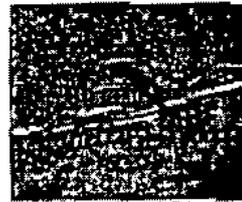
Saints: Aboard the USS Roosevelt

rich—retirees with more than \$100,000 in income—for their full Medicare doctors' insurance premium would gain \$1 billion a year, and increasing Medicare doctors' premium from 27 to 30 percent would bring in \$1.5 billion a year. Other more arcane changes, such as cutting federal support for hospital-training programs by twice the amount that Clinton proposes, save another \$1.5 billion annually. Ultimately, these are just down payments on more systematic efforts to reduce all health-care cost growth. But the president's efforts to reform the health-care system will take years, and at first they will only add to federal spending. Bigger savings are needed now.

Beyond health care, federal retirees were spared by Clinton. But their retirement benefits are lavish. A set of changes aimed at making federal programs more like the best private pension programs, designed by the Congressional Budget Office, would save American taxpayers \$14 billion over the next five years. Beyond that, social-security benefits, the biggest ticket in the budget, were left untouched by Clinton. The president had considered a one-percentage-point reduction in the cost-of-living adjustment (COLA) until congressional liberals rebelled. Sooner or later, lawmakers will have to remove the off-limits sign from social security, many of whose beneficiaries are perfectly well off. Why not cut the COLA by a point—but exempt the poor who get less than \$600 a month? Savings: \$16 billion.

SAVINGS

Clinton's cut: \$51.6 billion
Newsweek's cut: \$106.6 billion



AP/WIDE WORLD

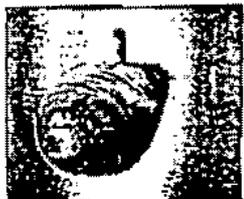
3
Slash the System

To pare down the bureaucracy, Clinton proposes a 25 percent reduction in White House staff, a 3 percent cut in executive administrative and travel costs, a 100,000 cut in federal civilian employment. He adds a pay freeze for 1994, then would pay one percentage point less than the current full cost-of-living adjustment provided annually to all workers could easily go further—and save \$5 billion—by eliminating 50,000 more from the 2.1 million-employee federal bureaucracy. The number of full-time American farmers has shrunk dramatically over the last several decades to 600,000. Yet the Department of Agriculture still has more than 120,000 employees. Does the United States need one federal bureaucrat for every five farmers? The economy might improve if the Department of Commerce lost a third of its 36,000 employees, and the nation would be no sicker or poorer if Clinton cut twice as many as the 5,000 jobs he wants to trim from the 130,000-employee Health and Human Services bureaucracy.

The most bloated bureaucracy may be the one on Capitol Hill. Clinton challenges Congress to cut its employment by 25 percent during the campaign—but drop the demand when he got to Washington. Since 1945 congressional staffs have grown five times faster than the national population. The staff of the Diet of Japan, with half the U.S. population, is one-tenth as large as the staff of the U.S. Congress. Government gridlock is caused partly by the proliferation of congressional subcommittees, personal fiefdoms where staffs vie with each other over turf. In the House, every other Democrat is "Mr. Chairman." Cut congressional staff and expenses to just 30 percent—and save \$3 billion.

SAVINGS

Clinton's cut: \$53.8 billion
Newsweek's cut: \$61.8 billion



4
Push the Pentagon

During the cold war, when Pentagon planners talked grandiosely of an arsenal big enough to fight two and a half wars, the United States was deemed to need 2 million men and women under arms. George Bush

Promises versus Reality: A Look at the Presidents' Records

On taking office, the last three presidents—Jimmy Carter, Ronald Reagan and George Bush—all adopted programs that promised budget surpluses at the end of their first terms. The forecasts, however, remained the deficits that occurred.

Jimmy Carter		
1981 BUDGET	PROJECTION	ACTUAL
Spending	\$575.4 billion	\$678.2 billion
Revenues	\$583.9 billion	\$599.3 billion
Balance	+\$8.5 billion	-\$78.9 billion

Ronald Reagan		
1983 BUDGET	PROJECTION	ACTUAL
Spending	\$844.0 billion	\$948.4 billion
Revenues	\$849.9 billion	\$734.1 billion
Balance	+\$5.9 billion	-\$212.3 billion

George Bush		
1985 BUDGET	PROJECTION	ACTUAL
Spending	\$1,224.1 billion	\$1,475.0 billion
Revenues	\$1,288.6 billion	\$1,143.2 billion
Balance	+\$62.5 billion	-\$331.8 billion

SOURCE: OMB, CBO. CBO ESTIMATES.

planned to trim force levels to 1.6 million soldiers, sailors and airmen by the late 1990s. Clinton's plan would push that down to 1.4 million by 1997. But if the Pentagon went a little further—to 1.2 million men—there would still be enough soldiers, sailors and airmen to fight two gulf wars at once. Clinton would also halve spending on Reagan's fight of fancy, the Strategic Defense Initiative, better known as Star Wars. But he says nothing about cutting another cold-war white elephant, the Seawolf attack submarine (\$2 billion apiece). Supporting the Seawolf, source of thousands of jobs in Connecticut, was the price Clinton paid to enter the Democratic primary last March. The Seawolf is an expensive job program when its only enemy—Russian submarines—are now literally rusting in harbor. Clinton's cuts will save \$111.8 billion over five years. If the Pentagon is to cut back wisely—a very big "if," given past history (page 26)—the taxpayers could save an additional \$40 billion.

SAVINGS
Clinton's cut: \$111.8 billion
Newsweek's cut: \$151.8 billion



BRADEN—THE N. MARKET

5 Hunt Down Fraud

Bill Clinton talked a lot about waste and fraud during the election campaign. Now he should do something about a scam that shouldn't be legal. It is run by the nation's governors. Half of Medicaid is paid for by the states, half by the federal government. In the late 1980s the states, with New Hampshire in the lead, discovered they could arrange for Medicaid hospitals and doctors to submit inflated bills, get the Feds to pay half the phony invoices and then get most of their own state money kicked back through "fees" or "taxes" paid by doctors and hospitals. Auditors estimated that 36 states siphoned off \$10.6 billion this way from the federal government last year

alone. The Bush administration supposedly cracked down—but private experts claim \$2 billion or \$3 billion a year is still being drained. Other targets abound: the government could save \$2 billion by shutting down fast-track vocational schools that live off defaulted student loans. Cracking down on duplicate payments of means-tested benefits like family support and food stamps could save \$2 billion or \$3 billion annually.

SAVINGS
Clinton's cut: \$0
Newsweek's cut: \$10 billion



BARTNER—IMPACT VISUALS

6 The Pork Chop

Bill Clinton campaigned strongly against pork-barrel spending. But in the president's economic plan, he creates more pork than he cuts. According to a **Newsweek** tally, Clinton is asking for \$12 billion in projects that can be defined as pork, while trimming back only \$7.6 billion. Clinton nips a little at projects that ought to be killed outright—the space station (\$9.7 billion) and the Super Collider (\$2.2 billion). The president was ready to nix the space station until Texas politicians (Houston is the home of the Space Flight Center) persuaded him to merely slow down construction. The Economic Development Administration once was an antipoverty agency but now is mostly a honey pot for the powerful. Eliminating the agency would save \$1.1 billion, including a \$232 million Clinton add-on. Then there are the little piglets: \$750 million in annual spending on more than 700 tiny research operations, such as a federally backed cranberry-research institute in Massachusetts, which aids growers connected with Ocean Spray, one of the most profitable big food companies in the United States.

SAVINGS
Clinton's cut: \$3 billion
Newsweek's cut: \$39.1 billion



AP/WIDEWORLD

7 Take Big Bites

Clinton sometimes nibbles when he should bite. The Small Business Administration has been the subject of ridicule—and locus of corruption—for years. But small businessmen, who like to extol the free market, get hooked on taxpayer subsidies. When Reagan's budget director, Dan Stockman, tried to kill the SBA, Congress balked under lobbying pressure. Today SBA employs a staff of 4,700 to lend to less than half of 1 percent of the nation's million businesses. Clinton would cut \$4 million from the SBA budget; a better idea would be to eliminate it.

Other programs that should be on the cutting board: the Farmers' Home Administration loan program, which encourages farmers to borrow money they can't repay (\$5 billion); wool and mohair price supports that were intended to help uniform makers in World War I (\$760 million versus a Clinton trim of \$278 million); the Rural Electrification Administration, whose job is long since done (\$3 billion). Why should taxpayers subsidize smoking with tobacco supports (\$665 million)?

If the president and Congress succeed in making these cuts, they would get a generous bonus. By reducing federal spending, government reduces federal borrowing. (The savings on interest alone created by **Newsweek's** plan would be \$26 billion.) If they fail, however, there will be a price: Clinton can't control the federal deficit. He will have less money to spend on government services. Already 14 percent of the federal budget goes straight to servicing the \$3.1 trillion national debt. Without further cuts in spending, the taxpayers' dollars will increasingly be diverted—from the grand schemes of their elected representatives to paying off the banks.

SAVINGS
Clinton's cut: \$101.7 billion
Newsweek's cut: \$169.2 billion



THE Reinvention Rage

In demanding a streamlined, efficient and entrepreneurial federal bureaucracy, President Clinton may be asking more of the civil service than it can deliver.

BY TOM SHOOP

According to columnist David Broder, insiders in Bill Clinton's presidential campaign took to calling it *The Speech He Never Gave*. It was the one on "reinventing government," or "entrepreneurial government," or the "New Paradigm," depending on the buzz phrase you choose to describe the theory that a leaner, more competitive government can be both cheaper and more effective than the current model.

It's not that Clinton wasn't itching to talk about the subject. "As I travel the United States making campaign speeches, I am often tempted to talk about quality management," he wrote in an article prepared for the fall 1992 issue of a management journal.

What held Clinton back was the fear of putting audiences to sleep with an arcane discussion of applying the ideas of management gurus like W. Edwards Deming to federal institutions. So he kept his discussions about the specifics of reinventing government private. "Bill and I have talked about it a good bit," said Vice President Al Gore during an appearance on C-SPAN last summer.

Clinton, though, made his resolve to alter

the government's management paradigm quite clear. "It is time to radically change the way government operates—to shift from top-down bureaucracy to entrepreneurial government that empowers citizens and communities to change our country from the bottom up," he wrote in his campaign policy manifesto, *Putting People First*. "Let us resolve to make our government a place for what Franklin Roosevelt called 'bold, persistent experimentation,'" he said in his inaugural address.

That experimentation will likely be based on the ideas of Clinton adviser David Osborne, co-author (along with Ted Gaebler) of last year's best-selling *Reinventing Government* (Addison Wesley). Reinvented governments, wrote Osborne and Gaebler, "are lean, decentralized and innovative. They are flexible, adaptable, quick to learn new ways when conditions change. They use competition, customer choice and other nonbureaucratic mechanisms to get things done as creatively and effectively as possible."

Given all this, the idea of reinventing government has a lot in common with another management-reform effort that has been sweeping through government: Total Quality Management, or TQM. (See "*Heading*

into Quality," page 19.) The difference, to the extent there is one, is that while reinventing government is largely concerned with enacting sweeping and fundamental changes in federal policies and structures, TQM is a specific series of techniques and interventions designed to improve individual work processes.

As Clinton settles down to work, he will find that agencies all across government are already trying, with varying degrees of success, to reinvent themselves and focus on quality management. Clinton, though, clearly wants to pick up the pace. Osborne gives him some advice on how to do so in a chapter in *Mandate for Change*, the set of policy prescriptions prepared for the Clinton Administration by the Progressive Policy Institute after last fall's election.

Osborne's proposals range from eliminating obsolete programs and agencies to setting up an "innovation fund" for agencies to draw on in developing programs that would ultimately increase revenues or cut costs. Four of his recommendations stand out as the key elements of the federal reinventing government agenda: requiring agencies to measure their performance; reforming civil service regulations; downsizing the federal



President Clinton has made it clear that he is determined to alter the federal management paradigm. During his inaugural address, he repeated President Roosevelt's call for a "bold, persistent experimentation" in government.

workforce; and changing the nature of government so that it "steers" rather than "rows" the ship of state.

All the proposals are bold, comprehensive and difficult to put into action. On the scale of political likelihood, they range from almost inevitable to pie-in-the-sky. Even if they're all enacted, though, Clinton's vision of a reinvented government won't become a reality unless he and Congress make some far tougher decisions on exactly what they want out of government and whether they're willing to pay for it.

Measuring Up

The most politically feasible element of reinventing government is its focus on measuring federal performance. Last year, Sen. William Roth, R-Del., ranking minority member of the Senate Governmental Affairs Committee, introduced a measure (S 20) that would have set up pilot performance-measurement programs in several agencies. The legislation would eventually have forced Congress to establish performance goals in legislation and linked agencies' budgets to the success of their programs.

The bill passed the Senate in the waning days of the last Congress, but Roth aide John Mercer—the former mayor of Sunnyvale, Calif., and the reinventer of its government—had trouble drumming up support for it in the House. Government Operations Committee chairman John Conyers, D-Mich., turned a deaf ear to the idea, and the bill was never taken up in the House. James Pinkerton, head of the Office of Policy Planning in the Bush White House, says he tried to get higher-ups in the Bush Administration to endorse the bill, but his efforts were

unsuccessful.

The Clinton transition team, though, showed great interest in the measure. House Democrats are now giving it a close look. So it's likely that S 20 will kick off the Clinton reinventing government effort.

"A whole series of changes become possible once you put in a focus on performance," says Mercer. "I don't think it's exaggerating to say it's really the centerpiece of reinventing government."

If that's the case, a number of agencies are well on their way. (See "Gauging Government's Performance," June 1992.) Under the Job Training Partnership Act, for example, the Labor Department has spent a decade setting up and fine-tuning a program to hold states and localities accountable for using federal funds to get people off welfare and into good jobs.

The Bush White House may not have been interested in performance measurement, but Frank Hodsoil pushed the idea as Bush's deputy director for management in the Office of Management and Budget. Last year, Hodsoil ordered that performance measurements be included in agency financial statements required under the Chief Financial Officers Act of 1990. OMB sponsored pilot performance-measurement projects at the Internal Revenue Service, the Social Security Administration and the Department of Veterans Affairs.

The problem is that deciding what constitutes effective performance of a federal program is a complex, difficult process. It's relatively easy for a city to develop a set of performance measures for picking up garbage, notes Hodsoil. Determining what constitutes, say, an effective federal credit program is a lot more difficult.

Take farm credit programs. The General Accounting Office has reported that 70 percent of the loans given by the Farmers Home Administration to rural residents were held by borrowers who either were delinquent or whose loans had been restructured to prevent delinquency. So last year, FmHA set up a new performance-based management program designed to bring the delinquency rate down.

The agency has scored some minor successes. But its policies, no matter how innovative, can't address the central problem with the loan programs it administers: Congress has directed FmHA to provide money to people who already have been turned down by private lending institutions. Losses in farm loan programs will continue. GAO reported late last year, "until the Congress tells FmHA how to better balance its mis-

sion of assisting financially troubled farmers with its obligation to provide that assistance in a fiscally responsible manner."

Clinton Goes to China Lake

Clinton and most other advocates of reinventing government are quick to say they aren't out to lay the blame for government's problems at the feet of civil servants. But they reserve some of their harshest criticism for the 100-year-old federal civil service system. That system, writes Osborne in *Mandate for Change*, "successfully accomplished its original mission—to control political patronage and manipulation of public employees. But today it is a straitjacket."

Reform of the civil service, says Osborne, should start with the system that classifies federal jobs into 459 job series and 15 grades, with 10 steps in each grade. Last year, the National Academy of Public Administration recommended replacing that system with one that would fold the pay grades into 10 occupational families, each with only three classification levels.

With a reform-minded administration in town, job classifiers in federal agencies are about the only people willing to defend the present system. It's probably on its last legs.

What ought to replace it, Osborne, Clinton and Gore all have argued, is something like the demonstration project that has been under way in the Naval Weapons Center at China Lake, Calif., since 1980. Under that project, employees were grouped into five broad pay bands, and managers were given increased flexibility to hire the employees they wanted and to award incentive salary increases and bonuses.

Many of the China Lake reforms, such as allowing agencies to pay recruitment and retention bonuses, were included in federal pay reform legislation passed in 1990, notes Constance Newman, former director of the Office of Personnel Management and current undersecretary of the Smithsonian Institution. Others were left out, for good reason: their high monetary and political costs.

First the political price. For years, federal unions argued that China Lake-type reforms gave managers too much authority to hire, fire, promote and demote workers. But now John Sturdivant, president of the largest federal union, the American Federation of Government Employees, says, "We're going to have to take a look at all the rules and regulations—and possibly even some so-called civil service protections—to give us the flexibility to be innovative and creative."

But giving managers more flexibility, says Sturdivant, "will have to be followed by eas-



With attrition cutbacks, says former OPM director Constance Newman, "your turnover is generally not related to your priorities."

ing restrictions on the ability of unions to represent workers in the workplace." What he's talking about is full collective-bargaining power, something federal unions have been after for years. But the Clinton team is unlikely to support such a tradeoff, since it would probably lead to the rapidly escalating salaries that have plagued state and local governments in recent years.

Even without collective bargaining, it would be virtually impossible to implement the China Lake system nationally without billions of dollars in new federal spending. That's because increased pay flexibility in the federal government invariably leads to higher wages. In 1990, an OPM review showed that the salaries of scientists, engineers and other professionals at China Lake were 6.7 percent higher than those at similar Navy labs on the East Coast.

Part of the problem, notes Newman, is that while pay at China Lake was supposed to be linked to the organization's performance, employees continued to expect regular salary increases, even in lean years. "I know there's a lot of pressure to take China Lake and move it into the full civil service system," says Newman. "But I think some tough questions need to be asked about what parts of it may not make sense."

Cutting Down

In attempting to reinvent government, Clinton will be saddled with a pledge he made during the presidential campaign: cutting

the federal workforce by 100,000.

It shouldn't be that hard, since there are more than two million federal employees, and Clinton has given himself eight years to finish the task. "Eliminating 100,000 jobs in the federal government is not that big a deal, if an orderly process is used," says Don Mizaur, head of OPM's Federal Quality Institute. "If not, you will make organizations sick before you make them better."

Federal unions aren't opposed to some job cuts, as long as they are targeted at middle managers, not the rank and file. Such reductions in levels of hierarchy have become common in the private sector, and many public administration experts say it's high time the government followed suit. (See sidebar, page 17.)

But the government's complex reduction-in-force procedures render it virtually impossible to target layoffs toward a subgroup such as managers. So those agencies that have tried to eliminate layers have taken to buying out their managers and executives.

When Marvin Runyon took over the Postal Service last year, he immediately eliminated 30,000 management jobs and of-

fered early-retirement incentives to 130,000 employees. About 47,000 took him up on the offer.

The program cost the Postal Service \$1 billion in fiscal 1992 and led to a net loss of \$536 million in postal operations for the year. Project those numbers onto the entire federal workforce, and it's easy to see why legislation to expand early-retirement incentive packages across the government, which Sen. Roth has introduced for years, has never made it out of committee.

What's left is what Clinton has proposed: eliminating jobs through attrition. But attrition is generally regarded as a flawed way to reduce the size of government. As Newman notes, "your turnover is generally not related to your priorities." Attrition rates, she points out, are highest among the administrative support jobs at the lower end of the federal pay scale. Not filling those jobs won't save much money and will force managers to perform clerical tasks.

Steering, Not Rowing

The most wide-ranging reinventing-government proposal involves directing the gov-

ernment's focus away from what Osborne calls "rowing" (the direct delivery of services) toward "steering" (raising resources, setting priorities and coordinating service delivery).

Osborne laid out the difference between the two approaches at Clinton's economic conference in Little Rock late last year. After World War II, he noted, the federal government took very different approaches to providing two sets of veterans benefits. In one—the steering approach—it passed the G.I. Bill and enabled veterans to go to already-established public and private universities on the government's dime. In the other—rowing—it created a network of government-run Veterans Administration hospitals to care for returning soldiers.

The G.I. Bill, said Osborne, turned out to be "the single most successful social program in the history of the United States," while the VA hospital system has been plagued by mismanagement and charges of inferior care throughout its history.

Typically, agencies that steer rely heavily on the private sector for service delivery. Osborne insists in *Reinventing Government* that "privatization is one answer, not the answer." But judging from the many examples of privatization he lauds in the book, he presumably would agree with the Governmental Affairs Committee's Mercer that contracting out is "an important tool that the government ought to use more often."

But many federal agencies, especially the newer ones, already leave almost all of the rowing to the private sector. NASA distributes about 90 percent of its budget to contractors, and the Energy Department about 80 percent. High-profile management problems at these agencies stem not from too much direct service delivery, but from relying too heavily on the private sector.

Congressional committees have reported for years on the encroachment of a veritable "shadow government" of contractors into federal operations. Last year, OMB reported that billions of dollars in federal contracts were at risk because agencies failed to adequately monitor contractor performance—often because scarce resources were directed almost exclusively to getting contracts awarded in order to meet program goals.

Nevertheless, Osborne recommends in *Mandate for Change* that the Clinton Administration cut the budgets of agencies such as Agriculture, HUD and Commerce by 6 percent annually for four years to force them to steer rather than row.

Such indiscriminate budget-slashing is

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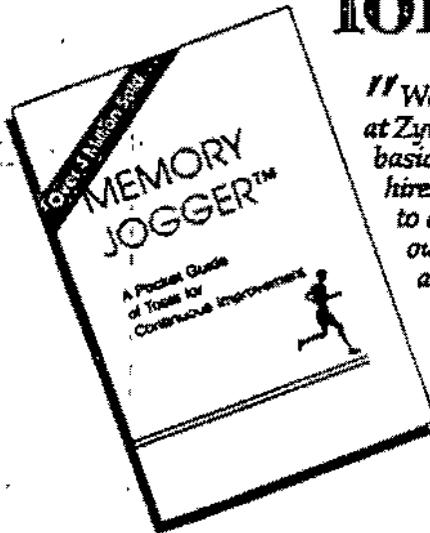


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reminiscent of the Reagan Administration's privatization initiative: mandating productivity improvements through contracting out and cutting agencies' budgets in advance to accommodate them. It didn't work then and won't now, argues FQI's Mizaur. Suppose, he says, you find out Pentagon officials are buying \$500 hammers. If you try to get them to change their ways just by cutting their budget, they'll simply buy fewer hammers. To get them to buy cheaper hammers, you have to change the internal processes that resulted in the overpriced items. To do that may require putting more money into the organization, not less.

"We're all in the same boat," says Sturdivant of AFGE. "But there are times when in order to steer, you've got to have a power source."

Redefining Government

Government's management problems may in fact stem more from the lack of fiscal "power" that Sturdivant talks about than from bureaucratic bloat. "I've been concerned for some time that one of our biggest problems in government, and one of the most difficult ones to deal with, is just our capacity to manage programs," said Sen. John Glenn, D-Ohio, chairman of the Senate Governmental Affairs Committee, at OMB director Leon Panetta's confirmation hearings early this year.

Before Clinton and Congress even start trying to reinvent government, says Newman, they need to redefine exactly what it is the government should do, then give agencies the money to do it. "The frustration I have," she says, "is with politicians who complain about the bureaucrats and the bureaucracy, blaming them for the fact that Congress has loaded programs onto these agencies without giving them the resources to do the job."

Non-defense discretionary spending has declined from 25 percent of the federal budget in 1980 to about 16 percent today. But few would argue that Americans are asking the government to do less now than 13 years ago. The result, notes Mark L. Goldstein, a Glenn staffer and author of *America's Hollow Government* (Business One Irwin, 1992), is that many agencies can no longer manage their missions.

At border inspection stations of the Customs Service and Immigration and Naturalization Service, workloads have gone up 10 percent annually in recent years, with hardly any increases in staff. While the FDA saw stagnant budgets and staff cuts during the

continued on page 50

TO DOWNSIZE, CUT LAYERS FIRST

One of the key elements of the "reinventing government" plan outlined by President Clinton and his advisers is downsizing the federal government by 100,000 employees or more.

But a smaller workforce is not necessarily a more effective one. It is almost impossible to imagine a way of reinventing government that can work without first flattening agencies.

It is not the sheer number of political and career managers that matters most, though the age and grade of the average federal worker suggest that we have more managers today than ever before. Rather, it is how these managers have been sorted into layer upon layer of bureaucracy between the President and the front-line employees who deal with the public. If President Clinton truly wants to get to the bottom of government, he will first have to go through dozens of layers of management—up to 18 composed of his own political appointees, and many more occupied by career senior executives, mid-level managers and front-line supervisors.

These growing layers of management have changed the basic shape of government. In the 1950s, most federal agencies looked like traditional bureaucratic pyramids—few executives at the top, somewhat greater numbers of managers at the middle, and the largest number of employees at the bottom. By the 1970s and 1980s, these agencies began to resemble penicilliums, with larger numbers of executives at the top, a growing stack of managers at the middle, slightly fewer employees at the bottom—and a growing number of private consultants outside. By the end of this decade, these agencies could look much like circles—many more executives at the top, stack upon stack of managers at the middle, even fewer employees at the bottom, and the bulk of the work of government done by states, localities, non-profit organizations and contractors.

Political appointments are partly to blame for the over-layering of government. In 1960, the bulk of John Kennedy's appointments came in four layers: secretary, undersecretary, assistant secretary, and deputy assistant secretary. By 1992, we had added six more: deputy secretary, associate deputy secretary, deputy undersecretary, associate deputy undersecretary, primary deputy assistant secretary and associate/assistant deputy assistant

secretary. Along the way, secretaries also added chiefs of staff and deputy chiefs of staff. At least one deputy secretary and several assistant secretaries now have chiefs of staff, too. Moreover, the number of positions at each layer has steadily increased. Whereas Kennedy appointed no more than 60 assistant secretaries in 1960, Clinton will appoint roughly 150; whereas Kennedy appointed only 40 deputy assistant secretaries, Clinton will select almost 350.

Ironically, the Reagan pay freezes of the early 1980s also contributed to the thickening of government. Faced with losing some of their best and brightest to the private sector, managers throughout government promoted their best employees into

Efforts to assure greater accountability have added

layers to the top of government.

better-paying jobs. Unfortunately, the necessary reclassification into higher grades often involved the creation of new, often unneeded, management duties, increasing the ratio of "reviewers" to "doers."

Even our efforts to assure greater accountability have added layers at the top of government—from inspectors general to procurement czars. Expanded during the Reagan war on waste, these monitoring units were among the very few government organizations that actually grew during the 1980s. Because rule-makers and monitors need their own bureaucratic layers, they add bulk at the top of agencies, increasing the distance between the top and bottom of government.

Finally, as the average age and pay grade of the federal worker has steadily inched up, the pressure for promotion into new layers has also grown. We have grown from a thirty-something workforce in the 1970s to a forty-something workforce today, and, but for the armed services, we might be closing in on fifty. This clearly contributes to the layering phenomenon. We define status in government just as we do in the private sector, by title and responsibility.

The cost of the overlayering is obvious: A government of managers not only is

much more expensive than a government of front-line workers, but it also means much of the work of government must be done elsewhere, often at higher cost. Private contractors now do much of the front-line work that used to be done by workers who have moved up into supervisory, then management positions.

Further, a government of managers means the President has very little direct access or control over what happens far below. Information gets distorted on the way up, and guidance gets lost on the way down. Practically no Total Quality Management, service-oriented government or employee involvement initiatives can work in our towering agencies.

But practically nothing will fail if we undertake a radical "down-layering" now. Luckily, the first steps toward a down-layering is the relatively easy, long-overdue classification reform. Then, however, the process becomes very painful very fast. Some managers will lose their jobs; others will have to move back down into the service level. Moreover, the down-layering of government must involve some discussion of overlaps across departments, which invites the time-honored frustrations of reorganization.

Yet the flattening of government could yield important savings, not the least of which come from cutting 100,000 to 200,000 mid- and upper-level jobs, and saving between \$15 billion and \$25 billion a year now, plus more from retirement savings in the next century. Managers could be moved back into the front lines, and the time needed to implement the Clinton agenda would decrease. Flattening would also demand deregulation of federal management. Government would not have the staff to administer the internal reviews that justify many of our management positions, so the micromanagement that now plagues public management would be reduced. The bottom line would be a government more able to empower the public, faster to turn on the President's lead, and less expensive.

—Paul Light

Paul Light is a professor of public affairs at the Humphrey Institute of Public Affairs at the University of Minnesota. He is the author of *Monitoring Government: Inspectors General and the Search for Accountability* (Brookings-Governance Institute, 1993).

TRAVEL QUESTION OF THE MONTH

Q When I am traveling, will the government pay for a call home?

A It depends where you work. According to the Federal Information Resource Management Regulation, "official business calls may include emergency calls and other calls the agency considers necessary in the interest of the government." Individual agencies decide what constitutes an emergency, as well as whether to pay for routine calls. Terry Angelo of the General Accounting Office says most civilian agencies do allow calls on the government dime. Some put a dollar limit on a time limit on calls; at GAO, it's an average of one five-minute call per day of lodging away from home.

Department of Defense policy is to pay only for official calls in most cases.

ence strategic policies in the years ahead."

Even this year, there were some differences in strategic policy. For example, the consensus among managers interviewed for this article was that Delta Air Lines and US-Air bid higher than in 1992. Continental and Trans World Airlines bid about the same, and United and Northwest were more aggressive this year in their price offers.

As a result of these pricing strategies, it may come as no surprise that United and Northwest were among the top three award winners. On the other hand, Delta's second-place position, according to Beryl Henne, GSA contracting officer, may in part be due to the numerous routes the line picked up from American and Alaska. (Southwest appears to be another beneficiary of the American dropout. The regional carrier received 114 contracts this year, up from 73 in 1992).

Henne says GSA bases its awards on "greatest value offered," a combination of price and service. While the pullouts of American and Alaska may have an effect on price, Henne says GSA is more concerned about decreases in nonstop service. If the contract carrier offers one-stop service, and a non-contract carrier offers nonstop service, travelers might find it easier to justify taking the non-contract flight on the basis of schedule considerations. And that could spell disaster for the city pair program.

The precedent is there. Henne cites an example of an agency that flouted the city-pair contract and consistently flew a competing airline in 1992 to take advantage of nonstop service. This year, the contract carrier didn't bid. Left with no contract service in that market, the government had to pay the going rate for tickets. The lesson, according to Henne: "It's in the government's best interest to use the city-pair airline in order to show that the contract has value. Otherwise, airlines won't bid and/or prices will go up."

Extra oversight may be needed during this watershed year to guarantee that travelers take the right flight. As United's Dunne says, "the government's ability to enforce usage will be put to test this year. And that ability will determine the long-term viability of the city pair program." □

CLARIFICATION

In reference to last month's column on new federal fire safety regulations for hotels and motels, Official Airline Guides says that beginning in April, its federal travel guide will distinguish between hotels and motels that comply with new fire-safety rules and those that do not.

continued from page 16

1980s, it took on a series of new responsibilities, including a key role in the fight against AIDS. Inadequate funding has left the National Park Service with a \$2 billion backlog of maintenance and construction projects.

To their credit, both Osborne and OMB deputy director Alice Rivlin propose a solution for the problem of overextended government: a dramatic reduction in the size and scope of the federal establishment. In her book *Revising the American Dream* (Brookings, 1992), Rivlin questions whether or not a whole host of federal functions in areas such as education, job training and housing ought to be handed back to state and local governments. In *Mandats for Change*, Osborne calls for an "American Perestroika Act" and the creation of a "federalism czar" with an eye toward devolving operational control of \$140 billion worth of federal spending to states and localities.

Rethinking federalism would at least give government the chance to concentrate its efforts and its funds in fewer areas. In the absence of such a bold move, or dramatic increases in agencies' budgets, it's unlikely that reinventing government will make much difference.

Even with a redefinition of the federal role, the reinventors of government face a serious uphill battle, for two reasons. First, while they may be able to make the administrative machinery of the bureaucracy work better, they can't change the political process that created the machinery in the first place. "There will be no 'reinvented' or 'entrepreneurial' government as long as congressional committees can harass officials and protect their favorite programs," wrote Stuart Butler, director of domestic and economic policy studies at the Heritage Foundation, in a *Wall Street Journal* op-ed piece last December.

Second, the Clinton team will find that while Americans are fed up with bureaucracy, they still demand fair, equitable and nonpartisan administration of federal programs—at almost any cost. Contrary to what Osborne has written, controlling the political manipulation of public employees wasn't only the original mission of the hierarchical, bureaucratic civil service system: That's still its mission today.

The American bureaucratic machine may be more cumbersome than ever. But the values undergirding it haven't changed much. Neither has the political structure that controls it. Until they do, the reinvention of government will remain a piecemeal process. □



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OUR VIEWS

The job of reinventing government

Secretary of Energy Hazel O'Leary, speaking at the ceremony dedicating the new United States Enrichment Corporation (which was shown on late night C-SPAN on Oak Ridge cable television), was talking about the advantages the new corporation would offer to the taxpayers of the United States.

One of those advantages, O'Leary said, was that the corporation will have the flexibility to negotiate contracts with its clients. Today, O'Leary noted, the Department of Energy doesn't have that flexibility because every step along the way someone or some groups have to sign off on a business deal.

She stopped after she said that, realizing perhaps that she was saying too much about one of the bigger problems her organization faces. But then she quickly added, but we're trying to solve that too.

What O'Leary was talking about, what the U.S. Enrichment Corporation is trying to do, is very simply defined in the catch phrase "reinvent government."

How can we make government less burdensome on individuals and more effective as a service provider?

Vice President Al Gore, with the assistance of three former Oak Ridgers as we learned in Thursday's Oak Ridger, is heading up the federal government's National Performance Review, which is trying to find an answer or many answers to that question.

Our feeling is that he will not find one solution, but will have to develop a process so that every day, every month, every quarter we can re-evaluate

the reasons we are running the government programs we do, and discard those that don't meet our needs.

It's a terribly complex job, and we don't envy the vice president's job. But the fact is, it just isn't the responsibility of Gore or the federal government to reinvent government. It's all our jobs.

Right here in Oak Ridge our city government is facing a decision about the future of a piece of land. They are examining a proposal that is out of the mainstream of government activity. It shows, on paper, great potential to provide a new municipal amenity with little or no cost to the city's taxpayers.

But the city has never done anything like this before, never even considered the possibilities, and therefore the traditions set by the city over the last 50 years are making City Council's role as Oak Ridge's main policy-making body tough.

We don't know how council will make its decision. There are many financial details to understand, along with the more mundane development issues.

But we do believe it is time to be open-minded about what a government's role in a community should be. Can we reorganize a department, can we privatize some functions, can we develop new sources of municipal revenue in ways that promote the overall quality of life of the city?

We think there are good opportunities for reinventing government, and not just in Washington, or Nashville, or Clinton; but also right here at home. And it's all of our jobs to make sure that when we reinvent government, we make it better.

Chicago
Tribune
Friday,
March 5, 1993
sec. 1, p. 3,
col. 1



Mike
Royko

Gore's not the guy to lead waste patrol

Let's say you are up to your eyeballs in debt. But you want to spend less and have a more frugal lifestyle. Seeking advice, you decide to consult a financial expert.

So a brief quiz: What kind of penny-pinching expert would you go to? (Pick one).

1. A certified public accountant.
2. A Polish cleaning lady.
3. A wild and crazy playboy.

If you picked 1 or 2, you are a normal clear-thinking, rational person.

If you picked 3, you might consider running for president of the United States some day.

As you may have heard, President Clinton has vowed to hunt down waste and sloth in the federal government. Our money will no longer be frittered away.

In making this dramatic announcement, he said: "We'll challenge the basic assumptions of every program. Does it work? Does it provide quality service? Does it encourage innovation and reward hard work? We intend to redesign, to reinvent, to reinvigorate the entire national government."

That's a pretty good idea, although it isn't original. Every April 15, millions of Americans have the same thought, although they might phrase it a bit more luridly.

And if Clinton fulfills this promise, the whole country will owe him a standing ovation. (Except for those bureaucrats who would suddenly find themselves in the cruel world of private enterprise.)

But I'm a puzzled by Clinton's choice for the person to lead this crusade against waste and inefficiency: Vice President Albert Gore.

Not that Gore isn't a fine young man—energetic, intelligent, polite, and well-scrubbed.

However, in choosing someone for any job, the person's background should be considered. And Gore, for all of his qualities, doesn't seem suited for this chore.

When he was only 28—a mere lad, by political standards—he was elected to Congress. And that's where he was—eight years in the House and eight more in the Senate—until Clinton made him his Tonto.

That means Gore has spent most of his adult life as a member of Congress. But even earlier, he knew his way around that zoo because his father was in Congress for 32 years. At an age when other kids were collecting baseball cards, Gore could name the members of the Lobbyists Hall of Fame.

As a political writer put it, Congress "became the family business."

The trouble is, Congress isn't a business and it isn't run like one. If it was a business, it would have been bankrupt long ago and all of its members would be homeless street people.

What Congress is best known for, especially in modern times, is spending other people's money. And when it's out of money, it runs a

Agents in W

By James Coates
Chicago Tribune

WACO, Texas—A 33-year-old carpenter's son with a wound in his abdomen, who says he's Jesus Christ, forced surrounding legions of government officers to prepare Thursday for what may be a lengthy siege.

But even as they dug in, officials worried that the estimated 108 members of the Branch Davidian sect might perish in mass suicides similar to the 1978 Jonestown tragedy in Guyana in which more than 900 members of another cult died.

The confrontation began with a gun battle Sunday in which four federal agents and two or more Davidians were killed.

As Friday approached, the commander of federal forces said authorities were worried about what Davidian leader David Koresh might do, because Jesus was crucified on a Friday.

The commander, Jeff Jamar of the FBI, said Koresh frequently talks about such parallels in his continuing phone conversations with hostage negotiators.

"He tells us he's still waiting for word from God," Jamar said Thursday when asked if Koresh had discussed dying, perhaps on Friday, to mark the crucifixion.

Several former members of the cult have said that Koresh often talks about how his earthly father was a carpenter and how he, personally, is Jesus and has returned as "The Lamb" to usher in the apocalypse promised in the New Testament.

During a rambling 58-minute sermon that the FBI let Koresh give over the radio earlier this week, he said he was wounded in the abdomen in Sunday's gun battle. He said the wound amounted to his being killed again just as he had been crucified 2,000 years ago.

Jamar said Thursday that Koresh's voice on the phone has grown stronger as each day has passed.

Federal authorities regard the case as a hostage situation because Koresh is controlling who may leave the 77-acre compound and what those remaining inside may see and do. So far, 20 children, ranging in age from five months



Reporters and
to 12 years,
have left.

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Israel weighs charges against Chicagoan

JERUSALEM (AP)—A military prosecutor Thursday submitted preliminary charges against one of two Chicago-area Arab-Americans suspected by Israel of bankrolling the Muslim

fundamentalist group: Salah and Jarad; any involvement with Salah told the judge...
...ors trying to attract

would have been bankrupt long ago and all of its members would be homeless street people.

What Congress is best known for, especially in modern times, is spending other people's money. And when it's out of money, it runs a tab. There isn't another group of people in the world who can spend money as avidly as Congress. If money were sex, they'd all weigh 90 pounds and would be on life-support systems.

Now Clinton expects Gore, who voted on billions of dollars in federal programs, to poke his head into government offices and say: "My goodness, what are all you people doing here?"

And he is supposed to go to his and his father's former cronies and say: "Boys, the old pork barrel days are over. No more grants to study the mating habits of gerbils, sleeping habits of cockroaches or the life span of a blueberry bush. No more money for research into the dining habits of pigs. And not another \$58 million in tax breaks to bail out George Steinbrenner. Honest, guys, the party's over."

Sure he will. And I will slam dunk over Michael Jordan.

No, it is a slick public relations gesture, and nothing more. Somebody in the White House must have noticed the proliferation of bumper stickers that say, "it's the spending, stupid." So they decided it was time for a press conference about stalking the hated waste-beast and shooting it dead. And reinventing, reinvigorating and the other blah-blah about shrinking government.

They even installed an 800 number so ordinary citizens can call some bureaucrats with ideas for cutting bureaucratic costs. Sure, the average guy is sitting around Peoria, studying the federal budget.

If Clinton wasn't such a kidder, he'd trot that little Stephanopoulos fellow down Connecticut Avenue to the offices of The Citizens Against Waste and pick up the latest copy of their annual "Pig Book."

As the group said in its news release about congressional gluttony: "Some of the projects highlighted in this year's 'Pig Book' include a pair of bike paths in affluent North Miami Beach costing taxpayers \$800,000; two movie theaters in Savannah, Ga., renovated for a cool \$2 million; \$15 million for the 'preservation and restoration' of Egyptian antiquities; and another \$13 million for Pennsylvania's 'Steamtown,' a Scranton tourist trap of dubious historical significance."

And those are items Congress considers mere baubles. The bigger ticket items—the billions for a useless space station and the supercollider—have already been declared untouchable by Gore.

If Clinton was serious about this, he wouldn't be asking Gore to overcome a lifetime addiction to spending other people's money and suddenly become a nickel-biter. That kind of sudden detox could put him into shock. He could end up in the Betty Ford Clinic, pleading: "Get rid of my shakes, and I swear I'll never spend another nickel."

Instead, he'd bring in outsiders. This country has no shortage of hard-eyed businessmen and executives who know how to shrink a budget. Many would relish an opportunity to shrink a bureaucracy that has caused so much shrinkage in their own businesses.

But maybe I'm wrong. Maybe Gore will be transformed into a fiscal hit man and in a few months will zap billions in waste.

Sure. And maybe with bouncy new shoes, I really can dunk over Jordan.

tary prosecutor Thursday submitted preliminary charges against one of two Chicago area Arab-Americans suspected by Israel of bankrolling the Muslim fundamentalist group, Hamas.

The charges accuse Mohammad Salah, 39, of Bridgeview, Ill., of belonging to and carrying out services for an illegal organization, but they do not mention Hamas by name, said Salah's attorney, Ahlam Haddad.

Military Judge Maj. Moshe Knobler, in the West Bank town of Hebron, asked the prosecutor to submit the official charges Tuesday and extended Salah's detention until then, according to Haddad.

Military officials had no immediate comment on the case.

Salah and another American of Palestinian origin, Mohammad Jarad, 36, of Chicago, were arrested by Israeli security forces Jan. 25 on suspicion of distributing hundreds of thousands of dollars to Hamas agents.

Officials have charged the two were sent to rebuild Hamas after Israel expelled more than 400 alleged Muslim radicals to southern Lebanon on Dec. 17. Israel says those who were deported had ties to Hamas and other Islamic

Salah and Jarad have denied any involvement with Hamas.

Salah told a judge he was being beaten and threatened by interrogators trying to extract a confession, according to his lawyer. Israeli officials acknowledged that Salah had signed a confession before seeing a lawyer or any U.S. consular official.

The prosecutor was given a one-week extension to decide whether to file charges against Jarad, said his lawyer, Jawad Boulos.

Jarad, who suffers from congenital heart disease, was taken to a prison hospital in the central Israeli town of Ramle last week after complaining of chest pain and has been staying there since, Boulos said.

Salah and Jarad both emigrated to the U.S. about 20 years ago.

In Washington, two members of Congress—Sen. Alfonse D'Amato (R-N.Y.) and Rep. Peter Deutch (D-Fla.)—introduced a bill that would declare Hamas a terrorist organization and deny its members entry to the U.S.

The measure would amend the Immigration and Naturalization Act to name Hamas a terrorist group.

"We cannot allow the United States to serve as a base for mem-

Vatican furor over Bosnia

It denies allowing nuns in danger zones

New York Times News Service

ROME—A controversy initially stirred by Pope John Paul II's public opposition to abortion for victims of rape in Bosnia-Herzegovina prompted the Vatican on Thursday to issue a highly unusual denial that it ever permitted the use of contraceptive pills by Catholic nuns in dangerous areas.

The pope enraged some women's groups and politicians last month when he declared that the estimated 20,000 Muslim women raped by Serbs during the conflict should avoid abortion. His words reflected Roman Catholic dogma rejecting the termination of pregnancy on the grounds that the transmission of life is sacred and may not be artificially thwarted.

Rather than abortion, the pope urged that the children of rape victims be adopted. "The entire community has to rally around these women so painfully violated, to help them transform an act of violence into an act of love and welcome," he said.

The appeal was made in a letter to the archbishop of Sarajevo, Vinko Puljic, but did not make clear why the pope felt obliged to offer moral guidelines for the predominantly Muslim victims of a re-

ported systematic campaign of rape by Orthodox Christian Serbian militiamen.

The initial response to the pope's remarks among some Italians was outrage.

"This is absurd," said Ida Magli, a defender of women's rights. "The pope has no pity for women."

Such remarks prompted the Vatican to defend its position. "This was an appeal of conscience to conscience," said Joaquin Navarro-Valls, the pope's principal spokesman. Without ethical principles, he said, "this conflict will degenerate into an even greater brutality."

Navarro-Valls also repeated the Vatican's denunciation of the policy of "ethnic cleansing" by which Serbs are driving Muslims out of areas they have captured in Bosnia, and said the pope's comments on abortion were directed principally at those who could help rape victims by adopting orphans and abandoned children.

Catholic publications in Rome have reported that several nuns became pregnant after being raped in the former Yugoslavia. The Vatican this week denied that it had permitted abortions for them. But newspapers then reported that nuns working in parts of Latin America

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The efficiency of waste and inefficiency

Finally, the Clinton administration has done something really stupid. It's going to attack waste and inefficiency, with Vice President Gore in the lead and an 800-number that citizens can call with their anti-waste ideas. How boring. How pointless. How wasteful and inefficient. It isn't just that waste and inefficiency cannot be eliminated. They should not be eliminated. Waste and inefficiency are useful and productive, and not only in government, either. On the contrary, without waste and inefficiency American capitalism might wither away. As long as they don't get out of hand, waste and inefficiency, like hypocrisy, are necessary lubricants

Jon Margolis

for the machinery of a society composed of flawed human beings. Which, in case you had not noticed, is what we have.

First of all, there's no point in getting so upset about the inevitable, annoying though it might be. In a perfect world there would be no waste and inefficiency. Nor would there be any mosquitos. But there are and there are, and in both cases the outcome hath been ordained by nature.

For this (the waste, etc.; leave the mosquitos to the entomologists) there are two simple reasons. The first is that people are imperfect. All of us individually, even you and I, waste some time, money and energy each day. Whether it is because you forgot where you put the car keys; or because you bought something you already had but you forgot you had it; or because you just didn't have enough energy to do everything, or anything, you absolutely had to do today in order to be ready for what you have to do tomorrow, the chances are that you have failed to use every minute of the day to its (and your) full potential.

Second, in both business and government, waste and inefficiency are not individual. They are collective. They accrue to the organization. Thus, in any organization, there is a certain amount of waste that is unavoidable. Were it not for two complications, that amount—call it the W&I Quotient—could be measured simply by multiplying each individual's imperfectness by the number of individuals in the organization.

No such luck. First, each individual's waste and inefficiency output is immeasurable. Second, the combined waste and inefficiency of the organization is not equal to the sum of its parts. It's much greater.

That's because the organization itself becomes anthropomorphized. It takes on human characteristics and becomes a player in fouling its own nest. Needless to say, the larger the organization, the larger a role it plays in this foulment. That's why huge organizations—the Army, General Motors, California—are (to use an expression, euphemized version, created in one of them) fouled up beyond all recognition.

Again, we are in the realm of the inevitable; there are no villains here. If a few folks get together and start a business, they can go out and buy what they



Techniques do not a mar

By Jack H. Grossman

Every few years business leaders celebrate the birth of "new" management techniques and new gimmicks that promise to solve employee, customer and product quality problems. It's as if new were synonymous with better. Well, it isn't.

Management By Walking Around (MBWA), one of the newer techniques, is nothing more than caring enough about what's going on in the organization to talk to the people who know. Nothing new there. And, Total Quality Management (TQM), still another "new" technique, is a matter of instilling old-fashioned pride.

While new management techniques may look different from those they are supposed to replace, they don't qualify as a better means of accomplishing the results corporate executives are paid to produce. New techniques do not improve morale, productivity, quality or profits. At best, they offer short-lived hope and excitement, which any changes, even superficial ones, usually engender. They also generate a new vocabulary, buzzwords—which seem to give techniques legitimacy—and structured programs designed to implement the techniques.

Experience shows that technique-oriented programs eventually die, but not because the techniques themselves are bad. The problem is that many users are not true believers of the emotional and intellectual assumptions the techniques reflect.

Suppose, for example, a manager learns how to use the techniques of Management By Objectives, but really believes that the only objectives that count are the manager's. MBO is doomed to fail.

Many managers employ techniques that do not represent their basic values or true feelings. Yet, they go through the motions because they would like to think that the techniques they've learned have powers—

influence; not just people. When, for I'm going to my next time they see your sister's wedding sincere and character viewed as a caring

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Again, we are in the realm of the inevitable; there are no villains here. If a few folks get together and start a business, they can go out and buy what they need. When there are a few hundred in a corporation or a government agency, the purchase order becomes necessary, and with it a staff to process purchase orders.

In other words, once an organization reaches a certain size, it ceases to run itself and must be run, meaning people have to be hired to run it. For those people (who often become the bosses), running the organization becomes more important than manufacturing goods or healing the sick or writing the news or whatever may be the actual purpose of the company or the department.

Hence the creation of that odious pursuit—management, which is simply a glorified way of describing the operation of bureaucracy, which in turn is a very wasteful enterprise.

But within this waste and inefficiency, paradoxically, is efficiency. Consider the hospital, which employs far more administrators and operatives than doctors and nurses. But if it didn't, the nurses and doctors would have to spend so much time filling out forms, making photocopies, brewing coffee and cleaning up that they would hardly have time for patients. Wasteful overhead means productivity.

It also means jobs, perhaps too many in some cases, but too many is better than too few. Featherbedding, within limits, is a virtue when it employs lots of beginners, some of whom will become valuable employees in the future, and when it continues to employ veterans who are in those in-between years, past their prime but too young to retire.

To the horror of efficiency experts and reformers, some companies and government agencies create positions for such people to fill until they can start drawing their pensions. In the newspaper business it's usually called something like Assistant Managing Editor for Special Projects, and I devoutly hope they have one for me when the mental deterioration becomes more difficult to hide. There are times when waste and inefficiency is just another term for decency.

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Suppose, for example, a manager learns how to use the techniques of Management By Objectives, but really believes that the only objectives that count are the manager's. MBO is doomed to fail.

Many managers employ techniques that do not represent their basic values or true feelings. Yet, they go through the motions because they would like to think that the techniques they've learned have powers— independent of anything else—to accomplish results. The fact is, techniques for managing people that do not come from the soul—from emotions—from a genuine caring attitude, come across as phony and artificial. Unless managers' people-managing techniques are extensions of their values and beliefs, they will, almost invariably, revert to their natural ways.

While any given management technique may work temporarily, enthusiasm for it will die unless it is an outgrowth of the user's emotions. In an informal poll of my graduate students I asked them to recall the best manager they had and describe, in writing, the five behaviors or characteristics this manager exhibited that warrant this honor. Next, they were asked to visualize and jot down some characteristics of their best teacher.

Comparing the two lists, I found my students had said little about the techniques their managers and teachers employed. The reason is that actions and words of outstanding managers and teachers are not governed by techniques, but by their respect for the people under their influence—by a desire to see them succeed. That's why, according to my investigation, the common thread in both lists is an attitude that could best be described as genuine caring.

While outstanding teachers and managers may exhibit this attitude differently, their motives are the same: to bring out the best in the people to whom they are responsible.

What follows are the 10 qualities great managers and teachers share.

■ They both really listen. This is the single most important way of demonstrating genuine caring. It's a skill that makes demands on all your senses. You have to read between the lines and see or hear things that words alone do not convey.

■ They both take an interest in people under their

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move forward on ratification of four rights treaties now before the Senate." After the speech passed through Rosner and Galston, however, the wording was softened; as Christopher delivered it, the speech said the administration would move forward with one of the treaties, the International Covenant on the Elimination of All Forms of Racial Discrimination, and that it "strongly support[s] the general goals of the other treaties."

Non-Western governments have generally argued in U.N. forums that social and economic rights are basic human rights, of equal or greater importance than political and civil ones. There is a case for accepting their position even if we disagree with it, which is that treaties embodying ideas from both sides become weapons against dictators. The best support for this argument are the Helsinki Accords, in which the United States agreed to recognize "the inviolability of borders," namely Soviet domination of its satellites, in exchange for Communist bloc accession to the right to free movement across borders. The Helsinki Accords provided a means for internal and external critics of totalitarian regimes to draw attention to violations of human rights, thereby hastening the fall of Soviet com-

munism. Advocates of the Vienna declaration argue that by supporting it despite its imperfections, we gained a potential mechanism for highlighting abuses. The agreement creates a new U.N. High Commissioner for Human Rights and is supposed to install a mechanism for prosecuting violations.

The U.S., however, will never act against internal violations of rights by its own member states; there are too many of them. In practice, the Vienna Declaration will be no more enforceable than the U.N. Charter of 1945 or the U.N. Universal Declaration of 1948, which are the organization's founding, and far more eloquent, documents. Subsequent U.N. treaties and conventions have done less for victims of governmental oppression than they have for the bureaucrats who travel to European capitals to negotiate them. It would be premature to pass judgment on Clinton's human rights policy, which remains very much a work in progress. Nevertheless, Wirth, Shattuck and Christopher have yet to explain why it was so important to participate in a meeting that began by slamming a door in the Dalai Lama's face and ended with a ringing expression of human rights slush. But to do that, they would have to know what they think about human rights. And it's not clear that they do. *

Notes toward a definition of Clintonism.

TOTAL QUALITY MEANING

By Leon Wieseltier

I.

There are words that cast a spell because they seem to deliver what they denote, because they feel like a part of the experience that they describe. "Love" is such a word; so is "grunge."

The most seductive of these words, however, is surely "meaning." To say "meaning" is to have meaning, or so it is commonly believed. Even the worry about meaning seems enough to secure one against the lack of it. It fills one instantly with a toasty feeling of philosophy.

The worry about meaninglessness, moreover, is usually an instrument for the imposition of a particular meaning. For meaninglessness is, in truth, very rare. It is even something of an achievement, a perverse kind of purification: it is not easy to be really empty. Human life, individually and collectively, is drenched in senses and significances. The words, the images, the memories, the symbols, the ceremonies, the traditions or the fragments of the traditions, are everywhere to be

found in this electronically and spiritually wired society. And the contradictions between all these meanings do not suffice to annul them all. The contemporary problem is not that people believe in too little, it is that they believe in too much. Too much of what too many people believe is too easily acquired and too thoughtlessly held. Americans are choking on identities. Not the lack of meaning, but the glibness of meaning, is the trouble.

Meaninglessness, therefore, is your lack of my meaning, as Ambrose Bierce said that impiety is your contempt for my god. This is particularly the case when meaning collides with politics, as it has in the hapless early days of the Clinton administration. "The politics of meaning" has become the administration's first (but certainly not its last) slogan. It is a slogan particularly flattering to politicians, because it seems to raise them high above the grime of democracy, to promote them from politics to pedagogy. Thus Hillary Rodham Clinton, who does not seem to grasp the difference

between the requirements for political authority and the requirements for moral authority, recently announced to students at the University of Texas in Austin that

we lack at some core level meaning in our individual lives and meaning collectively. . . . We are, I think, in a crisis of meaning. What do our governmental institutions mean? What do our lives in today's world mean? . . . What do all of our institutions mean? What does it mean to be educated? What does it mean in today's world to pursue not only vocations, to be part of institutions, but to be human? . . . We need a new politics of meaning.

And then, rather astonishingly, Mrs. Clinton warned her audience to be patient about meaning, because "we are breaking new ground." New ground? There is no older ground. But there is a certain sensibility, for which Mrs. Clinton's generation is famous, and which she perfectly exemplifies, that hates being preceded. Everything it experiences is experienced for the first time. When it sees, there is light; and when it fails to see, the whole world is covered in darkness. For such a sensibility, the past is the enemy of excitement. It is possible, of course, to discover the old, and to feel it like the new; but such a discovery should move one to learn, not to teach.

Even in recent history, Mrs. Clinton's theme is familiar. Something similar preoccupied the politics of the early 1950s, at least among the intellectuals. In the '50s, however, the anxiety about meaning was occasioned by death camps. In the '90s the anxiety about meaning is occasioned by junk bonds. This is thin stuff. ("The politics of meaning" was coined a few years ago by Michael Lerner, the editor of *Tikkun* magazine and a self-described "leader in Jewish thought.") In Austin, Mrs. Clinton gratefully cited three modern thinkers, Alexis de Tocqueville, Albert Schweitzer, and Lee Atwater. She seems to have been especially affected by Atwater's eleventh-hour repentance of Reaganism as it was recounted in (or invented for) *Life* magazine, and in her "little book of sayings and Scriptures that I find important and that replenish me from time to time" she inscribed these words of Atwater's: "I acquired more wealth, power, and prestige [in the '80s] than most. But you can acquire all you want and still feel empty. . . . It is a truth that the country, caught up in its ruthless ambitions and moral decay, can learn on my dime." A few months after her address in Austin, Mrs. Clinton adduced these words again in an interview in *The Washington Post*. They speak to her.

Never mind that the limits of materialism are not best learned on somebody's dime. The "politics of meaning" turns out to be, negatively, just an ornate rejection of Reaganism. But it is historically incorrect, and politically foolish, to mistake Reaganism for meaninglessness. It was, quite the contrary, a riot of meaning. Those who believed that the Soviet Union was evil, or that the entrepreneur is the hero of capitalism (which is not always the same thing as an "ethos of selfishness and greed"), or that abortion is murder, or that

the federal government should not fund sexually explicit art, or that affirmative action is a distortion of the ideal of merit, may have been right or wrong, but they were not poor in first principles. It was American liberalism, not America, that was adrift during the last decade.

Mrs. Clinton, who prospered handsomely during the last decade, and remarked during the campaign that "you can't be a lawyer if you don't represent banks," denounced the meanings of the other side without a hint of contrition. (There are lawyers, after all, who do not represent banks, and there are even people, imagine, who are not lawyers.) And then she offered a positive characterization of her teaching. It has nothing to do with religion, though it is religious. Her "politics of meaning" is a rejection of individualism, which is, she thinks, the road to alienation. Instead she aspires to "the sense that our lives are part of some greater effort, that we are connected to one another," that "we are part of something bigger than ourselves."

This celebration of connections is, in its better passages, a kind of vulgar communitarianism, "community" being one of Mrs. Clinton's favorite descriptions of her desire. She defines community as "a place where we belong no matter who we are." The definition is odd, since membership in a community, as opposed to citizenship in a polity, depends exactly on who you are; but the thinking, again, is thin. "Community" is further conflated with "civil society," which is the vast territory that lies between the individual and the government, "family, friendship networks (sic), communities, voluntary organizations," and it is in this moist space that meaning is to be won. (She does not note that this is the territory that the previous administration called, and was attacked for calling, "a thousand points of light.") But civil society, too, requires "a new definition" and a "reconstruction." Mrs. Clinton's ambitions oscillate between the totalizing and the trivializing. At one point she suggests that nothing less than "remolding society" is necessary, which makes you think, none too gladly, that she is in the business of social engineering. At another point, however, she makes you think that she is only in the business of talking. What the country requires, she concludes, is a new "conversation," indeed "millions of conversations," about "how we break through old views and deal with new problems."

"Millions of conversations," of course, is the most cherished fantasy of Clintonism. This is a talkative presidency. The president seems himself characterized by a horror of silence. (A horror of silence goes well with a horror of individualism.) Often he seems to think that he has acted when he has merely spoken. But Mrs. Clinton's "conversation" is owed to something more than the conviction that talking is being; it is a metaphor for the activity of the mind that has trickled down, or up, from a variety of fashions in academic philosophy, known as anti-foundationalism or perspec-

tivism or anti-essentialism or pragmatism, according to which truth is nothing more than consensus, which is to say, a communal thing. The old aspiration to objectivity, which was an exercise in exclusion, has been usurped by a new aspiration to solidarity, which is an exercise in inclusion; and where once there were rational deliberations that led to an end, there are now emotional conversations that lead everywhere, and never end. For at least a decade now, we have been hearing from political philosophers and pundits about "the national conversation."

Conversation seems so much more tolerant than ratiocination. It is so respectful, so *nice*. Alas, the great American debates of the last decade, about race, say, or the use of force, have been nothing this lovely; and rightly not, since the realities being debated are pretty brutal. There is no point in looking for consensus where there is no consensus, or where consensus is available only at a level of such generality that it is morally and politically banal. Better, surely, a sharpening of distinctions and a war of ideas, followed by what used to be known as leadership. The problem with conversation as an ideal, in philosophy and in politics, is that frequently it is a principle of stalling. It prefers questions to answers. It is suspicious of decisions and conclusions. It recommends processes and meetings. It is a weapon against urgency. It dreams that there is a bit of truth in everything.

A few weeks after her speech in Austin, Mrs. Clinton gave a speech in Ann Arbor in which she spoke, again and again, the communitarian shibboleth: "the common good." This, no doubt, reflected the instruction of William Galston, a domestic policy adviser to the president, whose influence Mrs. Clinton has acknowledged. A few years ago Galston published an interesting book called *Liberal Purposes*, in which he argued rather trenchantly against the notion that the purpose of the liberal state was to get out of the way of its free citizens, and to be neutral with respect to values. Not only does the liberal state show "a substantive conception of the good," says Galston, it even teaches "liberal virtues" (a notion that was never quite as paradoxical for liberalism as Galston seems to believe). Galston's enumeration of those virtues is an edifying document, though it is finally a little platitudinous: "severe strictures against cruelty and brutality," "an endorsement of the humanitarian disposition," "the vindication of tolerance" and "moderation" are noble and necessary, but they are the stuff of civics, not politics.

The same is true of "the common good." There is no better term for consensus without content. The usage itself is the expression of a counterfeit unity. For there is no common good. There are common goods; but to replace the singular with the plural is to concede the limits of commonality, and the reality of the conflict between the goods for which commonality is claimed. The more concrete the good, the more contested. This does not mean that we are a tragic collection of lost, atomized souls trapped in purposes that

cannot be shared. (Anyway, in this century of collectivism and nationalism and ethnocentrism, two cheers for atomism.) It does mean that the communitarian description of a society in agreement with itself is a chimera. Democracy was designed for disagreement; and just as well.

The joke on communitarianism is that the democratic disagreement of America is the work of its communities. The great strain on American society, and on its universalist ideal of citizenship, is coming not from individuals but from groups, from ethnic and racial and sexual groups that live and work and scream in the very space between the individual and the government that the Clinton communitarians exalt. Civil society is a fine place, but it is not a place of peace. The line between pluralism and tribalism is getting harder and harder to see. And for that reason, because we are a nation and not a community, because we are a nation of communities, it is not wise to mock the neutrality that liberalism attempted to instill in the state.

If we cannot rely on the state for neutrality, then surely we can rely even less on the community, which is vital exactly to the extent that it is partial; and on the family, for the detachment that is the emotional and intellectual condition of fairness, we can rely not at all. (For the communitarians, the family is not only a central institution of society; it is also a central metaphor for society.) Is it really from a surfeit of neutrality that the United States is suffering? Is alienation, if it is a recognition of the reality of individuation in oneself and in others, and therefore a foundation for sympathy, really the danger? Is "embeddedness," as the communitarians like to praise the fact of our origination in society, really preferable to getting out of bed? Is belonging really a greater personal and political accomplishment than reasoning?

"It's hard to believe now," writes Amitai Etzioni, "but for a long time the loss of community was considered to be liberating." But nothing is easier to believe, except for those who have never felt the power of tradition's claim upon the self, and never experienced the asphyxiations of authenticity. Etzioni was writing in *The Spirit of Community*, a rather crude manifesto of the kind of communitarianism that pervades the Clinton administration. In 1991 Etzioni and Galston held a conference and published a manifesto and founded a journal called *The Responsive Community: Rights and Responsibilities*, which last winter offered "recommendations to help ensure that the new president's communitarian spirit will not be suppressed."

Etzioni is the new communitarianism's comic face. He seems to think that he has founded a movement. ("I am quite certain that success has not gone to our heads. . . . Please do not just read this book. Please try to respond. We in the Communitarian movement are keen to hear from you, and we hope you will tell others about the Communitarian framework.") He, too, seems to think that he is breaking new ground. (The names Taylor, Walzer, MacIntyre, and Sandel do not

appear in his index.) His book includes discussions of such topics as "Harmonizing Careers and the Communitarian Nexus," which includes observations such as this one: "Lawyers who spend much of their lives resolving conflicts between clients will find themselves socially constructive and still able to pay the rent."

This is meliorism for people who have made their money. Which is not to say that the sense of responsibility in America is everywhere robust. The communitarians and the Clintons are correct; it is not. Still, it is hard to see how responsibility can be taught, at least in a democracy, except by reference to rights. And it is a failure of imagination to deny that rights are also an expression of "caring." The rights-mongering of the American left (which was once the calling, by the way, of a lawyer named Hillary Rodham Clinton) is hardly a reason to lose sight of the fact that rights are historical and philosophical achievements. Rights were not always clichés; and sometimes the people of one generation suffer so that the people of another generation will have clichés.

So this is what Mrs. Clinton's sermon on "meaning" means: a spiritual expectation of politics; a romance of the whole, and of the sensation of belonging to the whole; an insistence that cooperation is preferable to competition, and that the institutions of American society will operate best if they operate in this unsolitary, organic mood; a faith in feeling as a guide to political action; a conviction that officials are teachers, and that the true subject of government is goodness. These are not policies, they are attitudes; but they are attitudes that account for policies.

The intriguing thing about people who come to improve the world is their certainty that they can do it. The Clintons, and many of their colleagues, are possessed of this certainty, and of its converse, which is that anything they do, they do to improve the world. The righteousness of the Clintons is a little creepy. (Mrs. Clinton's pronouncements on health care are a fine illustration of what Michael Kelly has called her "politics of virtue." She does not wish to teach how to pay, she wishes to teach how to live. Her war against bad health care is a war against bad habits; and bad habits are other people's habits.) This righteousness sends you searching for its sources, not its psychological sources, but its cultural ones.

I think that I have found one.

II.

The first step is transformation of the individual. This transformation is discontinuous. It comes from understanding of the system of profound knowledge. The individual, transformed, will perceive new meaning to his life, to events, to numbers, to interactions among people. Once the individual understands the system of profound knowledge, he will apply its principles in every kind of relationship with other people. He will have a basis for judgment of his own decisions and for transformations of the organizations he belongs to. The individual, once transformed, will be able to: set an example; be a good listener, but will not compromise; continually teach other people; help

people to pull away from their current practice and beliefs and move into the new philosophy without a feeling of guilt about the past. The word *metanoia* is more suitable than transformation. *Metanoia* is a Greek word which means penitence, repentance, reorientation of one's way of life, spiritual conversion.

Kierkegaard? Teilhard? Tillich? Cuomo?

Not exactly. Those are the words of the most influential management consultant in the world, the peculiar, austere, and mildly villainous W. Edwards Deming, who is also the most unacknowledged influence on the new thinking about the economic and political culture of the United States. The extraordinary paragraph just cited is a page from a chapter called "A System of Profound Knowledge" in Deming's new book, *The New Economics for Industry, Government, Education*. The title alone should give warning: this is a way of thinking for which all organizations are like all other organizations, for which distinctions of structure matter more than distinctions of purpose. Or, more precisely, for which there is, in all structures, one and the same purpose. That purpose is "quality."

"Quality," writes Mary Walton, Deming's disciple and the author of *The Deming Management Method* and *Deming Management at Work*, "must become the new religion." Deming is the creator of "the quality revolution" in the theory of management; and not least among the achievements of "the quality revolution" has been its spiritualization of management itself, its promotion of management to "leadership" and to moral authority. "The quality revolution" is generally referred to by its cultic acronym TQM, or Total Quality Management. Deming himself does not speak of TQM, but he begat it, and he is primus inter pares among the "quality gurus" discussed in Peter Capezio and Debra Morehouse's *Total Quality Management, The Road of Continuous Improvement*, a recent manual of the movement.

Deming speaks and writes oracularly of "the Fourteen Points," "the Seven Deadly Diseases," "the Parable of the Red Beads," "A System of Profound Knowledge," "the PDCA (Plan, Do, Check, Act) Cycle," and the like. Born in Wyoming in 1900, he took a doctorate in physics at Yale in 1924 and then distinguished himself as a government statistician; and his teachings display the bizarreness of thought and language that usually characterizes the work of experts turned gurus. Thus, for the observation that "the only test of statistical control on record for results on the speed of light turned out to be negative," Deming cites Ogden and Richards's *The Meaning of Meaning*; and for the "theory of knowledge" appropriate to management, he adduces Lewis's *Mind and the World Order*. Deming's work is riddled with strange adages: "he that sells not can buy not"; "zero defects is (sic) not sufficient"; "a cat is unaware that dusk has settled on the earth"; "life is variation"; "one may learn a lot about ice yet know very little about water"; and so on.

The fundamental idea of this zen for CEOs, of what

Deming likes to call his "system for win, win," is simple: just as industry can control productivity, industry can control quality; and quality can be mathematically defined, statistically checked, and institutionally encouraged. The idea, I have no doubt, "is incontrovertible. (Deming acknowledges his debt to Walter Shewhart, a physicist who worked at Bell Laboratories in New York in the 1920s, who developed what Deming calls "a new way to think about uniformity and nonuniformity," and insisted that "statistical quality control" could be the achievement of the workers themselves.) Yet the really interesting thing about Deming's doctrine, and about TQM generally, is not its insistence on quality. It is its prescription for the emergence of quality, its picture of improved human labor and improved human life, its theory of meaning.

It is, for a start, a totalizing theory. This is not QM, this is TQM. Its pride in one of the most sinister adjectives in the language should give the game away. "Manage the whole company as a system," Deming writes. "The function of every component, every division, under good management, contributes toward optimization of the system.... Enlarge judiciously the boundaries of the system. The system must include the future.... Study the theory of a system." But what is a system? A system is more than a company. A company is only one example of a system. "A system is a network of interdependent components that work together to try to accomplish the aim of the system. A system must have an aim. Without an aim, there is no system. The aim of the system must be clear to everyone in the system." And what is that aim? Deming's definition is purely formal: "The aim must include plans for the future. The aim is a value-judgment."

There are a number of corollaries to this system-worship. The first is that competition is bad, cooperation is good. "The secret is cooperation between components toward the aim of the organization. We cannot afford the destructive effects of competition.... We must throw overboard the idea that competition is a necessary way of life. In place of competition, we need cooperation." Deming's writings are filled with denunciations of competition, of "the evils of the merit system." He is opposed to ranking and grading of every kind, because it sets individuals against each other, and

motivates them wrongly, selfishly. In *The New Economics*, there appears this utopian vision of the cooperative "way of life":

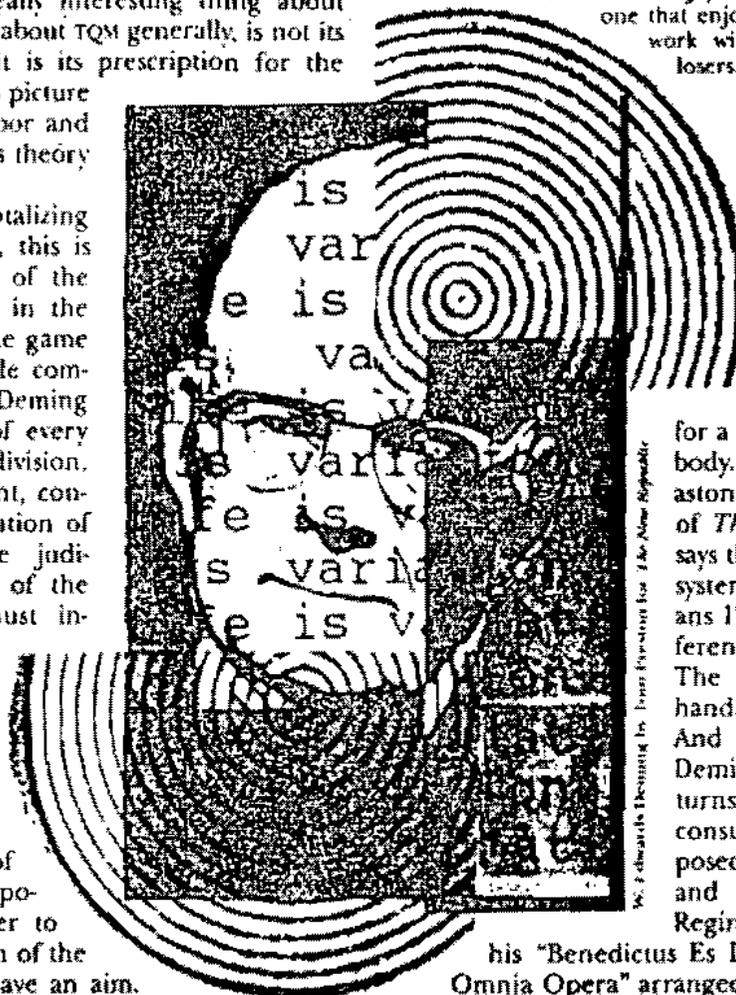
The transformation will release the power of human resource contained in intrinsic motivation. In place of competition for high rating, high grades, to be Number One, there will be cooperation on problems of common interest between people, divisions, companies, competitors, governments, countries. The result will in time be greater innovation, applied science, technology, expansion of market, greater service, greater material reward for everyone.

There will be joy in work, joy in learning. Anyone that enjoys his work is a pleasure to work with. Everyone will win; no losers.

The second corollary of "the new philosophy" is an organic ideal of life, a romanticism for executives and foremen. Deming's metaphors for his anti-hierarchical ideal of human association are very revealing. There is,

for a start, the metaphor of the body. In one of the more astonishing pronouncements of *The New Economics*, Deming says that "St. Paul understood a system," and gives 1 Corinthians 12: "... there are many different organs, but one body. The eye cannot say to the hand: 'I do not need you.'" And the evangelical tone of Deming's theory of business turns out to be more than a consultant's faith; he has composed masses and canticles, and last spring his "Missa Regina Coeli" for choir, and

his "Benedictus Es Domine" and "Benedicite Omnia Opera" arranged for orchestra, were performed at Constitution Hall in Washington, along with his new melody for "The Star-Spangled Banner." This may account also for his musical metaphors for the perfect institution and the perfect society. At one point he compares a successful system to a string quartet: "Each member supports the other. None of them is there to attract individual attention." At another point he suggests that "an example of a system, well optimized, is a good orchestra." And finally there is (surprise!) the metaphor of the family, rather weirdly put: "Parents cooperate; both win.... Parents will not rank their children, nor show special favors or rewards. Would parents wish for one child to be a loser? Would his brothers and sisters be happy to have a loser in the family? Transformed, the family will be a living demonstration of cooperation in the form of



W. Edwards Deming in Penn Exposition for The New Republic

mutual support, love, and respect."

The third corollary is Deming's view that management theory is moral theory. There is a scolding spirit, a little reminiscent of George Kennan's, that suffuses Deming's charts and equations and aphorisms. Good products are made by good people. For Deming, America is a decadent society, crippled economically and spiritually by a love of profits. "We have been wasting our natural resources," he writes in *The New Economics*, "and worse . . . destroying our people." This is a management consultant who despises materialism. In *The Reckoning*, his account of the American automobile industry, David Halberstain provides this portrait:

Among the many things that the Japanese liked about Deming was that he lived so modestly. . . . Here was, to them, the most important man in America living in an ordinary house. The furnishings were simple and the room was rather poorly lit, with a certain mustiness to them. That impressed them all the more. Deming's passion was for making better products, or more accurately for creating a system that could make better products. It was not for making money. He clearly had little interest in material things. He was the kind of American they had always heard about, a spiritual man, not a materialistic one. . . . (Deming) was often brusque with his fellow countrymen and scornful of them. He hated waste, and he felt that America had become a wasteful country, not only of its abundant natural resources but of its human talents.

The fourth corollary—and the most surprising, perhaps, for those poor souls in government and elsewhere who think that TQM is a democratic program—is Deming's cult of the leader, his cold demand for a concentration of power at the top. This is an anti-hierarchical ideal for the powerful. In the "good orchestra" that Deming admires, the manager is the conductor. In *Out of the Crisis*, his jumbled masterwork that appeared in 1986, Deming writes that "the careful reader may note the use of the word *leadership* where the usual word would be *supervision*. The reason is that for survival, supervision will be replaced by leadership." In *The New Economics*, he writes that "transformation in any organization will take place under a leader. It will not be spontaneous. . . . The job of a leader is to accomplish transformation of his organization. He possesses knowledge, personality, and persuasive power." And elsewhere, "quality is determined by the top management. It cannot be delegated." (It is in the same absolutist spirit that Deming declares his preference for monopoly, since "a monopoly has the best chance to be of maximum service to the world, and has a heavy obligation to do so.")

This, then, is the brave new world of "quality." In *Brave New World*, indeed, there appears this "solidarity hymn":

Ford, we are twelve; oh, make us one
Like drops within the Social River;
Oh, make us now together run
As swiftly as thy shining Fliver.

But does better performance really require the oceanic feeling? Does a happy customer really require the surrender of the individual to the group, and to the leader of the group? Does managerial vigor really require an ideology of the anthill and the beehive? Is individualism really the enemy of cooperation? Is pride in the self really the same thing as selfishness? Is the organization, public or private, large or small, really the locus of meaning, the proper site of the profounder life? Does a person's labor really express, how shall we put it, his species-being? (Total Quality Marxism.) Should the alienation of workers really be cured with feudal fantasies, with illusions of wholeness? Instead of looking for "joy" in their drudgery, in their assembly lines and their computer terminals and their connecting flights, they should look for "joy" after and outside of work, where "joy" may be found. And in this family that the corporation and the society are supposed to be, in this family in which the parents are supposed to "win," who exactly are the parents, and why?

It is worth noting, too, the bad faith at the heart of all this righteousness. This gospel of cooperation is designed, after all, to make its converts more competitive. If our goods rout their goods as a result of an improvement in quality, then Deming's doctrines will have been vindicated, at least at the level of economics; but only because they will have been a decisive weapon in a global war. Deming is Darwin with a human face. And there is something, well, rich about the anti-materialism of capitalists. If Deming's program for the American economy works, its result will be profit, not peace. That profit should be shared with the workers who produced the better product; but the hunger of those workers for profit, and for the goods and the services and the forms of ease that profit will bring, is a decent and dignified hunger. It is a part of the American vision of a better life. Money is not a bad thing. It is a limited thing, and it is not a spiritual thing; but it is Deming, and not the blighted producers and concupiscent consumers of America, who insists that capitalism also satisfy the soul.

It will come as no surprise that Deming is a deity in Japan. In 1947 he was recruited by the American authorities in Japan to help prepare a census, and immediately he took an interest in the reconstruction of the Japanese economy. In 1950 he gave a series of momentous lectures on quality control ("my message set forth in 1950, viz., the theory of a system, and cooperation"), in which he promised that his technique would make Japanese products competitive with Western products within five years. It was not long before he became known as the man who made the miracle in Japan, and in 1951 the Japanese government established its most coveted medal for economic achievement and called it the Deming Prize. "We are in a new economic age," writes Deming in *Out of the Crisis*, "created by Japan." The cultural hospitality of Japan to Deming's organicist theory of labor is obvi-

ous. Deming's industrial utopia amounts to a repudiation of the American liberal tradition.

Against MITI, certainly, one must defend Rawls; and yet the cultural analysis of Deming's success in Japan is a little coarse. What is wrong with Deming's ideas is not merely that they are not, in James Fallows's phrase, "more like us." Indeed, we seem daily and weekly to be more like them. There is no culture in which the one is not tempted to be lost in the many, and the many are not tempted to feel like the one; and there is no culture in which power, in public institutions or private institutions, has no use for those temptations. And so it is a myth that Deming, who received his latest honorary degree at Harvard a few weeks ago, is a prophet without honor in his own country.

The director of a Boston company that produces assembly-line test equipment told a reporter over a decade ago that Deming "has become part of the conventional wisdom." The list of American companies and corporations that have availed themselves of the ideology of quality—Ford, General Motors, Xerox, IBM, McDonnell Douglas, Motorola, AT&T, Federal Express, the Hospital Corporation of America, Florida Power & Light—is very, very long. In a particularly droll example, Arthur O. Sulzberger Jr. is inflicting "the new philosophy" on that well-known *gemeinschaft*, *The New York Times*; a letter was sent to the entire staff of his paper (to their homes, naturally) about "values" and "vision" and "new ways of working together," and it was accompanied by a treacherous statement of purpose called "Our Commitment," about "quality," "excellence," "collaboration," "trust," "collegiality," "communication," "receptivity," "candor," "diversity"—and, of course, "profitability." Anna Quindlen told *USA Today*, which is also reforming itself according to TQM, that the devotion of her boss to the methods of "the famous Dr. Deming ... makes a lot of sense," and smugly identified quality with feminism: "I told him [Sulzberger] that this is what we in the sisterhood call female management—non-hierarchical, devoted to a joint effort to produce a product and not toward reinforcing anybody's ego by making them the ultimate decision maker."

This corporate communitarianism is faring no less well in the public sector. American government, too, is caught in its spell. According to David Osborne and Ted Gaebler in *Reinventing Government*, "Total Quality Management, or TQM, has been embraced by public organizations at all levels." (They note, though, that "those that embrace Total Quality Management ... learn that 85 percent of the problems in a typical operation stem from the systems, only 15 percent from the people," and also that "most public sector TQM projects focus on very minor systems, the ones that are easiest to change.") At the local level, the greatest laboratory of "the quality revolution" has been the city of Madison, Wisconsin, whose mayor was transported by one of Deming's lectures in 1984. At the state level, according to Frank J. Mauro, the deputy director of the Rockefeller Institute of Govern-

ment in Albany, New York, "the current economic squeeze is creating an opportunity to restructure state government," and "dozens of states" are adopting Deming's approach. At the federal level, "the new philosophy" is proliferating rapidly. Osborne and Gaebler report that "the federal government has even set up the Federal Quality Institute to propagate the faith." The United States Navy has a deputy undersecretary for TQM; its well-documented experiment with Deming's notions began in the early 1980s, and by 1988 Secretary of Defense Frank Carlucci issued a memorandum to announce that he was "giving top priority to the DoD Total Quality Management effort." The Coast Guard, according to its journal *The Commandant*, has adopted TQM as "its working motto," and established a Quality Management Branch. The Tactical Air Command of the Air Force was restructured by General Bill Creech according to what he calls a "holistic, humanistic kind of TQM," about which he has written a tome that will appear next winter. In 1991, at the invitation of Newt Gingrich, Deming expounded his ideas before "a rapt group of congressmen and their key staffers," according to a pundit who was present, and then lunched with the congressional leadership. In May he was scheduled to bring his seminar again to Capitol Hill, but the seminar was postponed.

Dissolve to the White House.

III.

"The Republicans know business," said a friend of mine who works in the higher reaches of the Clinton administration, "but the Democrats know the new management theories." Her remark had an odd, esoteric tone. (The Republicans know chemistry, but the Democrats know alchemy.) It was when I asked her for an explanation that I first heard about TQM, and by the end of our dinner, which took place a few weeks after "the politics of meaning" had been loosed on America, it was clear to me that I had been vouchsafed a clue to Clintonism, a clue to the ethos of the executive branch. An ethos is something between custom and character; not a system of thought, but a climate of thought; a network of ideas, emotions, and practices that add up to a way of inhabiting the world. The conflation of moralism and managerialism; there, I thought, is the energetic, articulate, and hollow ethos of Clintonism. Total Quality Meaning.

I sought and I found. The administration is lousy with the cult of quality, practically and philosophically. The most dramatic example is the National Performance Review, the extensive evaluation of the structure and the performance of the federal government to which the president has exiled the vice president. It appears to be an orgy of TQM. Its premise, as Clinton said cheerfully in announcing its formation, is that "government follow the example set ... by the many huge private sector companies," a fine Deming-like confusion of the realms. A few weeks

ago there occurred a "Reinventing Government Summit" in Philadelphia, at which (according to *USA Today*) more than 200 executives "gave Gore tips... on bringing total quality management to the federal bureaucracy." ("Some of these approaches can do for the government what they did to G.E.," said the man from G.E.) The meetings of the National Performance Review with government workers—I have seen a tape of the encounter at the Department of Transportation—are a strange mixture of personal confession and institutional uplift, exercises in econo-psychobabble, in which no distinction is drawn between human potential and bureaucratic potential, and management acts pastorally. And the meetings of the Health Care Reform Task Force, a real organizational juggernaut, seem to have the same managerial-therapeutic tone, in which the contradictions between ideas and the contradictions between interests are met by an expression of empathy and a confidence that everything will somehow abide with everything else.

Then there are Clinton's intellectuals, the theorists of his approach to policy. In *Reinventing Government*, David Osborne and Ted Gaebler admirably distinguish between government and business, which are "fundamentally different institutions," but they conclude that the "different incentives in the public sector" require government to devise its own version of Total Quality Management, which can be "an extremely powerful tool." For Robert B. Reich, "W. Edwards Deming is to management what Benjamin Franklin was to the republican conscience—a guide, a prophet, an instigator." Reich has eloquently propounded his own corporate communitarianism, which he calls "collective entrepreneurialism." It is based on a rejection of "the myth of the Triumphant Individual," which has "outlasted its time" and "is no longer a useful guide to our place in the world." In its place he wants "a different and more subtle form of entrepreneurialism, which builds upon joint effort rather than individual conquest."

The old world of "entrepreneurs and drones,"

Reich warns, will no longer work; the big ideas of the former can be implemented by anybody anywhere, and the alienation of the latter is not only undeserved, it is also unproductive. An unhierarchical workplace, characterized by "close working relationships among people at all stages of the process," and by "only modest differences in the status and incomes of senior managers and junior employees," or even by employee ownership, in which "tasks are often so intertwined that it becomes impossible to evaluate them separately," and "coordination is achieved both through common experience—working together long enough so that signals are relatively clear—and through common understandings about what sorts of small-scale refinements are likely to improve products and processes," will result in better goods and happier workers; and finally, and grandly, in "a new America."

But how exactly are the workers to find happiness at work? By "discover[ing] ways to improve product and process," writes Reich, by being allowed "to use their imagination," which will in turn allow them "to experiment in rearranging the data to provide new insights into what is being produced and how it can be refined."

This, happiness? This, the pleasure of imagining? The



ILLUSTRATION BY TOM PRESTON FOR THE NEW REPUBLIC

spirit sinks. Drones who can compete with Japan are preferable to drones who cannot compete with Japan; but they are still drones. ("Quality is personal," advises *Team USA*, the TQM newsletter at *USA Today*, "and can be very basic: How quickly do you answer the phone when it rings? Are you typically to meetings on time?")

Reich's "collective entrepreneurialism" looks a lot like Taylorism plus computers. Where industrial alienation was, postindustrial alienation will be. It is possible, after all, to be alienated in teams, to be lonely together. Similarly, the racketsy Michael Lerner claims to have arrived at his "politics of meaning" as a result of his experience as a psychotherapist at the Institute for Labor and Mental Health in Oakland, where he discovered the dejection of working people; but now

he publishes a magazine in which private life is referred to as "private life." This delegitimation of the private realm, and the concomitant attempt to transfer its moral and emotional glamour to the public realm, in the workplace and in the community, is a cruel trick, a collectivist impulse disguised as a form of democratic compassion, a drain on the inner resources of those who need inner resources the most.

And Reich's portrait of individualism in America is a caricature. We were never a nation of pillaging and plundering monads. (Not even in the 1980s.) Self-reliance was never perfect, even in this culture of self-reliance. And individual achievement in America was rarely "individual conquest," except in the sense that an individual conquered his or her circumstances; but the conquering of circumstance is the nurturing of character. Finally Reich himself admits that "collective entrepreneurialism is not as unusual as it may at first seem." Of course it is not unusual: this is a country of associations, corporations, teams, partnerships, movements, companies, unions, communes, boards, federations, councils, brotherhoods, sisterhoods, and so on. What is unusual, however, is the prestige that the flight from individuation has acquired in recent years. This country, its economy and its politics and its culture, will pay a high price for the failure to see that individuation is not only a fact, but also a value; that the individual is the universal, the true universal, the safe universal, the universal that has brought the least tragedy to history.

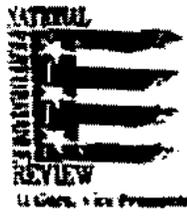
The public philosophy of the Clinton administration, then, is a wordy and sentimental blend of holisms, of social and economic communitarianisms. (There are ironies, of course: "quality" in government and industry is the way to the future and the friend of "diversity," but "quality" in culture and the arts is the way to the past and the foe of "diversity.") In his acceptance speech after the election, Clinton said that "we need a new spirit of community, a sense that we're all in this together." Soon there followed his wife's homily on the "politics of meaning," and then his defense of it. "You have helped me to clarify my own thinking and to feel a little more convinced to say what I feel," Clinton had written to Michael Lerner when he was governor of Arkansas; and so it was no wonder that he defended his wife's reflections by insisting that American society is marked by "the absence of a feeling that there is an overall philosophy."

For Clinton, though, communitarianism is mainly a method. For the idea of community can make a fear of excluding look like a love of including; and indecision look like a form of tolerance. There is at least one sense in which Clinton's style of politics is not traditional. He does not believe in nothing. He believes in everything. He lives without the law of contradiction. He is not a bad man compromised by lies; he is a good man besieged by truths. The problem is that they are other people's truths. And the problem is also that

they cannot all be true. Thus "an overall philosophy" is precisely what Clinton cannot provide, unless it is the sum of everybody else's beliefs accompanied by the abject admiration of belief itself. All this does not mean that Clinton is "post-ideological." Indeed, the controversies of his first months in office should have rudely awakened him to the fact that ideology did not die, at least not here. The country is riven by groups and communities with fierce and divergent views of the world. "Post-ideological," in fact, is a description for philosophical exhaustion; but the majority of the population of the United States does not appear to be philosophically exhausted.

For that reason, Clinton is not equipped to provide the "healing" that this society needs. He is too blurry. He lives at too great a level of generality. This shows in the language of his administration, in all those lofty, unimpeachable, and completely contentless general nouns: "change," "quality," "community," "creativity," "dynamism," "efficiency," "hope," and so on. Clintonism, you might say, stands for excellence at its best. And its conflation of moralism and managerialism enables it also to conflate generality with piety. This administration has a gift for saying nothing, and passionately. Every difference is split, every compromise is made, every opinion is heaped with every other opinion—and the Clintonites still act like crusaders, still speak like the chosen.

There is no surer sign that you feel holy about yourself than to accuse those who disagree with you of cynicism. The accusations of cynicism are flying. According to the president and his wife, and to some of their intellectuals, those who criticize "the politics of meaning" are cynics. Those who criticize the cult of "quality" are called cynics, too. (A few days ago *USA Today* reported that "a deep cynicism across the nation endangers the Clinton administration's effort to 'reinvent government' and run it more like a business, Vice President Gore admits.") So let us be clear about who the cynics are. The cynics are those who believe that all things are true and all policies are possible; that talking is acting; that feeling good is better than thinking hard; that political election is spiritual election; that government is like business; that the moral leaders of this society are its managers; that the working people of this country can suffice with the bliss that they find at work; that individuality is a failing, and the individual should be buried in the group; that the mysteries of human existence are not mysterious; that meaning does not have to be rigorously considered, except for its political and promotional utility. The dogmas of W. Edwards Deming may result in better products, and the flexibilities of Bill Clinton may leave a dent in the deficit and a smaller number of the poor. But they will have banished nobody's loneliness and nobody's darkness. In a vital economy, and a vital bureaucracy, and a vital community, there will still be things that are difficult to know. *



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MAR - 9 1993

MEMORANDUM

TO: MARLA ROMASH
FR: JULIA MOFFETT
DT: 03/08/93
RE: NATIONAL PERFORMANCE REVIEW

cc. Bruce Reed
File: NPR

What follows is a very rough list of event/policy ideas that were identified by many people as I did research for last week's event. Most of them are not new, but have certainly not been touched. It is important to note that I have just listed the topic. Additional information, numbers regarding savings, and sources are readily available.

The list is mainly developed from suggestions by Byron Dorgan, Bart Gordon, and some miscellaneous advice along the way.

So much of the criticism of reviews like this one is that they identify waste or inefficiency, yet do nothing to correct it. I think the NPR should make its goal to hold frequent events showing real change prior to the six month deadline for submitting a proposal. While recommendations have been out there for some time, the public has never seen any action on them.

PLANES

The number of Executive branch owned private planes doubled to 1400 under Reagan. The fleet costs \$750 million to operate and maintain. Additionally chartered planes cost another \$100 million per year. You could eliminate 50% and require stricter justification for use. President Clinton issued an Executive Order on Feb. 11, asking agencies to report their inventory of such planes within sixty days. Design an event surrounding the announcement of the results and what we're going to do about it.

MAIL

A frequently cited wasteful practice is the U.S. Mint's use of first class mail for promotional materials. Take steps to eliminate unwanted and low-priority mailings as well as encouraging agencies to use third class. Great visuals!

USDA FIELD OFFICES

Well-known cases of up-and-running field offices in now urban areas. We have the same number of offices as we did forty years ago when rural areas were much more plentiful. There have been many exposes on these offices serving absolutely no purpose with employees reiterating their lack of purpose. Start closing them.

INTERIOR DEPARTMENT

My former boss, George Miller, Chairman of the Interior Committee, has identified many wasteful practices that if stopped would generate savings. The double-dipping of DOD land being leased by farmers who get agricultural subsidies is one example. The Bureau of Indian Affairs is in much need of a modernization of services. Federal land exchanges need a much tighter criteria. Revenue could be generated by installing uniform tourist rates for all national parks, etc....

REDUNDANT PROGRAMS

The USDA Rural Abandoned Mine Program and the Interior Department's Abandoned Mine Land Program are identical. The Bureau of Mines Mineral Institutes' goals have been met, yet the program is still funded at many universities.

There are currently 10 state library federal grant programs which are valued at a minimum of \$70 million and are administered by no less than 40 people. Many of these grants offer overlapping services. By consolidating the programs, the services would improve and money would be saved.

CANCEL PROGRAMS

The Advanced Solid Rocket Motor Program has been identified by NASA to have served its purpose.

PENTAGON PROCUREMENT PRACTICES

Much public support for the idea that these procurement practices are wasteful. Many examples exist of overstocked supplies. Taxpayers not only purchase the goods, but then have to pay the storage tab. Best example is the 1.2 million bottles of nasal spray. Many other examples of obsolete materials currently being stored. Aside from DOD, DOT is notorious for overbuying its spare parts. We should get rid of the excess and obsolete inventory in these "warehouses of waste". Then we should reform procurement practices.

Another idea that has surfaced has been to have the GSA hold a national garage sale with this inventory.

VISIT AGENCIES WHICH ARE SETTING EXAMPLES

The Department of Education is very proud of its recent implemented Total Quality Management system.

HUD is a great example of an agency that had ceased functioning well or efficiently that has begun a real turn-around in the fashion of reinventing government. They have set up HUDCARES so that people in need of emergency services while paper work is in progress can be taken care of. They have identified 50,000 apartment units owned by the government that they are planning to

sell quickly. And they have developed systems for releasing backlogged funds immediately.

IRS COLLECTION

Create an innovative amnesty program to collect overdue taxes.

RECISSION OF WASTEFUL GOVERNMENT SPENDING

There are several instances of appropriated funds sitting in holding patterns for many years while projects navigate problems. The Israel Relay Station, funded by the Bureau of International Broadcasting/AID, will be a radio station to send pro-democratic messages into Eastern Europe. The project has been stalled for years due to environmentalists objections to certain aspects of the station. Rescind the funds.

THE 800 NUMBERS

Monitor the 800 numbers for success stories. They really do exist. Bob Krueger set his up, and has already identified a NASA employee who makes \$70,000 a year, but "has no job description and does no work." Another caller uncovered information about the suspicious bonus practices of the Energy Department. We could hold events to honor people who call in.

INSPECTOR GENERALS

The Inspector General's reports are loaded. If the IGS were ours, they could be the powerful backbone of this initiative. As old ones resign and new ones are appointed, you should highlight their role. An event highlighting the new head of the RTC when he or she is announced would also work.

For the past several years, the IGS have put their recommendations, many of which were never acted on, in the PCIE (President's Council on Integrity and Efficiency) report. There are other groups that have also focused on ridding waste and reinventing government--PCMI (President's Council on Management Improvement), ECIE (Executive Council on Integrity and Efficiency) and FQI (Federal Quality Institute).

Look into consolidating these groups or incorporating their resources and knowledge into yours. Don't hesitate to use an example of an idea that has been sitting on a shelf for years that you uncover and implement. It sends a nice message.

PUBLIC PARTICIPATION

Investigate ways in which to include the public. If you have the opportunity to travel outside D.C. for events, hold public hearings as part of the trip.



Main State Fax:
(202) 647-7660

Office of Investigations Fax:
(703) 284-1955

OFFICE OF INVESTIGATIONS TELEFAX COVER SHEET

DATE: MARCH 9, 1993

TO: MR. BRUCE REED (456-6515)

FROM: U.S. DEPARTMENT OF STATE
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS
2201 C STREET, N.W., ROOM 6817
WASHINGTON, DC 20520-6817

CONTACT: _____

TOTAL NUMBER OF PAGES (INCLUSIVE OF THIS PAGE): 4

REMARKS: DR. RANDY WEST
CAN BE REACHED
TELEPHONICALLY AT
(703) 284-1910

March 9, 1993

The Honorable Bruce Reed
Assistant to the President
for Domestic Affairs
Reinventing Government Task Force
Office of the President
Washington, D.C.

Dear Mr. Reed,

Thank you for returning my call and speaking with me this morning. As per your instructions I am sending this communication via the FAX. I have a unique background which I believe will allow me to serve you and the President to reinvent government.

I am the only senior executive currently in the Federal government with extensive experience in the inspector general community coupled with nearly a three year detail at the Federal Quality Institute - implementing TQM in the Federal workplace. This first hand knowledge and experience makes me someone who can be an invaluable asset to you as you reengineer the Federal bureaucracy. My background in the inspector general community and in implementing TQM in the Federal work place has given me substantial insight into not only what the problems are but, more importantly, why they have occurred and what might be some of the potential solutions.

Thomas Jefferson is credited with saying, "...every generation needs a revolution..." Although he spoke of a political and ideological revolution Mr. Jeffersons' comment could not be more applicable to the Quality Revolution which has swept the business world and is now helping us to reinvent government.

Congress in their wisdom passed the Inspector General Act of 1978. The concept was a two pronged effort to strengthen and enhance the Federal bureaucracy. The inspectors general were to focus on two fronts, the first was the elimination of fraud, waste and abuse, the second area of focus addressed the improvement of government by increasing the economy and efficiency of governmental operations. The inspectors general quickly discovered that OMB wanted to publicize dollars saved and convictions of "evil doers," those people responsible for all of the waste in the Federal establishment. It played well in Pieoria but like any show on Broadway it soon wore out it's appeal especially when people began to realize that nothing had really changed. The root cause of the problems had not been addressed and the system had not been transformed in the slightest. One would have to be insane to keep doing the same thing time and again and then expect different results.

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. letter	Randolph West to Reed re: Reinvent Government (partial) (1 page)	3/9/93	P6/b(6), b(7)(F)

**This marker identifies the original location of the withdrawn item listed above.
For a complete list of items withdrawn from this folder, see the
Withdrawal/Redaction Sheet at the front of the folder.**

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Bruce Reed (Subject File)
OA/Box Number: 21206

FOLDER TITLE:

National Performance Review (NPR) [2]

rs57

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

I believe I may be able to contribute to your team to assist you in obtaining the results you want to see in the Federal Government.

I am offering my personal qualifications for your review. The following capsules highlight my relevant experience:

RELEVANT BACKGROUND

- o - **Organisational Re-engineering** - Established or rebuilt three Inspector General organizations, redesigned and developed plans, policies, manuals and computer systems which are models for other OIGs.
- o - **Assistant Inspector General - Senior Executive Service** - Departments of State and Commerce. Designed, created and implemented high performance Federal audit, investigative and inspection organizations.
- o - **Senior Quality Executive** - Implemented Total Quality Management in numerous Federal Departments and Agencies, specialist in transitional leadership and cultural change.
- o - **Fraud Prevention and Systematic Corrections** - Directed surveys and fraud probability programs to detect fraud recommend/implement corrective systemic actions to prevent further abuse and return substantial savings.
- o - **Doctorate** - Emphasis in psychology and communications. Masters of Public Administration.

[REACTED]

- o - **Director, NASA, Office of Inspector General** - Extensive audit, inspection and investigative leadership in eliminating fraud, waste and mismanagement. Developed and implemented programs to detect, eliminate and correct system weaknesses. Directed teams of auditors and management inspectors.
- o - **Effective Liaison and Public Speaking Experience** - Leading motivational speaker for Federal Quality Institute, Keynote speaker for OPM Executive Development Seminar. Acted as moderator for numerous TQM conferences. Recognized as most effective speaker at Federal Law Enforcement Training Center in Inspector General curriculum.

3

- o - **International Operational Experience** - Conducted worldwide operations to eliminate fraud and mismanagement in State Department operations. Coordinated with foreign law enforcement and political representatives.
- o - **Naval Flight Officer** - Flew combat missions from the deck of the USS Kitty Hawk in North Viet Nam. Collateral duty of Squadron Security/Legal Officer and Air Frames Division Officer.

If after reviewing my relevant experience you believe I might be able to contribute to your team I can make my self immediately available for a personal interview.

Sincerely,



Randolph M. West, III
505 Arnon Meadow Road
Great Falls, Virginia 22066-3903
Home (703) 759-3743
Work (703) 284-1910

P.O. Box 10100
Alexandria, VA 22310
March 4, 1993

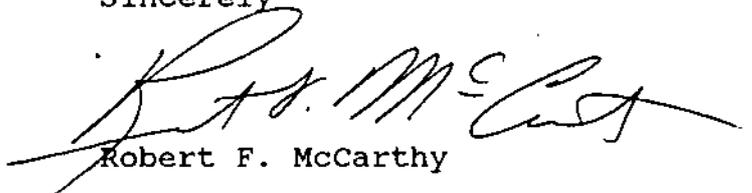
The Honorable Bruce Reed
Deputy Assistant to the President for Domestic Policy
The White House Office
1600 Pennsylvania Avenue N.W.
Washington, D.C. 20500

Dear Mr. Reed:

I recently returned from a trip to Dallas, Texas. While there, I had occasion to read the February 23, 1993, issue of "USA Today." The article mentioned there was some consideration being given by the administration to conducting an audit of the government to identify waste and inefficiencies.

I have enclosed a copy of my resume and a qualifications brief. In the event you feel that I may be of some assistance in your efforts, please feel free to call upon me.

Sincerely



Robert F. McCarthy

Robert F. McCarthy
(703) 719-7917

SUMMARY OF EXPERIENCE :

Special Agent - Food and Drug Administration - Since 5/91. Conduct investigations of employee misconduct. Lead teams conducting management reviews of FDA activities and offices.

Self-employed - 4/89 to 5/91. With assistance of 7 others, managed contract for daily delivery of about 800 newspapers on 8 home delivery routes. Contracted to conduct background investigations.

District Manager - Washington Times - 11/88 to 4/89. Maintain customer service and meet circulation objectives, recruit, train, and motivate personnel, and efficiently administer district resources.

Special Agent - Office of Inspector General - United States Department of Agriculture - 8/86 to 11/88. Conduct investigations involving senior level Headquarters employees. Perform staff related functions to include teaching others how to use computer and computer programs. USDA representative on the Washington Metropolitan Council of Governments (COG), Chiefs of Police subcommittee on intelligence.

Criminal Investigator/Program Manager - United States Army Criminal Investigation Command - 12/84 to 8/86. Manage global investigative programs, which included the handling of people who were providing sensitive information concerning ongoing criminal activity; and the timely and secure processing of criminal intelligence. USACIDC representative to COG, Chiefs of Police subcommittee on intelligence.

Loss Prevention District Manager - Dart Drug Corporation/Dart Drug Stores Inc. - 2/84 to 12/84. Managed an area loss prevention program for Dart Drug, Crown Book, and Trak Auto stores.

Staff Special Agent; Supervisory Special Agent; Special Agent; and Security Policeman; - United States Air Force - 7/62 to 2/84. Managed, conducted, and instructed on investigative programs and operations on a local, regional, national, and worldwide basis for the Air Force Office of Special Investigations (AFOSI). Part time member of the IG team, which conducted inspections of AFOSI units worldwide.

AWARDS

Air Force Meritorious Service Medal. Air Force Commendation Medal on five occasions. Certificate of Appreciation from the USACIDC. AFOSI Regional Special Agent of the Year. Three times District Manager of the Month.

EDUCATION

College courses in accounting, business and consumer law, criminal and constitutional law, computer crime and programming, psychology, American History, legal research (computerized and manual). Paralegal Training Certificate from the University of Maryland.

Robert F. McCarthy
(703) 719-7917

Objective

Manager - Investigative Operations To assure a broad cooperative effort through use of creative thinking, sound planning and organizing, and strong communications skills to achieve established goals and objectives.

Qualifications

Developed, organized, directed, and supervised investigative programs and operations on a regional and global basis for the Air Force Office of Special Investigations (AFOSI) for:

Retails sales store activities with an annual growth rate in excess of half-a-million dollars. Equipment and supply disposal and retail sales activities with an annual growth rate in excess of \$100 million dollars. New retail service activities with an expected annual growth rate in excess \$200 million dollars.

Computer operations supporting accountability of personnel, funds, equipment, and supplies used on a daily basis throughout the Air Force.

Essential food service facilities supporting critical national defense activities throughout the world.

Motivated personnel to improve quality of investigative services by:

Conducting inspections and evaluations of subordinate activities and implementing corrective actions as either a member of the Headquarters Staff or as a member of the AFOSI IG Inspection Team. Developing innovative plans for the conduct of fraud investigations. Implementing improved work methods, investigative resources, and human sources of information. Detecting fraudulent activity in area where previous efforts were unproductive. Providing concise, clearly written guidance to detect fraud in a systematic manner in a minimum amount of time. Evaluating training, preparing lesson plans, and teaching.

Briefing Congressional, senior executives, operating executives, department heads, and senior line officers in field units.

Results

Developed and supervised completion:

- o First Army and Air Force training course on detecting manipulation of slot machines and other recreational games of chance.
- o First comprehensive correspondence course on fraud investigations and operations, techniques, and procedures.

- o First multi-disciplinary investigative survey team at a major aircraft and missile storage facility with an inventory valued in excess of \$6 billion dollars.

- o Investigative activity enabling the Air Force to recover property and funds in excess of \$150 million dollars.

Researched and developed

- o First investigative survey of the Air Force Slot Machine Program to identify potential weaknesses prior to their manipulation.

- o First investigative survey to successfully use overt, covert, technical, and human sources of information at the same time.

- o First organizational analysis of a specific geographical area of investigative responsibility to determine where prior investigative effort went and where it should be going in future years.

1977 - 1984

Related Experiences

Seven years as investigative supervisor involved in conducting complex criminal, counterintelligence, fraud, and personnel security investigations in a wide variety of progressively more responsible positions (1970 - 1977)

Eight years in security police as an administrative security specialist, law enforcement and physical security specialist, patrolman, desk sergeant, and investigator. (1962 - 1970)

Two years part time instructor (criminal justice/police science) with a community college. (1975 - 1977)

Professional Training

Basic and advanced courses in investigative techniques, fraud/white collar crime investigations, computer security, gaming device manipulations, contracting, logistics, and retail sales; and supervision, management, and leadership of people. College courses in accounting, business and consumer law, criminal and constitutional law, computer crime and programming, psychology, American History, legal research, and organized crime. Paralegal Training Certificate.

Awards

Air Force Meritorious Service Medal. Air Force Commendation Medal on five occasions. Certificate of Appreciation from the United States Army Criminal Investigation Command. Regional Special Agent of the Year.

WILEY, REIN & FIELDING

MAR - 9 1993

TO: Elaine Kamarck
FROM: MATTHEW SIMCHAK (202-429-7278)
DATE: March 9, 1993

Re: Streamlining the Government

I spoke briefly with Peter Knight about this proposal in late November, but have heard very little since.

Could you discuss it with Al and let me know if he's interested?

Thanks.

cc: Greg Simon
Bruce Reed

ROPES & GRAY

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TELECOPIER: (401) 455-4401

October 31, 1992

Peter S. Knight, Esq.
3632 Everett Street, N.W.
Washington, D.C. 20015

Re: A Proposal to Establish the Vice President's
Commission for the Comprehensive Study and
Reform of Federal Government Contracting

Dear Peter:

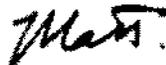
Here are multiple copies of the proposal we discussed a few days ago by telephone. This Commission could make tangible improvements in the Government contracting process, with immediate benefits for virtually every aspect of Government operations.

We are convinced that this Commission offers Al a unique opportunity to build a sympathetic, solid working relationship with some of America's largest corporations and representatives of the multitude of small businesses that suffer through the frustrations of dealing with the present federal contracting system. Since Al will not be delivering deregulation of the kind practiced by Bush and Quayle to the business community, this vehicle could help overcome the antagonisms that are so common between vigorous Democratic Administrations and the traditional business community.

If you give us the go-ahead we will be happy to draft some legislative language (a few sentences should be enough) and help in identifying a "blue ribbon" list of potential Commissioners. This effort could easily be one small part of President Clinton's economic revitalization package in the first 100 days.

Could you pass this on to Al and to the appropriate transition person? Many thanks.

Sincerely,



Matthew S. Simchak

MSS/lap: PROPLTRA.XP
Enclosures

Re-Tooling To Meet New Goals:

A Proposal to
Vice President-Elect Albert A. Gore
for
the First Comprehensive Study
and Reform of Federal Government
Contracting in Twenty Years

Executive Summary

DONALD P. ARNAVAS
Ropes & Gray
Washington, D.C.

• **MATTHEW S. SIMCHAK**
Ropes & Gray
Washington, D.C.

• **DAVID R. JOHNSON**
Gibson, Dunn & Crutcher
Washington, D.C.

October 31, 1992

Re-Tooling
To Meet New Goals:

A Proposal to
Vice President-Elect Albert A. Gore
for
the First Comprehensive Study
and Reform of Federal Government
Contracting in Twenty Years

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A. The Six Goals of This Proposal

This is a proposal for Vice President-Elect Albert A. Gore to sponsor the first comprehensive study and reform of federal Government contracting in twenty years.

The needs of the American people are plain. In this decade we must rebuild our country by investing in transportation systems; by creating a door-to-door information network; by developing new environmental technologies; by converting much of our defense establishment to civilian goals; by utilizing our national laboratories to keep the U.S. at the forefront of civilian and military technology; and by advancing new technologies that promise to improve our lives and create jobs, like biotechnology, robotics, high-speed computing and environmental technology.

Investing federal monies in our industrial and research base, by Government contract, is the most direct way to further these goals. Indeed, none of these goals can be achieved unless the Government invests its assets, by contract. The goals of the Clinton-Gore Administration are linked inescapably to federal contracting.

Just as the achievement of the goals of this Administration will be enhanced by the use of Government contracts, the achievements of this Administration can find themselves in jeopardy because of weaknesses in federal contracting. If contracts are routinely placed for

unproductive aims, if they are awarded or administered carelessly, or if they are used by unscrupulous individuals, taxpayers' monies will be wasted and the far-sighted goals of this Administration will not be realized. There will arise the persistently corrosive image that this Administration is no better at keeping its house than were the Administrations of George Bush and Ronald Reagan. In short, much is at risk if we do not press forward with President-Elect Clinton's pledge -- by insisting that there is a need for procurement reform and by working at reform, aggressively.

Federal contracting is gargantuan. At present it is a loose "system" with an aggregation of annual purchases in the hundreds of billions; it employs hundreds of thousands in the Government and an even greater number in private industry; it functions under dozens of feet of statutes, regulations, directives, statements of policy and forms, as well as in customs and practices which are ponderous in themselves.

Gaining an insightful and comprehensive look at the entirety of this industry, and then making a comprehensive proposal to reform its laws, organizations and practices is no small job. It will need: the strong endorsement of the highest level of this Administration; significant part-time contributions from between two and three hundred of the most energetic, knowledgeable and best-intentioned professionals in private industry, Government and

academia; a full-time, paid professional staff of twenty; and at least twenty-four months of intensive effort.

What would this commission do? It would find ways to re-fashion the laws, organizations and practices of military and civilian contracting to make Government contracting:

- Simpler and less costly in its mechanics -- so that the machinery of the system operates in the most cost effective way; so that the agencies' procurement staffs can bring greater imagination, ingenuity and care to their work once they are freed from the numbing and debilitating aspects of arcane laws, routines and forms; so that inventors, entrepreneurs and commercial companies with better products and better ideas will not be deterred from selling to the Government because of the complexities and additional costs of doing business with this customer; and so that the development of ideas and products in the defense industry will be more likely to contribute to the development of commercial products and commercial technologies which will be vital to the peacetime economy of the forthcoming years.

- More willing to experiment -- so that the benefits of new methods of buying can be tested in practice, in controlled experiments, for limited periods of time.

- More far-sighted -- so that more of the taxpayers' monies are spent strategically, for products and services which have the promise of bringing the greatest possible return on every dollar, over the long term.

- More self-correcting -- so that comprehensive reforms need not be considered once every twenty years, but will be suggested, tested, evaluated and implemented by a full-time organization within the Executive Branch that is staffed by experts who are bright, energetic and self-confident.

- More equitable -- so that all who do business with the Government will know that they will be treated fairly and know that they will have adequate remedies for those instances when they are not. They should have the means to police the system so that it will play by the rules at all times. And,

- More open -- so that every person who does business with the Government, and every person whose taxes are paid into it, can have as much insight into this system as is possible without making public the confidential business information of the companies that do business with the Government or harming an agency's interests in protecting its present negotiating plan.

1. Making the Mechanics of Federal Contracting Simpler and Less Costly

In order to achieve the foregoing goals, but without limiting the scope or depth of its work in any respect, we propose that the commission study and encourage reforms for the simplification of each of four areas of federal contracting statutes, regulations and practices: (a) the requirements for cost accounting; (b) the reliance on overly detailed specifications; (c) buying rights in contractors' trade secrets; and (d) other contract requirements that are unique to doing business with the Government. In rapid survey, these groups include:

a. The Requirements For Cost Accounting

At least four bodies of accounting requirements make contracting with the federal Government far more costly and difficult than doing business in the commercial marketplace. They discourage many companies from doing business with the Government, and in turn deprive the Government of potentially valuable goods and services; they drive many other companies out of the business; and they push up the costs of doing Government business for every company that elects to remain in this marketplace.

First, are the Cost Accounting Standards, which impose standard formats for accounting for the costs of performing Government contracts. They provide guidance on widely different topics -- from how to account for the cost of money to depreciation of capital assets to the

allocation of general overhead. Some of these standards differ appreciably from generally accepted accounting principles in the commercial marketplace. Many commercial companies are unwilling to invest the money and effort in implementing these standards in what amounts to a relatively small, erratic, and lower-profit portion of their business.

Second, are the cost principles, which specify in some detail exactly what kinds of costs may be charged against a Government contract. These principles have no counterpart in the commercial marketplace. They are sometimes difficult to apply and so costly to administer that they commonly require a Government contractor to keep a second set of books just for the Government's auditors. Yet compliance must be achieved and certified under severe penalties of law in most contract pricing actions.

Third, are the requirements for the disclosure and certification of cost and pricing data. Among all the requirements that are standard to federal contracting, these are the most persistently difficult to perform.

With certain exceptions, the Truth in Negotiations Act ("TINA") obliges companies that negotiate a contract with the Government to begin their negotiations by disclosing to the Government's negotiators all information which a reasonable negotiator would consider pertinent to the pricing of the contract. If the company makes no such disclosure, or if it

makes a disclosure that is later found to have been inaccurate, incomplete or non-current, the Government may re-price the contract, downward.

TINA has no counterpart in commercial contracting, and complying with it is costly and chancy. It is often unclear what cost data or pricing data would be adequate to satisfy a reasonable negotiator. Although certain exemptions would spare companies from disgorging and certifying all the cost data that TINA obliges from them to certify, TINA's exceptions have not been applied uniformly. The applications of this law have discouraged companies from doing business with the Government; they have also discouraged companies from offering the Government their very latest and most advanced technologies because those products lack the history of substantial commercial sales that would be necessary to prove an exemption from the Act.

Notwithstanding statutory amendments, years of published regulations and the growth of a large body of case law, it remains difficult to predict whether a particular fact is "cost or pricing data," or whether a failure to disclose it will be deemed to constitute defective pricing. Yet, when defective pricing occurs, the Government has contractual, civil, and criminal remedies that are unique, expanding and highly threatening. This body of law and

practices is perhaps the single greatest deterrent to the Government's purchase of goods and services from the commercial marketplace.

Fourth, study should be given to the Certificate of Commercial Pricing and the other most-favored customer clauses that appear elsewhere in the contracting regulations and directives. Giving the certifications required by these clauses, and developing the data needed to prove compliance with them, is a deterrent to companies whose data collection systems cannot support these duties.

Without predisposing this commission to propose any particular remedies, we propose that the laws and practices related to these accounting requirements be re-evaluated de novo and at least be modified to: enlarge the existing exemptions; experiment with new classes of exemptions; clarify the boundaries of the laws and encourage the substitution of "price" analysis for the cost-based analyses which are integral to the present system.

b. The Reliance on
Overly Detailed Specifications

Agencies purchasing for the Department of Defense, and to a lesser extent the buyers for the civilian agencies, have long been criticized for buying according to specifications that are overly detailed. Highly detailed specifications can confer advantages: they promote standardization in design and performance capabilities; they can deter fraud in the way of

substandard goods; and they help to assure that close comparisons between competing bids and proposals are fair and genuine. Nevertheless, such specifications strongly discourage innovation and are highly anti-competitive because they raise high barriers to entry into competition for any company which does not presently make the specified product in exactly the design specified.

Without predisposing this commission to propose any particular remedies, we propose that the laws and usages related to highly detailed specifications be modified to:

1. Provide a preference, in descending order, for the purchase of commercial products; acquisition to non-Governmental specifications; acquisition to commercial item description; acquisition to form, fit and function specifications; and acquisition to detailed specifications (such as MILSPECs and standards) only as an exception to the foregoing.
2. Provide commercial databases in each buying agency containing commercial specifications indices.
3. Encourage experimental programs for the purchase and use of commercial products.

4. Upgrade training -- staff and curricula -- in commercial and procurement courses, function and performance specification writing, and market research.
5. Offer incentives to prime contractors to propose cost-saving alternatives to detailed specifications during the bid and proposal process.

c. Buying Rights in
Contractors' Trade Secrets

A persistent controversy in recent times concerns the Government's use of its power to contract to buy "unlimited rights" in companies' trade secrets.

From the perspective of innovative companies, the vice of this subsystem of laws and practices is that they threaten to end a company's right to remain the exclusive, lawful custodian of designs and processes which it developed wholly or substantially at its own expense. Rather than give the Government the opportunity to insist that it has bought the right to give away the company's technology to a potential competitor, many companies with the most innovative and valuable technologies elect not to deal with the Government at all; or, if they do venture into the Government marketplace, they simply withhold their most innovative designs and products from the Government; or, they elect not to develop new products if there is even the smallest chance that the Government might argue later that some yet-to-be-developed product evolved from development that was once subsidized by Government monies.

When the Government's policies discourage innovation markets are forfeited, left untapped or left underdeveloped.

We propose that the commission study whether the sub-systems of rights in data can be re-tooled to make it benign to an innovator or to any commercial business. The commission should consider whether designs of commercial items and processes and software can be removed from the category of items which would go to the Government with unlimited rights or Government purpose license rights; whether the system can be re-arranged so that unlimited rights are the least-preferred category of rights; and whether it is feasible to oblige the parties to each prospective Government contract to negotiate a detailed plan for the sale of rights similar to the "Government-purpose license rights" that are sometimes used in Department of Defense acquisitions at present.

d. Using Other Government-Unique
Contract Clauses

An additional, major disincentive to entering the Government marketplace are the hundreds of additional, standard clauses which presently must be placed in all Government contracts of one type or another, as a matter of law and practice. These clauses impose duties on subjects ranging from the specification of one source for the purchase of jewel bearings to the treatment of New Mexico gross receipts taxes. Their administration may be inconsistent;

compliance with them is difficult; and their very presence intimidates companies that lack special expertise in doing Government business from bringing their goods, services and talents into the federal marketplace.

We propose that the commission consider changes that are reasonably calculated to make the standard Government clauses more like the terms and conditions of doing business in the commercial marketplace. Such changes may include exempting classes of contracts from Government-unique clauses that are inconsistent with the Uniform Commercial Code (that is used in all private purchases of goods), once a product or its manufacturer meets a broadly defined test of commerciality.

2. Encouraging Experimentation

The second goal of this commission is to encourage experimentation.

The present operations of the federal contracting system are marked by an inflexibility, as well as a complexity, that strongly discourages experimentation. As a result, potential benefits of new ideas are seldom tested. Even less often do they lead to reforms in the laws, practices or organization, or to rapid advances in any of the technologies that will be vital to the transition to a predominantly peace-time economy.

We recommend that this commission propose practices, laws, organizations and procedures which will encourage the Government's buyers to perform controlled experiments that have a reasonable prospect of advancing the emerging technologies that have been identified as strategic technologies by the U.S. Department of Commerce.

The possibilities for experimentation are many. They could include lifting all of the troublesome accounting requirements (Truth in Negotiations, cost principles, and Cost Accounting Standards) for research and development in one or more of the strategic technologies for a group of contracts. They could include removing all requirements for cost and pricing data from competitions among commercial companies, or lifting the Cost Accounting Standards for a class of purchases. They could include encouraging the ongoing purchase and use of off-the-shelf commercial products. They could include segregating a category or buying in the GSA's "Multiple Awards Schedule" program for streamlined acquisition. They could and should include experiments that might lower the inefficient and costly wall that presently separates the know-how of national defense from the technology of the commercial marketplace.

As part of this effort, the commission would give to the managers of Government purchasing the means, the confidence and the incentives to share the expertise that the public

already owns: our national laboratories, our federally funded research and development centers and our libraries of publicly owned technical data and software. These should be shared with private industry in order to quicken the pace toward the goals for rebuilding America. The key to the commission's work will be encouraging the Government's managers and its buyers to do something that every impulse in the system has discouraged them from doing for years -- taking risks.

3. Purchasing With Greater Foresight

The third goal of this commission is to bring greater foresight into the acquisition process, for all large purchases of all agencies.

For good reason, the Clinton/Gore Administration will be far more goal-oriented than were the national Administrations of recent years. For good reason, this Administration is about to set out to rebuild the strategic technologies of America.

The authors believe strongly that the structure of the present system lacks the built-in capability to give rigorous and relentless study to whether the Government's major purchases hold a significant promise of producing the greatest possible gain for the American people. We believe that all purchases generally are conceived and accomplished in relatively small compartments, with an eye only towards gains in the relatively short term -- with insufficient

thought given to whether a greater advance can be made toward a genuinely strategic technological goal by the use of a different statement of work or a different scheme for managing the competition. If we put in place a mechanism for giving rigorous thought to these matters in all major acquisitions, the taxpayers' dollars will produce benefits far greater than when monies are spent in purchases which may satisfy some short-term need, but give little thought to the long-term benefits that might flow from them.

This commission will closely examine the existing organizations and mechanisms and study: how far any particular purchase can be expected to go to reach a strategic goal; how the present apparatus of Government purchasing can be altered to impose on all major purchases an incisive and expert analysis of where the taxpayers' dollars can be spent most wisely; and how those purchases should be conducted to maximize the value, strategically, that will be solicited by the agency's solicitation of offers.

In our judgment, this aspect of the work of this commission may prove to be the most important of all.

4. Making the Process More Self-Correcting

The fourth goal of this commission is to make the process of federal contracting more prone to correct its own mechanics on a day-to-day basis.

At present there is an Office of Federal Procurement Policy ("OFPP") within the Office of Management and Budget. Its charter obliges it to propose reforms to the mechanics of the federal contracting process, and it has made a handful of meritorious proposals in recent years. Nevertheless, in the judgment of the authors, the mechanics of contracting have needed reform more often than the OFPP has been able to provide it.

We propose that this commission study the OFPP with an view toward strengthening the capabilities of that office, as well as giving it greater influence within the Executive Branch and, by implication, more self-confidence.

5. Empowering Private Individuals to Police the System:
Assuring Fairness in Disputes and Remedies

The fifth goal of this commission is to study the systems of remedies that permit the representatives of the Government, the contractors and the public to resolve disputes.

For the purposes of this executive summary there can be said to be three distinct systems of federal contract remedies at present. The first are the "bid-protest" remedies, which are disputes over how an agency conducts a competition for a federal contract. The second are the performance disputes, which are essentially disputes over some aspect of the performance of a contract. The third comprises a handful of separate procedures, but they can be grouped as disputes involving the ethics laws, such as the proscriptions against fraud. All three systems

deserve study and review, but in our judgement the first and third systems are most in need of rationalization.

When private companies believe that they will be treated fairly in a dispute, their incentives to do business with the Government grow. When a person has a business interest in assuring that the system operates lawfully and fairly, he or she should not be deprived of an efficient remedy to get to the heart of the matter which is challenged. Without predisposing the commission to propose any particular remedies we cite each of the foregoing principles as our primary guides to this study.

6. Making the Process More Open

The sixth goal of this commission is to study whether all significant aspects of the system are sufficiently open to public view, by the existing statutes, regulations and practices on the disclosure of information.

Sunshine is the best disinfectant to the operation of any system of governance. We propose that the commission study how effectively the Freedom of Information Act is being applied to federal contract data; how effectively debriefings of disappointed bidders after contract awards are being accomplished by regulation and in practice; and whether the entirety

of the contracting process is being adequately disclosed to maximize competition for the Government's needs and assure the public that its dollars are being well spent.

**B. How This
Commission Will be Organized**

We propose a commission which will be:

1. Sponsored by Vice President-Elect Albert A. Gore.
2. Overseen by a Board of Commissioners of some thirty members, who are unpaid volunteers, drawn from private industry, Government and the universities. Each Commissioner will share the goals of the commission; be highly knowledgeable about one or another region of federal contracting; and be widely held in the highest reputation.
3. Managed by one Managing Commissioner, who will propose to the Sponsor the membership of the Board of Commissioners, as well as its working groups and its paid professional staff. He will assign topics of study to each of the fourteen working groups; report to Vice President-Elect Gore on the progress of the work; and adjudicate disagreements over recommendations for the particular reforms in statutes, regulations, forms of organization and practices which are proposed by the working groups. The authors of this proposal recommend that one of them, Matt Simchak, be named the Managing Commissioner.

4. Comprised in substance by some fourteen working groups, organized within four themes, as shown on Figure 1. Each working group will be tasked with the study and proposals for reform of a particular area of federal contracting. The membership of these working groups shall be unpaid volunteers who are experts in the area under study, and drawn from private industry, Government and universities. With the concurrence of the Vice President-Elect and the Board of Commissioners, these study groups will have between fifteen and twenty members each.

5. Staffed day by day, and supported by about twenty persons who shall be full-time employees of the Executive Branch, and who shall include persons experienced in related professional and technical skills, as well as in administrative and public affairs. The head of this professional staff shall be its Executive Director.

C. The Schedule of the Work

This commission is proposed to have a twenty-four month life.

1. The Sponsor's Approval

It will begin with the approval of this proposal by its Sponsor, the Vice President-Elect, which can be communicated to the Managing Commissioner. Matt Simchak is proposed as the Managing Commissioner.

2. Identification of the Leadership

As soon as this commission is approved in concept and the Managing Commissioner is approved, he can begin to propose the other members of the Board of Commissioners and the working group chairmen. The process of picking the leadership is likely to take two to three months.

3. Setting Up the Professional Staff

At the same time the Administration should propose legislation for the hiring of the full-time professional staff, the selection of their office space and making the incidental arrangements for their support. The authors of this proposal can draft the text of such legislation.

4. January, 1993: Reviewing and Responding to the Recommendations of the DOD Advisory Panel on Streamlining the DOD Acquisition Statutes

In mid-January, 1993 the Secretary of Defense is obliged to transmit to the Congress the recommendations of an advisory panel, sometimes called the "Section 800 Panel," that is sponsored by the Defense Systems Management College for the repeal or amendment of the federal statutes which concern contracting by the Department of Defense.

The work of the Section 800 Panel is limited to reviewing existing statutes (not regulations or practices) affecting contracting by the DOD (not the civilian agencies). The content of these DOD recommendations is unknown as of the time of drafting this proposal, but it is likely that most of them will propose positive and helpful amendments to the statutes on defense contracting. From mid-January through mid-February, 1993 the leadership of this commission should review those recommendations. If they are wholly or substantially desirable in light of the goals of this study, this commission's leadership will so advise Vice President-Elect Gore and recommend that those recommendations be given the support of this Administration.

5. February, 1993 - September, 1994:
Study and Drafting

For twenty months the study groups of this commission will conduct public hearings, study and draft recommendations for the reform of statutes, regulations, directives and practices that will achieve the goals of this commission.

6. September, 1994 - January, 1995:
Board Review and Consolidation

Starting in September, 1994 the Board of Commissioners will perform a five-month review of the totality of the final drafts of the analyses and recommendations of the fourteen

study groups. In January, 1995 the Board of Commissioners will give the commission's consolidated report, with its recommendations, to the Vice President. Thereafter the commission's leadership will be available to assist in drafting legislation and regulations, and to help implement the recommendations of this commission, in whatever ways the Administration may require.

D. What Is Needed to Get Started

All that is needed to start this work is for a representative of Vice President-Elect Gore to notify Matt Simchak that the Vice President-Elect approves this study in concept and that he is willing to act as the commission's sponsor. At that moment Mr. Simchak will begin to discuss the composition of the commission's leadership with the Vice President-Elect's representatives.

E. Resumes of the Authors

The resumes of the authors follow, after Figure 1.

A Proposal to
Vice President-Elect Albert A. Gore
for
the First Comprehensive Study
and Reform of Federal Government
Contracting in Twenty Years:

The Study Groups

Rethinking the
Organizations of Government Contracting

1. Encouraging Experimentation
2. Encouraging the Use of Foresight
3. Empowering an Ongoing Agent for Reform

Simplifying the Process

4. The Cost Accounting Requirements
5. Detailed Specifications
6. Balancing Interests in Trade Secrets
7. Pricing Government Contract Boilerplate
8. Administration: The Processes and Its People

Making the Process More Open

9. Freedom of Information
10. Debriefings on Source Selections
11. Government Audits

Assuring Fairness in Remedies

12. Bid Protests
13. Performance Disputes
(Recommended Chairman: Donald P. Arnavas)
14. Defining and Enforcing Standards of Conduct
(Recommended Chairman: David R. Johnson)

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Matt Simchak is a graduate of St. Albans School, Washington, D.C., Trinity College (B.A., 1969) and the University of Virginia School of Law (J.D., 1972). He is a partner in the law firm of Wiley, Rein & Fielding and a member of its Government Contracts practice group. Before joining Wiley, Rein & Fielding in early 1993 he was the head of the Government Contracts practice at Ropes & Gray.

Matt Simchak has practiced exclusively in litigation and counseling in U.S. Government Contract Law since 1972. His experience includes matters across the breadth of Government Contract law, but especially: terminations; claims for constructive changes; the defense of defective-pricing claims; the defense of Government claims under inspection and warranty clauses; and bid protests. His experience includes litigation before the board of contract appeals (performance disputes and bid protests), as well as litigation in U.S. district courts, the U.S. Court of Federal Claims, the Court of Appeals for the Federal Circuit and the General Accounting Office. He drafted a section of the Model Procurement Code for state and local governments. He has served as an Advisor to the Federal Contracts Report and he has authored many articles and texts on topics in Government Contract Law. He has been asked to testify before the U.S. House of Representatives on the reform of the Government Contract laws.

Matt Simchak is the originator and Director of four courses offered nation-wide by Federal Publications: "The Competition Statutes"; "Rights in Technical Data and Patents Under Government Contracts"; "Inspection, Acceptance and Warranties"; and "Litigating At The Boards of Contract Appeals." He is asked to speak each year at the annual Government Contractor Conference in Washington, D.C. He recently taught Government Contract Law to lawyers in the District of Columbia Bar, in that Bar's Continuing Education program. And, Matt has served for twelve successive terms as the Editor-in-Chief of the Public Contract Law Journal.

Matt Simchak has worked for Democratic candidates in national and local campaigns since 1960. In 1983 he raised money for Al Gore's campaign for the U.S. Senate. In 1988 he worked as a fund-raiser for the Friends of Al Gore, during Al Gore's campaign for the Democratic Presidential nomination. In 1992 he raised funds for the Clinton/Gore campaign, and in late 1992 he worked in the Clinton/Gore Transition, in the Government Operations Cluster. Matt has been a friend of Al Gore's since childhood.

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DAVID R. JOHNSON, a partner in the Washington, D.C. Office of Gibson, Dunn & Crutcher, joined the Firm in 1987, following nine years as a partner in a Texas-based law firm. He is the partner-in-charge of the Firm's Government and Commercial Contracts Practice Group, headquartered in the Washington Office. That Group counsels government contractors and subcontractors about the numerous laws and regulations with which they must comply. It also litigates government contract issues, including bid protests, performance disputes, fraud allegations, "white collar" criminal charges, and suspension and debarment matters. That practice group also advises companies about commercial contract matters, especially in the area of computer law.

Mr. Johnson received his undergraduate degree, *cum laude*, in 1968 from Tulane University, where he was elected to Phi Beta Kappa. He received his law degree in 1971 from the University of Virginia School of Law, where he served as Editor-in-Chief of the *Virginia Law Review* and was elected to the Order of the Coif. After law school, Mr. Johnson served on active duty in the United States Air Force. He was selected for the Honors Program in the Air Force General Counsel's Office in the Pentagon, where he served for two years, concentrating on government contracts, legislation and special projects, and federal administrative law.

Mr. Johnson is admitted to practice before the courts of the District of Columbia, as well as a number of federal district and appellate courts. He is a member of the Section of Public Contract Law of the American Bar Association (ABA). He serves as an Associate Editor of the ABA's *Public Contract Law Journal* and as a member of the Committees on Access to Information, Debarment and Suspension, and Truth in Negotiations

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Mr. Johnson is a frequent speaker and writer on government contracts law topics. During the last several years, he has spoken or written on the Competition in Contracting Act, defective pricing, the Procurement Integrity Act, the Buy American Act, contracting for computer systems development services, intellectual property law disputes in government contract formation, protecting proprietary information in the context of government contracting and the legal issues posed by the outsourcing of data processing services by government contractors. For the last two years, he has chaired a client seminar co-hosted by Gibson, Dunn & Crutcher concerning "Intellectual Property Rights in Government Contracting." Mr. Johnson's latest publication was an Analysis that he co-authored entitled "Corporate Transactions Involving Government Contractors," which was published in the *BNA Federal Contracts Report* and the *BNA International Trade Reporter* earlier this year.

Mr. Johnson is a registered Democrat who lives in Montgomery County, Maryland. He has supported, worked for and raised funds for national Democratic candidates since 1968, the first year that he was eligible to vote. Along with other prominent Democrats in his Firm (Chuck Muckenfuss, Cindy Lebow, et al.), he has been a strong supporter of and contributor to the 1992 Clinton-Gore Campaign.

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